

CONFIDENTIAL

PHASE I ENVIRONMENTAL SITE ASSESSMENT

**ANGELICA TEXTILE SERVICES, INC.
125 BATH STREET
BALLSTON SPA, NEW YORK**

**PREPARED FOR
LEHMAN BROTHERS
AND
REGIONS FINANCIAL CORPORATION**

JUNE 2008

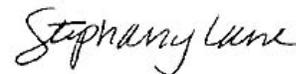
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EXECUTIVE SUMMARY

Lehman Brothers and Regions Financial Corporation retained GaiaTech Incorporated to conduct a Phase I Environmental Site Assessment (ESA) of the Angelica Textile Services, Inc. (Angelica) facility located at 125 Bath Street in Ballston Spa, Saratoga County, New York (the site). GaiaTech conducted the Phase I ESA to identify Recognized Environmental Conditions (RECs), as defined by the American Society for Testing and Materials (ASTM) *Standard Practice for Environmental Site Assessments – E 1527-05 (ASTM-05)*. GaiaTech performed the Phase I ESA to constitute all appropriate inquiry consistent with good commercial and customary practice.

Information obtained through the Saratoga County Auditor and confirmed by site representatives indicates that the 6.35-acre site is owned by Angelica. No Activity and Use Limitations (AULs) or environmental liens associated with the site were identified through GaiaTech's review of deeds or the property record.

Angelica uses the site to launder garments for the healthcare industry. Operations include collecting, sorting, washing, drying, pressing, and folding garments. No dry cleaning is conducted at the site. The primary chemicals used are detergents, which are stored in plastic totes and 55-gallon drums. Laundered garments are stored within the site building until returned to healthcare facilities. Ancillary operations include maintenance of equipment (using machine oils) and wastewater treatment, storage of carts and other equipment used to store clothing, and operation of fleet vehicles for shipping and receiving of garments. No fueling or maintenance is conducted at the site.

The site encompasses 6.35 acres. The eastern portion of the site is developed with an approximately 80,000-square-foot building. Administrative areas and a machine shop are located in the eastern portion of the building and laundering and garment storage areas are located in the western and central portions. The shipping and receiving of laundry occurs in the northern portion of the site building. A boiler room and wastewater treatment sump/wastewater Pit are located in a subgrade area of the central portion of the building. Several buildings associated with former site operations are located along the southeastern border of the site and in the central portion of the site. These ancillary buildings were reportedly never used by Angelica and were vacant at the time of the site visit. Asphalt-paved driveways adjoin the southern and northern portions of the building. An asphalt-paved parking area adjoins the building to the west. The western parking lot contains a metal trailer used for storage of soiled linens not suitable for laundering on site. A landscaped area adjoins the eastern portion of the building along Bath Street. The western portion of the site is wooded land.

The site has been developed for industrial purposes since 1881. Several buildings associated with the Haight and Company Tannery were present at the site by 1887, including a bark mill, leach house, finishing areas, and an engine room. The central portion of the site is labeled 'vat yard'. By the late 1890s, several tanning liquor tanks were present on the western portion of

the site, a rail spur was present along the western border, and the tannery extended southward from the present site area across Gordon Creek. Skin sheds, hide houses, and a boiler house were present on an 1897 map. By 1904, the tannery encompassed approximately 15 buildings and was renamed as American Hide and Leather Company – Bullshead Tannery. On a 1924 Sanborn map, an addition to the main tannery building was present and labeled ‘waste tanks’, two buildings along **the northern side of** Gordon Creek were labeled ‘sewage disposal’ and ‘chlorine plant’, and a large area labeled ‘empty barrels’ is present on the northeastern portion of the site. A 100,000-gallon fuel oil AST and 100,000-gallon water AST were present on the northern portion of the site by 1942. **By 1924, the tannery extended across Gordon Creek to the south (as discussed below).**

The current site building was originally constructed on the south and east portions of the site in 1945 to replace a former building. A 1950 Sanborn map indicates the presence of the current site building, as well as several other additions to the tannery, including a fuel handling building, additional fuel oil tanks, coal silos, ash silos, and a paint shed.

According to site representatives, the tannery ceased operations in 1960 and remained vacant through 1970. Northern Linens began operating a hospital linens laundering facility at the site in 1970. Aerial photographs from the late 1970s indicate that several buildings on the western portion of the site associated with the former tannery had been razed. Linen Systems operated the site from 1977 through 1984, at which point Angelica acquired the business. Site representatives indicate that operations have remained consistent at the site since Northern Linens began operations in 1970. By 1990, the structures formerly located on the western portion of the site were razed and this area was entirely wooded. The rail spur remains. The site appears in its current configuration at this time, with vacant former tannery buildings present west and south of the main building. The historical operations and associated chemical use and storage represent a recognized environmental concern, as discussed below.

The surrounding area has consisted primarily of industrial development associated with the former tannery from the early 1880s through the present. The original tannery complex formerly extended beyond Gordon Creek to the south and across Bath Street to the east through the 1970s. Railroad tracks have been present along the western border of the site since the late 1880s. The Ballston Electric Light and Power Company building was present across Gordon Creek to the southwest **from at least 1892. By 1911, this building was used as a carriage/wagon warehouse and general store.** Residential development has been present north, south, and east of the site since the original development of the tannery, and has increased over time in those directions. A livery was present to the southeast across Bath Street in the 1900s, which was used as a garage in the 1920s and converted to a bowling alley in the 1950s. The commercial structure south of the site was constructed in the mid-1960s, and is currently operated as Porter’s Auto Body Shop. Areas west of the site are wooded, and appear to have never been developed. Surrounding properties have generally been in their current configuration since the early 1990s. Other than the tannery discussed above, no significant potential environmental concerns from current and historical uses of surrounding properties were identified.

GaiaTech has performed this Phase I ESA in conformance with the scope and limitations of ASTM-05 of the Angelica facility located at 125 Bath Street in Ballston Spa, Saratoga County, New York. Any exceptions to, or deletions from, this practice are described in Section 1.0 of this report.

This assessment has revealed the following evidence of a REC in connection with the site.

- **Site History:** Historical sources reviewed depicted use and storage of bulk quantities of various materials including chlorine, fuel oil, vats of tanning liquors and wastes in containers ranging from 55-gallon drums to 100,000-gallon ASTs from at least 1881 through 1960. Historical documentation indicates that sewage and waste products from the tannery operations were formerly discharged to Gordon Creek along the southern border of the site. Given the lack of detailed information regarding handling practices and waste disposal practices related to historical operations, the overall industrial history of the site as a tannery for approximately 80 years represents a recognized environmental condition. It should be noted that no subsurface investigations have been conducted at any area of the site or along Gordon Creek.

A Phase II Site investigation, including soil and groundwater sampling, would be required to confirm whether impacts from these historical operations exist at the site.

This assessment identified the following noteworthy issue in connection with the site:

- **Subgrade Sump/Wastewater Pit:** A subgrade concrete sump/wastewater pit located in the boiler room of the site building has been used to filter wastewater prior to discharge to the municipal sewer system since at least 1984. Sludge from the sump/wastewater pit has historically been profiled as non-hazardous. Records indicate that the sump/wastewater Pit is inspected and pumped out approximately every 3 to 5 years; however, site representatives were not aware if a comprehensive leak test of the sump/wastewater Pit has been conducted. As the pit was full of water at the time of the site visit, the integrity of the concrete pit could not be determined. No staining was observed around the pit.

A subsurface investigation would be required to rule out the potential for impacts, if any, in the vicinity of the sump/wastewater Pit.

- **Sensitive Receptors:** The areas to the north, south and east of the site are largely residential. These residences are considered to be crossgradient to the site and are connected to municipal utilities. According to information provided by EDR and online wells databases, no public water supply wells are located within approximately 1,500 feet of the site and are not located downgradient from the site. Based on information reviewed by GaiaTech, no potable or private domestic use wells were identified in the site area or downgradient from the site.

The tannery operation discussed above represents a REC, and it is possible that impacted groundwater, if present, has migrated off-site. However, as current operations at the site are limited to the laundering of hospital linens, Angelica would not likely be identified as a potential source of impact to the sensitive receptors in the area.

The following other considerations were identified in connection with the site:

- **Asbestos Containing Material (ACM):** GaiaTech observed potential ACM in the form of drywall and associated joint compound, vinyl floor tile and associated mastic, and drop ceiling tiles in the office areas of the site building. All observed potential ACM appeared to be in good condition. Based on the construction date of the building (1945), there is a potential for these materials to contain asbestos.

Other buildings at the site associated with the former tannery are present at the site. Angelica does not use these buildings, and they were reportedly vacant at the time of the site visit. These buildings pre-date Angelica's presence at the site. Based on the construction dates of the buildings, there is a potential for materials in the buildings to contain asbestos.

Because the buildings were constructed before 1981, the OSHA regulations regarding management of presumed ACM (PACM) in building materials apply. Angelica does not appear to maintain any plans which would meet these requirements.

An asbestos survey should be conducted to confirm whether the observed materials contain asbestos and/or should be managed as presumed ACM under an Operations and Maintenance (O & M) Plan that meets OSHA requirements for the safe management of known or suspect ACM.

- **Lead-Based Paint (LBP):** Given the date of site development (1945), there is a potential for lead to be present in the paint in site buildings. A formal lead-based paint survey with sampling was not conducted by GaiaTech. All painted surfaces at the site appeared to be in good condition and well maintained.

In the event that any painted surfaces will be disturbed, Angelica should evaluate the potential lead content to ensure that LBP is not inappropriately disturbed or discarded.

1.0 INTRODUCTION

1.1 Purpose

Lehman Brothers and Regions Financial Corporation retained GaiaTech Incorporated to conduct a Phase I Environmental Site Assessment (ESA) of the Angelica Textile Services, Inc. (Angelica) facility located at 125 Bath Street in Ballston Spa, Saratoga County (tax block and lot number 216.32-1-96.2), New York (the site). GaiaTech conducted the Phase I ESA to identify Recognized Environmental Conditions (RECs), as defined by the American Society for Testing and Materials (ASTM) *Standard Practice for Environmental Site Assessments – E 1527-05* (ASTM-05). GaiaTech performed the Phase I ESA to constitute all appropriate inquiry consistent with good commercial and customary practice.

1.2 Scope of Work

GaiaTech performed the Phase I ESA site inspection on June 23, 2008. Mr. Craig Andrews, Operations Manager, and Ken Barnes, Maintenance Manager, provided information regarding the site and accompanied GaiaTech during the site inspection. Mr. Andrews has been associated with the site for approximately 2 years, and Mr. Barnes has been associated with the site for approximately 38 years.

GaiaTech conducted the Phase I ESA in overall accordance with industry standards, including the requirements of ASTM-05 or the federal All Appropriate Inquiry (AAI) standard. The Phase I ESA included the following activities, subject to any limitations noted in this report:

1. Interviews with site owner(s), key site manager(s), and/or major occupant(s) and a review of site records with regard to current and former site operations that may have impacted the site.
2. A comprehensive site inspection to identify and evaluate potential sources of environmental impact, including but not limited to waste and chemical storage areas, underground storage tanks (USTs), aboveground storage tanks (ASTs), equipment containing polychlorinated biphenyls (PCBs), wastewater and storm water discharges, and air emissions. The inspection included observations for evidence of chemical spills, releases, or on-site waste disposal. A Site Location Map and a Site Layout and Area Map are included in Appendix A. Photographs of the site are included in Appendix B.
3. A review of historical information for potential on- or off-site sources of impact to the site. To the extent feasible under the conditions of the assessment, the historical information obtained included: verbal information and records from

site and/or local agency representatives; previous reports; construction plans; building permits; property record cards; topographic maps; fire insurance maps; historical city directories; and aerial photographs. Copies of relevant historical documentation are included in Appendix C.

4. A visual survey of the properties in the vicinity of the site as observed from the site boundaries and public rights-of-way to evaluate the potential for impact to the site from these properties. A Site Layout and Area Map is included in Appendix A.
5. A review of tribal, state, and federal environmental database information, provided by Environmental Data Resources, Inc. (EDR) supplemented by agency interviews and record review, where appropriate. The database search was conducted using ASTM-designated search parameters; for parameters requiring a search of the site and adjacent properties only, the search radii were extended to ensure that ASTM-required search distances from the property boundary were met. Facilities listed in the database report as “unplottable” were reviewed to evaluate whether any are located in the immediate vicinity of the site, based on field observations. The database search report is included as Appendix D.
6. Review of public health records and records of institutional and engineering controls pertaining to the site, as available through state listings provided by EDR, recorded on the current deed, or readily available in land title records

GaiaTech also performed the following activities in addition to those activities that comprise the ASTM scope of work:

- A limited visual survey to identify typically suspect asbestos-containing materials (ACM). No sampling was conducted.
- A limited visual survey to identify suspect lead based paint (LBP). No sampling was conducted.
- A limited visual survey to identify areas of water of mold, water-damaged materials and other evidence of water infiltration. No sampling was conducted.

This assessment was conducted by or under the supervision of an individual meeting the definition of an Environmental Professional under ASTM-05 and the federal AAI standard. Tasks not performed by an Environmental Professional were performed by individuals qualified based on education, training and experience to conduct such tasks for a property of the nature, history and setting of the site. By signing the cover page of this report, the Environmental Professional of record attests the Environmental Professional meets the definition of an Environmental Professional as defined in 40

CFR Part 312, and that this assessment was conducted in conformance with the standards and practices set forth in 40 CFR Part 312.

1.3 Project Specific Limitations

At the time of the site inspection, approximately three acres of wooded land was present on the western portion of the site. Due to dense growth, GaiaTech was unable to thoroughly inspect this area; however, observations were made from the immediately adjoining areas did not identify evidence of unauthorized access to the wooded portion of the site. The inability to traverse this portion of the site does not appear to be a limitation likely to affect GaiaTech's ability to form conclusions about the environmental condition of the site.

2.0 SITE CHARACTERISTICS

2.1 Site Location

The site is located at 125 Bath Street in Ballston Spa, Saratoga County (tax block and lot 216.32-1-96.2), New York. The site is located immediately north of Gordon Creek and northwest of the intersection of Bath Street and Hamilton Avenue.

2.2 Site Description

a) Site Ownership

Information obtained through the Saratoga County Real Property Tax Office and confirmed by site representatives indicates that the site is owned by Angelica. According to information obtained from the Saratoga County Recorder of Deeds, the most recent deed for the site is a Warranty Deed dated January 7, 1977 to Angelica (as Linen Systems for Hospitals, Inc.) from Rickett's, Inc. Rickett's, Inc. currently owns a property across the creek to the south of the site (Tax Block 216.32-1-96.1) that was utilized by the tannery that formerly operated at the site but is not a part of the site for the purposes of this report. No Activity and Use Limitations (AULs) or environmental liens associated with the site were identified for the site on the deed or property record card.

b) Current Use of the Site

The site operations include the complete laundering of items such as hospital and clinic gowns and sheets, mattress pads, doctor and nurse scrubs, and linens. No dry cleaning is conducted at the site. Operations include collecting, sorting, washing, drying, pressing, and folding the linens. Ancillary operations include maintenance of equipment (using machine oils) and wastewater treatment, storage of carts, baled plastic, and other equipment used to store clothing, and operation of a fleet of vehicles for shipping and receiving of garments. All fueling and maintenance of the other owned and leased vehicles is conducted off site.

c) Structures, Improvements and Other Features

The site encompasses 6.35 acres. The eastern portion of the site is developed with an approximately 80,000-square-foot building. Administrative areas and a machine shop are located in the eastern portion of the building and laundering and garment storage areas are located in the western and central portions. The shipping and receiving of laundry occurs in the northern portion of the site building. A boiler room and wastewater treatment sump/wastewater pit are located in a subgrade area of the central portion of the building. The western portion of the site is wooded land totaling

approximately three acres; this area does not appear to have been utilized for historical tanning operations.

Several buildings associated with a former tannery operation are located along the southeastern border of the site and in the central portion of the site. These ancillary buildings were reportedly never used by Angelica and were vacant at the time of the site visit.

Asphalt-paved driveways adjoin the southern and northern portions of the building. An asphalt-paved parking area adjoins the building to the west. The western parking lot contains a metal trailer used for storage of soiled linens not suitable for laundering on site. A landscaped area adjoins the eastern portion of the building along Bath Street.

The site building is heated with natural gas and cooled electrically. Two approximately 200 Hp boilers are used to provide comfort heating and to heat water used in the laundering process. Heat from wastewater discharges is reclaimed from a heat exchanger located near the subgrade sump/wastewater pit in the building and returned to the process via aboveground piping to supplement the heating of wash water. Roof-mounted air conditioning units and a swamp cooler are used to cool the facility. The units reportedly utilize Freon and are maintained by contracted services.

Water services are municipally provided. Sanitary sewer services are municipally provided. Wash water from the laundering process is discharged through a concrete subgrade sump/wastewater pit located in the boiler room, as further discussed in Section 5.5.

No pits, mounds, or other obvious terrain anomalies were identified at the site. No areas of significant staining or distressed vegetation were identified at the site. It should be noted that the western portion of the site was inaccessible at the time of the site visit due to dense plant growth. Areas along the western border of the site could not be observed.

2.3 Environmental Setting

The 7.5-minute topographic map of the area (*Saratoga Springs, New York* quadrangle, 1979) indicates that the site is located at an approximate elevation of 244 feet above mean sea level (amsl). The site is situated at the bottom of a shallow valley. Elevations increase approximately 100 feet amsl one half-mile north and south of the site. For the purposes of this assessment, groundwater direction flow is interpreted towards the intersection of Gordon Creek and Kayaderoseras Creek, located approximately one-half-mile east-northeast of the site.

According to the *Soil Survey of Saratoga County, New York* (USDA, Soil Conservation Service, 1964), soils at the site are classified as Chenango silt loam. These soils are described as very deep and well-to-excessively drained with high infiltration rates. Permeability is moderate to moderately rapid. Chenango soils formed on outwash plains, alluvial fans, valley terraces and associated kames, eskers, and fluvial parts or moraines. The parent material is derived from gray sandstone, shale, and siltstone and lesser amounts of material from limestone and igneous rocks. Depth to bedrock is generally greater than five feet below ground surface (bgs).

Area topography indicates that groundwater in the site area is expected to flow towards the intersection of Gordon Creek and Kayaderosseras Creek, located approximately one-half-mile east-northeast of the site. Based on area topography and recorded groundwater depth data information for the area provided by EDR, the depth to groundwater in the site area is anticipated to range between 0 to 8 feet bgs.

The areas to the north, south and east of the site are largely residential. These residences are considered to be crossgradient to the site and are connected to municipal utilities. Information provided by the Ballston Spa Water Department indicates that Ballston Spa obtains its water from Great Flats Aquifer by way of the Town of Glenville. According to the most recent Water Quality Report, water provided by Ballston Spa meets applicable USEPA drinking water standards. According to information provided by EDR and online wells databases, no public water supply wells are located within approximately 1,500 feet of the site and are not located downgradient from the site. Based on information reviewed by GaiaTech, no potable or private domestic use wells were identified in the site area or downgradient from the site.

3.0 SITE HISTORY

3.1 Overview of Site History

The site has been developed for industrial purposes since 1881. Several buildings associated with the Haight and Company Tannery were present at the site by 1887, including a bark mill, leach house, finishing areas, and an engine room. The central portion of the site is labeled 'vat yard'. By the late 1890s, several tanning liquor tanks were present on the western portion of the site, a rail spur was present along the western border, and the tannery extended southward from the present site area across Gordon Creek. Skin sheds, hide houses, and a boiler house were present on an 1897 map. The eastern portion of the site was developed with a residential structure and schoolhouse at that time. In the early 1900s, several small storage buildings were constructed along the southern border of the site, along Gordon Creek. The schoolhouse on the eastern portion of the site was replaced by a storage building for the tannery. By 1904, the tannery encompassed approximately 15 buildings and was renamed as American Hide and Leather Company – Bullshead Tannery. On a 1924 Sanborn map, an addition to the main tannery building was present and labeled 'waste tanks', two buildings along Gordon Creek were labeled 'sewage disposal' and 'chlorine plant', and a large area labeled 'empty barrels' is present on the northeastern portion of the site. By 1942, a 100,000-gallon fuel oil AST and 100,000-gallon water AST were present on the northern portion of the site. An unpaved driveway provides access to the ASTs from Bath Street.

The current site building was originally constructed on the south and east portions of the site in 1945 to replace a former building. A 1950 Sanborn map indicates the presence of the current site building, as well as several other additions to the tannery, including a fuel handling building, additional fuel oil tanks, coal silos, ash silos, and a paint shed.

According to site representatives, the tannery ceased operations in 1960 and sat vacant through 1970. Northern Linens began operating a hospital linens laundering facility at the site in 1970. Aerial photographs from the late 1970s indicate that several buildings on the western portion of the site associated with the former tannery were removed. Linen Systems operated the site from 1977 through 1984, after which time the operating name was changed to Angelica Healthcare Services Group, Inc.. By 1990, the western portion of the site was entirely wooded. The site appears in its current configuration at this time, with vacant former tannery buildings present west and south of the main building.

Site representatives indicated that dry cleaning activities have not been conducted on the site by Angelica or Linen Systems and typical solvents associated with dry cleaning have not been used at the facility by Angelica or Linen Systems.

A UST formerly used to store diesel fuel to power site equipment was removed in 1993, as further discussed in Section 5.2. Significant impacts associated with historical UST operation are not anticipated.

Given the lack of detailed information regarding chemical use, storage, and waste disposal practices related to historical operations, the overall industrial history of the site as a tannery for approximately 80 years represents a recognized environmental condition.

3.2 Historical Photographs and Maps

GaiaTech reviewed available historical aerial photographs and topographic maps from the sources listed in Section 7.0. The information from these sources is summarized below.

Period	Description
1887 Sanborn	The central and western portions of the site are developed with the Haight and Company Tannery.
1892 Sanborn 1897 Sanborn	The Haight and Company Tannery extends across Gordon Creek to the south. Tanning liquor tanks and several additional tannery buildings were present.
1904 Sanborn 1911 Sanborn	The tannery encompasses approximately 15 buildings and has been changed to the American Hide and Leather Company – Bullshead Tannery.
1924 Sanborn	Several buildings are added, including a waste tanks building in the central portion of the site. Two existing buildings along Gordon Creek are labeled ‘sewage disposal’ and ‘chlorine plant’ (both in the southeastern portion of the site adjacent to Bath Street). An empty barrel storage area is present on the northeastern portion of the site.
1942 Aerial 1944 Sanborn 1950 Sanborn 1968 Aerial	Two 100,000-gallon ASTs are present. One is labeled water and the other fuel oil. By 1950, several additional fuel oil tanks are present along with a fuel handling house, silos, and a paint shed. The current site building appears on the southern and eastern portion of the site along Bath Street.
1978 Aerial 1982 Aerial 1986 Aerial	Several of the site buildings on the western portion of the site have been removed. The area appears overgrown.
1990 Aerial 1995 Aerial 2006 Aerial	The western portion of the site is wooded land. The site appears in its current configuration.

3.3 Interviews and Agency Records

a) Information Provided by Site Representatives, Site Owner and Report User

Site representatives stated that Angelica acquired the site and commenced operations in 1984. Prior companies operated in a similar capacity, including Linen Systems (1977-1984) and Northern Linen (1970-1977). According to site representatives, operations by Angelica and prior laundering establishments have not included drycleaning or use of typical solvents associated with drycleaning. Additionally, site representatives were not aware of historical drycleaning operations conducted prior to 1970.

Site representatives indicated that the former tannery ceased operations around 1960 and Northern Linen began operating the laundering facility in 1970. Site representatives were unaware of any prior environmental investigations at the site.

Site representatives indicated that Angelica changed their **detergents, soap, and bleach storage from plastic ASTs to totes and drums in the early 2000s** (see Section 5.2).

Other than the former industrial use of the site as a tannery, site representatives were not aware of any known environmental issues with historical operations at the site. In addition, site representatives were not aware of any environmental cleanup liens filed or recorded against the site; any AULs in place at the site; any specialized knowledge of the site or adjoining properties; any conditions that would affect the fair market value of the site; any knowledge of obvious indicators of the presence or likely presence of contamination at the site; or any other commonly known or reasonably ascertainable information regarding the environmental condition of the site.

GaiaTech provided a written questionnaire consistent with Appendix X3 of ASTM-05 to Lehman Brothers **(which retained GaiaTech on behalf of Angelica)** to be completed as the User of the report. Responses provided by Ms. Li Zhang of Lehman Brothers indicate that User representatives were not aware of any environmental cleanup liens filed or recorded against the site; any AULs in place at the site; any specialized knowledge of the site or adjoining properties; any conditions that would affect the fair market value of the site; any knowledge of obvious indicators of the presence or likely presence of contamination at the site; or any other commonly known or reasonably ascertainable information regarding the environmental condition of the site.

b) Agency Interviews and File Review

GaiaTech contacted or filed Freedom of Information Act (FOIA) requests with various agencies to obtain environmentally relevant information regarding the site. A listing of the various agencies contacted is provided in Section 7.0. Pertinent information from these agencies is summarized as follows.

- Saratoga County Real Property Tax Office: Information obtained through the Ballston Spa County Auditor and confirmed by site representatives indicates that the approximately 6.35-acre site is owned by Angelica. No AULs or environmental liens were recorded on the property records card.
- Saratoga Department of Emergency Services: GaiaTech submitted a FOIA request for records of emergency response incidents for the site. No response has yet been received.
- Ballston Spa Fire Department: GaiaTech submitted a FOIA request for records of USTs, hazardous materials inventories, spills, and/or emergency responses for the site. No response has yet been received.
- Saratoga County Sewer District (SCSD): GaiaTech reviewed records regarding Angelica's wastewater discharge to the SCSD. Records indicate that Angelica maintains an industrial wastewater discharge permit with the SCSD. SCSD records are compliance-related and are not indicative of a potential impact concern.

GaiaTech also sent a written FOIA request to the NYSDEC. A response had not been received by the date of this report.

c) Database Search Report

GaiaTech reviewed a database search report of federal and state environmental databases to determine if the site or any of the nearby properties are listed and have a potential to adversely impact the site. Detailed descriptions of the databases that were searched and definitions of database acronyms are included within the Executive Summary Section and the Government Records Section of the database search report, which is included as Appendix D. Pertinent listings for the site are discussed below, and relevant listings for surrounding properties are discussed in Section 4.4 (gradient discussions presented in this section are based on information described in Section 2.3):

- The site address was identified as Angelica on the UST, HIST UST, AST, HIST AST, NY SPILLS, NY HIST SPILLS, and CBS AST databases. The UST, HIST UST, AST, HIST AST, and CBS AST listings pertain to the presence of former and current USTs and ASTs at the site (see Section 5.2).

The NY SPILLS and NY HIST SPILLS databases indicate that no actual spill occurred at the site, but that the NYSDEC investigated the tank excavation during the removal of a former UST at the site (see Section 5.2). Composite samples of the soils beneath the former tank were collected and analysis of the samples came back non-detect. No further action was required by the NYSDEC, and the listing was closed September 22, 1993.

3.4 Prior Environmental Reports

No prior environmental reports for the site were provided for GaiaTech's review. Site representatives were not aware of prior environmental investigations having been conducted at the site.

3.5 City Directories and Other Historical Sources

GaiaTech attempted to review historical city directories at the Ballston Spa Public Library. Addresses on Bath Street beyond were not listed before 1973. The site address was not listed in the 1973 directories. Subsequent directories (1990-current) indicate that the site is occupied by Angelica Healthcare Services.

4.0 SURROUNDING PROPERTIES

4.1 Surrounding Property Overview

The surrounding area has consisted primarily of industrial development associated with the former Haight and Company Tannery and American Hide and Leather Company from the early 1880s through the present. The original tannery complex formerly extended beyond Gordon Creek to the south and across Bath Street to the east through the 1970s. Railroad tracks have been present along the western border of the site since the late 1880s. The Ballston Electric Light and Power Company building was present across Gordon Creek to the southwest from the late 1890s through the early 1900s, when it became a warehouse for the tannery. Residential development has been present north, south, and east of the site since the original development of the tannery, and has increased over time in those directions. A livery was present to the southeast across Bath Street in the 1900s, which was used as a garage in the 1920s and converted to a bowling alley in the 1950s. The commercial structure south of the site was constructed in the mid-1960s, and is currently operated as Porter's Auto Body Shop. Areas west of the site are wooded, and appear to have never been developed. Surrounding properties have generally been in their current configuration since the early 1990s.

Other than the tannery discussed in Section 3.1, no other significant potential environmental concerns from current and historical uses of surrounding properties were identified. Surrounding properties identified in the environmental database report are described in Section 4.4.

4.2 Area Observations

The site is located in a mixed residential, commercial, and industrial area. The use of surrounding properties is summarized below.

North: The site is bordered to the north by residential development and wooded land. Recreational land (Saratoga County fairgrounds) is located to the northwest.

East: The site is bordered to the east by Bath Street, followed by residential development.

South: The site is bordered to the south by Gordon Creek, followed by Porter's Auto Body Shop, then residential development. Ballston Spa Lanes (Bowling Alley) is located to the southeast across Bath Street.

West: The site is bordered to the west by railroad tracks and wooded land.

The neighboring properties generally appear well-maintained. Surrounding properties did not appear to conduct operations outdoors. Based on gradient and the absence of obvious hazards, Porter's Auto Body Shop appears unlikely to have impacted the site.

No other obvious potential environmental concerns from current uses of surrounding properties were identified. Several of the light industrial/commercial facilities located to the south of the site were identified in the environmental database report reviewed, as discussed further in Section 4.4.

4.3 Area History

a) Historical Photographs and Maps

GaiaTech reviewed readily available Sanborn Fire Insurance maps and aerial photographs obtained from the sources listed in Section 7.0. The information from these sources is summarized below.

Period	Description
1887 Sanborn	The 1887 Sanborn map reviewed is limited to the immediate site area and do not show surrounding properties.
1892 Sanborn 1897 Sanborn 1904 Sanborn 1911 Sanborn	The Haight and Company Tannery extends off-site across Gordon Creek to the south. The Ballston Electric Light and Power Company is present across Gordon Creek to the southwest. Residential structures are present on the west side of Bath Street between Hamilton and Washington Streets. Schoolhouses are present northeast and east of the tannery. A livery and stables are present to the southeast. Railroad tracks are present to the west.
1924 Sanborn 1942 Aerial 1944 Sanborn 1950 Sanborn 1968 Aerial	The schoolhouse to the east across Bath Street is now used by the American Leather and Hide Company for cold storage. The livery to the southeast is listed as a garage in 1924 and a bowling alley (current Ballston Spa Lanes) in 1950. Residential development has increased to the northeast and south. The former Ballston Electric Light and Power Company is part of the tannery.
1978 Aerial 1982 Aerial 1986 Aerial	The cold storage building across Bath Street is no longer present. No other significant changes were noted.
1990 Aerial 1995 Aerial 2006 Aerial	Residential development has increased in the area. The former cold storage building across Bath Street appears to have been developed with a residential building. The surrounding area appears in its current configuration.

b) City Directories and Other Historical Sources

Site representatives were not aware of any environmental concerns with the neighboring facilities.

In the city directory review discussed in Section 3.5, addresses on Bath Street beyond were not listed before 1973. Ballston Auto Body (current Porter's Auto Body Shop), located south of the site across Gordon Creek, was first listed in 1973 and has been listed at that address since that time. All other area properties identified in close proximity to the site are listed as residences. No other listings indicative of obvious environmental concern to the site were identified.

4.4 Environmental Database Review

GaiaTech reviewed the database search report discussed in Section 3.3 to evaluate the potential for surrounding properties identified on environmental databases reviewed to have impacted the site. Detailed descriptions of the databases that were searched and definitions of database acronyms are included within the Executive Summary Section and the Government Records Section of the database search report, which is included as Appendix D. Relevant listings for surrounding properties are discussed below.

- Old Village Garage, located on Thompson Street approximately 350 feet north-northeast and presumably downgradient from the site, is listed on the LTANKS and HIST LTANKS databases. Both listings indicate that the facility reported a leaking gasoline UST in 1998. The EDR indicates that soil in the area of the tank was affected. The LTANKS incident has not been issued a closure letter by NYSDEC, but is listed as "corrective action taken". Based on status, the presumed downgradient and the distance relative to the site, Old Village Garage does not appear to represent significant potential to impact the site.
- Four NY SPILLS sites were listed on the EDR within 650 feet of the site. Spills were reported on the roadway south-southeast of the site (1998, diesel fuel), at a commercial business east-southeast of the site (1993, oil and gas), at a Cumberland Farms east-northeast of the site (1988, gasoline), and at a Dentist Office south of the site (1993, water). All spills were listed as "minimal potential for hazard" and "corrective action taken" and closed by the NYSDEC. All locations appear to be downgradient from the site and are not considered likely to represent a potential impact concern.
- The Old Agway Store, located on Science Street approximately 750 feet south of the site and presumably crossgradient of the site, is listed on the SHWS database. The original store burned down in 1977, releasing herbicides and pesticides stored in the basement. Rain and surface water entered the foundation and caused the generation of leachate. Several pesticide and herbicide related contaminants were found in an analysis of leachate taken from the property. A collection system was installed and concentrations have decreased below monitoring levels established by a Consent Order from NYSDEC to Agway. Though all materials appear buried and leachate under control, this facility is

under continued monitoring by NYSDEC to ensure the protection of adjacent residences. Based on status, the presumed crossgradient relationship of this facility to the site, and the distance of this facility from the site, the Old Agway Store does not appear to represent an impact concern to the site.

Although other facilities were identified in the database search report, including closed LTANKS incidents, HIST LTANKS listings, and hazardous waste generators, due to gradient or status or distance, no additional properties of potential environmental significance to the site were identified in the database search report. Details regarding these facilities are presented in the database search report.

5.0 SITE INSPECTION

5.1 Materials Use and Storage

Based on information provided by site representatives and GaiaTech's field observations, the primary materials used and stored at the site include the following:

- *Fuel Oil*: Approximately 3,500 gallons stored in a 5,000-gallon capacity steel AST over a secondary containment dike along the western exterior wall of the building, used as backup fuel for site equipment.
- *Turbocharge Alkali Cleaning Solution*: Approximately 2,100 gallons stored in 300-gallon capacity plastic totes and 55-gallon drums over concrete, used for laundering clothes.
- *Kindet 70185 Detergent*: Approximately 1,400 gallons stored in 300-gallon capacity plastic totes and 55-gallon drums over concrete, used for laundering clothes.
- *ISP Sour Detergent*: Approximately 1,000 gallons stored in 300-gallon capacity plastic totes and 55-gallon drums over concrete, used for laundering clothes and wastewater pH adjustment.
- *Turbotex 76300 Detergent*: Approximately 275 gallons stored in 55-gallon drums over concrete, used for laundering clothes.
- *Sodium Hypochlorite Bleach*: Approximately 1,000 gallons stored in 300-gallon capacity plastic totes over concrete, used for laundering clothes and wastewater pH adjustment.
- *Machine Oil*: Two 55-gallon drums stored inside the building and used for equipment maintenance.
- *Welding Gases (acetylene, oxygen, etc.)*: One or two cylinders each stored in the maintenance shop area.
- *Propane*: Approximately four 33.5-pound cylinders stored on a rack outside the western portion of the building, and used to fuel forklifts.

In addition to the primary chemicals used at the facility, GaiaTech observed small containers of various maintenance products and cleaning fluids stored in various locations throughout the site.

As discussed above, the site representatives were not aware of any spills or releases since Angelica began operating at the site in 1984. GaiaTech did not observe any obvious visual indications of spills or releases. Other than a closed LUST incident (discussed in 5.2), no historical spills or releases were identified in GaiaTech's review of available information.

5.2 Storage Tanks

a) Underground Storage Tanks (USTs)

Site representatives were not aware of any current USTs at the site. GaiaTech did not observe any physical evidence of current USTs.

According to site representatives, and confirmed by EDR, a single historical UST was installed in 1973 and removed from the site in 1993. The UST was reportedly used to store 4,000 gallons of diesel fuel and is listed as formally closed and removed by World Guide Corporation of Ballston Spa in accordance with NYSDEC regulatory requirements. No spills, leaks, or indications of significant product release were reported for the former UST. Soils beneath the tank were investigated by the NYSDEC and no impact was found (see Section 3.3). The site is not listed on the LTANKS database.

Site representatives were not aware of additional historical USTs, and no records of additional historical USTs were identified through GaiaTech's review of available information.

b) Aboveground Storage Tanks (ASTs)

One 5,000-gallon fuel oil AST was observed west of the site building in a diked concrete structure. Fuel oil is used as a back up fuel source when natural gas is unavailable. No staining was observed in the vicinity of the AST. Based on available information, use of the ASTs appears unlikely to have impacted the site.

Two ASTs observed in the boiler room were used for storage of cold water (4,000-gallon capacity) and hot water (8,000-gallon capacity). These ASTs are associated with the boilers and do not represent an impact concern.

According to Sanborn mapping from 1887 through 1950, the former tannery operated several ASTs, including a 100,000-gallon fuel oil AST, several 20,000-gallon fuel oil ASTs, coal and ash silos, and various pits, vats, and tanks used in the tanning process (see Section 3.1). As discussed, the historical tannery operations represent a REC.

Site representatives indicated that several detergents and other laundering chemicals were formerly stored in state-registered, plastic ASTs at various areas of the site. Angelica changed storage of these chemicals to portable totes and drums in the early 2000s. The former bulk storage of laundering chemicals in ASTs does not appear to represent an impact concern. Site representatives were not aware of additional historical ASTs operated at the site, and no records of additional ASTs were identified through GaiaTech's review of available information.

5.3 Hazardous Waste

According to site representatives, and supported by GaiaTech's site observations, Angelica does not currently generate hazardous waste. According to the environmental database report reviewed by GaiaTech, the site is not listed as a generator of hazardous waste.

GaiaTech did not identify any evidence of any on-site disposal of hazardous wastes.

5.4 Non-Hazardous Waste

Non-hazardous wastes generated at the site include general office waste, used oil, and medical waste in the form of soiled linens, hypodermic needles, and sharps. General wastes are stored in a leased compactor which is emptied by Waste Management approximately once every six weeks. GaiaTech did not observe staining in the vicinity of the dumpsters. Used oil is stored in 55-gallon drums in a shed adjoining the northern portion of the building until collected for recycling by Noco Products on an approximately quarterly schedule. Soiled linens, hypodermic needles, and other "sharps" contained within soiled linens contained in cardboard medical waste cartons and sharps containers and collected by Stericycle, Inc on an as-needed basis.

Forklifts are maintained by an outside contractor, which removes any maintenance generated wastes during each visit.

GaiaTech did not identify evidence of on-site waste disposal.

5.5 Wastewater Discharges

No evidence of current or historical septic systems was observed at the site or in GaiaTech's review of agency or historical information. However, based on the date of development (1881), GaiaTech can not rule out the potential for unidentified historical wells and/or septic systems at the site. Correspondence from New York State dated 1899 indicated that the former tannery discharged water containing salt, lime, tanning liquors, and lactic acid through a box sewer into Gordon Creek, and that the effluent was 'highly colored'. Additionally, a 1950 Sanborn map indicates that a building associated with the former tannery and labeled 'disposal plant' was present at the southern border of the site along Gordon Creek. It is unclear under what capacity the 'disposal plant' operated.

Sanitary wastewater is discharged to the municipal sewer system. Laundering wash water is discharged through a network of grate drains equipped with lint filters to a single concrete sump/wastewater Pit located in the boiler room in a subgrade area of the building, which clarifies the water prior to discharge to the municipal sewer system.

Boiler blowdown is also discharged through the grate drain and sump/wastewater Pit to the municipal sewer system. No other process wastewater discharges are generated at the site.

According to site representatives, the subgrade sump/wastewater pit was already in place when Angelica acquired the site in 1984. Records indicate that the sump/wastewater is inspected and pumped out approximately every 3 to 5 years; however, site representatives were not aware if a comprehensive leak test of the sump/wastewater pit has been conducted.

5.6 Storm Water Discharges

Storm water runoff at the site sheet flows to grate drains located in the parking areas north of the building. The discharge point of the drains is appears to be Gordon Creek, which adjoins the site to the south.

GaiaTech observed empty plastic drums, empty laundry carts, and plastic bales stored outside the western and northern walls of the building. While the drums, carts, and bales appeared to be clean, outdoor storage of these materials could potentially impact storm water, particularly if the drums were allowed to overflow during a rain event. No visual indications of oil or other pollutants were noted in the vicinity of the drains or storm water pathways. No indications of impact to storm water were apparent.

5.7 Air Emissions

Air emissions sources at the site include combustions emissions from two natural gas-fired boilers. GaiaTech did not identify any obvious air emission sources with a potential to physically impact the site.

5.8 Polychlorinated Biphenyls (PCBs)

A single pad-mounted transformer was observed at the western portion of the site. According to site representatives, the transformer is owned by National Grid, the local utility provider. The transformer appeared to be new and in good condition. As apparent owner, National Grid would likely be responsible for cleanup in the event of a spill or a release.

Small step-down or step-up transformers were observed in several locations inside the building. According to site representatives and confirmed by review of the labels, the transformers are dry and therefore do not contain potentially PCB-containing oils. No staining was observed in the vicinity of the transformers.

GaiaTech did not observe any other potential PCB-containing equipment at the site.

5.9 Asbestos-Containing Materials (ACM)

Site representatives were aware of previous asbestos surveys and abatement activities at the site. Signage indicating that the site is 'Asbestos Free' was observed at the site entrance.

GaiaTech observed potential ACM in the form of drywall and associated joint compound, vinyl floor tile and associated mastic, and drop ceiling tiles in the office areas of the site building, and pipe insulation in process areas. Based on GaiaTech's observations, up to 100 feet of pipe insulation may potentially be present in the process area. All observed potential ACM was identified in good condition. Based on the construction date of the building (1945), there is a potential for these materials to contain asbestos.

Other buildings at the site associated with the former tannery are present at the site. Angelica does not use these buildings, and they were reportedly vacant at the time of the site visit. These buildings pre-date Angelica's presence at the site. Based on the construction dates of the buildings, there is a potential for materials in the buildings to contain asbestos.

Because all buildings were constructed before 1981, the OSHA regulations regarding management of presumed ACM (PACM) in building materials apply. Angelica does not appear to maintain any plans which would meet these requirements.

In the event of any demolition or renovation, National Emissions Standards for Hazardous Air Pollutants (NESHAPs) requirements for the management of suspect ACM will apply. Site representatives were not aware of any planned activities of this nature.

5.10 Lead-Based Paint (LBP)

The use of lead-based paints was common in buildings constructed prior to 1978. Given the date of site development (1966), there is a potential for lead to be present in painted surfaces. A formal lead-based paint survey with sampling was not conducted by GaiaTech. According to site representatives, the building interior is painted as needed and representatives were not aware of lead-based paint at the site. Painted surfaces observed in the interior of the building generally appeared to be new, in good condition and well-maintained.

5.11 Mold

GaiaTech conducted a limited visual inspection for mold, water-damaged materials and other evidence of water infiltration. The inspection focused on areas of restricted air circulation such as storage spaces and utility closets, areas using water or containing plumbing, and areas at elevated risk of water intrusion such as exterior walls or rooflines and windowsills.

GaiaTech did not observe water stains, evidence of leaks or mold growth during the site visit. Site representatives were not aware of areas of water infiltration or mold growth. As noted in Section 3.3, Angelica contracted roof repairs in 2004, which would appear to reduce the potential for water infiltration and associated mold growth.

6.0 FINDINGS AND CONCLUSIONS

GaiaTech has performed this Phase I ESA in conformance with the scope and limitations of ASTM-05 of the Angelica facility located at 125 Bath Street in Ballston Spa, Saratoga County, New York. Any exceptions to, or deletions from, this practice are described in Section 1.0 of this report.

This assessment has revealed the following evidence of a REC in connection with the site.

- **Site History:** Historical sources reviewed depicted use and storage of bulk quantities of various materials including chlorine, fuel oil, vats of tanning liquors and wastes in containers ranging from 55-gallon drums to 100,000-gallon ASTs from at least 1881 through 1960. Historical documentation indicates that sewage and waste products from the tannery operations were formerly discharged to Gordon Creek along the southern border of the site. Given the lack of detailed information regarding handling practices and waste disposal practices related to historical operations, the overall industrial history of the site as a tannery for approximately 80 years represents a recognized environmental condition. It should be noted that no subsurface investigations have been conducted at any area of the site or along Gordon Creek.

A Phase II Site investigation, including soil and groundwater sampling, would be required to confirm whether impacts from these historical operations exist at the site.

This assessment identified the following noteworthy issue in connection with the site:

- **Subgrade Sump/Wastewater Pit:** A subgrade concrete sump/wastewater pit located in the boiler room of the site building has been used to filter wastewater prior to discharge to the municipal sewer system since at least 1984. Sludge from the sump/wastewater pit has historically been profiled as non-hazardous. Records indicate that the sump/wastewater Pit is inspected and pumped out approximately every 3 to 5 years; however, site representatives were not aware if a comprehensive leak test of the sump/wastewater Pit has been conducted. As the pit was full of water at the time of the site visit, the integrity of the concrete pit could not be determined. No staining was observed around the pit.

A subsurface investigation would be required to rule out the potential for impacts, if any, in the vicinity of the sump/wastewater Pit.

- **Sensitive Receptors:** The areas to the north, south and east of the site are largely residential. These residences are considered to be crossgradient to the site and are connected to municipal utilities. According to information provided by EDR and online wells databases, no public water supply wells are located within approximately 1,500 feet of the site and are not located downgradient from the site. Based on information

reviewed by GaiaTech, no potable or private domestic use wells were identified in the site area or downgradient from the site.

The tannery operation discussed above represents a REC, and it is possible that impacted groundwater, if present, has migrated off-site. However, as current operations at the site are limited to the laundering of hospital linens, Angelica would not likely be identified as a potential source of impact to the sensitive receptors in the area.

The following other considerations were identified in connection with the site:

- **Asbestos Containing Material (ACM):** GaiaTech observed potential ACM in the form of drywall and associated joint compound, vinyl floor tile and associated mastic, and drop ceiling tiles in the office areas of the site building. All observed potential ACM appeared to be in good condition. Based on the construction date of the building (1945), there is a potential for these materials to contain asbestos.

Other buildings at the site associated with the former tannery are present at the site. Angelica does not use these buildings, and they were reportedly vacant at the time of the site visit. These buildings pre-date Angelica's presence at the site. Based on the construction dates of the buildings, there is a potential for materials in the buildings to contain asbestos.

Because the buildings were constructed before 1981, the OSHA regulations regarding management of presumed ACM (PACM) in building materials apply. Angelica does not appear to maintain any plans which would meet these requirements.

An asbestos survey should be conducted to confirm whether the observed materials contain asbestos and/or should be managed as presumed ACM under an Operations and Maintenance (O & M) Plan that meets OSHA requirements for the safe management of known or suspect ACM.

- **Lead-Based Paint (LBP):** Given the date of site development (1945), there is a potential for lead to be present in the paint in site buildings. A formal lead-based paint survey with sampling was not conducted by GaiaTech. All painted surfaces at the site appeared to be in good condition and well maintained.

In the event that any painted surfaces will be disturbed, Angelica should evaluate the potential lead content to ensure that LBP is not inappropriately disturbed or discarded.

7.0 REFERENCES

The following sources were used in conducting the Phase I ESA detailed in this report. Where information obtained from these sources was determined to be useful by the Environmental Professional, it is summarized in the body of this report.

Agency/Company	Person Contacted	Telephone	Regarding
Angelica (site operator/owner)	Mr. Craig Andrews Mr. Ken Barnes	518.885.8504	General site information, owner questionnaire.
Lehman Brothers (report user)	Ms. Li Zhang	212.526.4857	User questionnaire.
Saratoga County Real Property Tax Office 40 McMaster Street Ballston Spa, New York	Office representative	518.885.2219	Property information
Saratoga County Recorder of Deeds- County Clerk 40 McMaster Street Ballston Spa, New York	Office representative	518.885.2213	Deed and property ownership information
Saratoga County SWCD 50 West High Street Ballston Spa, New York	Office representative	518.885.6900	Soils information and aerial photographs
Ballston Spa Public Library 21 Milton Avenue Ballston Spa, New York	Reference librarian	518.885.5022	Historical city directories, historical plat map, land use book containing circa 1965 aerial photo.
Saratoga County Department of Emergency Services 40 McMaster Street Ballston Spa, New York	Office assistant	518.885.2232	Dates of municipal sewer connections for site and surrounding area.
Saratoga County Sewer District PO Box 550 Mechanicville, NY	Desk Representative	518.664.7396	Permitting and discharge records.
Village of Ballston Spa Building Inspections 66 Front Street Ballston Spa, New York	Office assistant	518.885.5771	Building inspections/records.
City of Ballston Spa Fire Department 20 Washington Street Ballston Spa, New York	File representative	518.885.5222	Request for UST, chemical spill/storage and fire records.
Environmental Data Resources 440 Wheelers Farms Road Milford, CT	Mr. Pat Kennedy	800.241.6497	Environmental Database Search Report, Sanborn fire insurance maps.

Agency/Company	Person Contacted	Telephone	Regarding
Internet resources	N/A	N/A	Aerial photographs (Google Earth and Microsoft Terraserver); site database searches (www.rtk.net, and www.epa.gov/echo/, and www.epa.gov/enviro)

8.0 LIMITATIONS, EXCEPTIONS, AND SIGNIFICANT ASSUMPTIONS

GaiaTech performed this Phase I ESA on behalf of and exclusively for Lehman Brothers and Regions Financial Corporation and its affiliates (collectively, "Regions"), rating agencies and/or a limited number of investors involved in the transaction, may use and rely upon GaiaTech's report in connection with a planned loan involving Angelica, including, without limitation, utilizing selected information in the Report relating to the loan, GaiaTech agrees to cooperate in answering questions by any of the above parties in connection with the transaction.

This assessment is subject to the stated limitations of ASTM-05 or the federal AAI standard, as applicable, and other qualifications as described within the report. Any reliance upon this report by third parties beyond its intended purpose shall be at the parties' sole risk. In the event reliance on this report is extended to additional parties, these parties may become "users" as defined by ASTM-05 and should independently confirm that they have addressed the User requirements outlined in ASTM-05.

The purpose of this Phase I ESA was to identify potential issues that would be considered RECs as defined by ASTM-05, or the existence of hazardous substances under the federal AAI standards. Noteworthy issues were also evaluated; however, this review was based on the time frame, budget and scope of the project. The review was intended to identify issues of relevance to the contemplated transaction that this report was prepared to support.

GaiaTech makes an effort to review historical information back to 1940 or to the first developed use of the property (whichever is earlier), subject to the availability of readily obtainable historical sources. Significant gaps in the history of a site due to a lack of reasonably ascertainable information can credibly be attributed to "data gap" as defined by the federal AAI standard or "data failure" as defined by ASTM. Unless otherwise described in the body of this report, if any one or more of the standard sources under ASTM-05 was not reviewed, this was due to information from the source not being readily available or a determination by the Environmental Professional that the standard source was not likely to be useful, and is therefore not considered a significant data gap or data failure which would affect the ability of the Environmental Professional to form a conclusion regarding the site.

Unless otherwise indicated herein, GaiaTech was not made aware of any specialized knowledge of the landowner or client, any relationship of the purchase price to the fair market value of the site that may be indicative of an environmental concern, or any environmental liens or other activity and use limitations known by the client or user of the report. In the absence of this information, GaiaTech is not able to form conclusions about the environmental condition of the site that may otherwise have been evident had any such information been made available. Unless otherwise indicated herein, the reason for performing this Phase I ESA is assumed to be (at least in part) to qualify for the innocent landowner, contiguous property

owner, or bona fide prospective purchaser liability defense under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

It should be noted that past agricultural use is considered a developed use under ASTM; any past use of the site for agricultural purposes suggests a potential for residual agricultural chemicals at the site. Unless otherwise stated in this report, no evidence or reports of chemical spills or misuse of agricultural chemicals at the site were identified.

During this Phase I ESA, GaiaTech relied upon the information provided by site representatives, regulatory officials and other informed individuals. GaiaTech has assumed, where reasonable, that the information reviewed is true and accurate but assumes no responsibility or liability for its accuracy or completeness. GaiaTech's site observations are of the conditions observed at the time of the assessment.

GaiaTech reviewed an environmental database search report. GaiaTech's conclusions based on the search report are limited to the accuracy of that report. To the extent practicable, GaiaTech's field observations were used to verify the information or identify errors and inconsistencies in the search report regarding the listed facilities in the immediate vicinity of the site, consistent with the federal AAI standard.

Conclusions provided with regard to subsurface soil and groundwater impacts are limited to those that can be formed based on a non-intrusive investigation. GaiaTech has considered all the information collected during this assessment to ascertain the potential presence of a release or threatened release of hazardous substances at the property. Based on the totality of information, GaiaTech has assessed whether or not an obvious conclusion may be drawn that there are conditions indicative of a release or threatened release, and considered whether the parties should be able to detect the release by conducting a subsurface investigation. Where GaiaTech concludes that the potential for impact is present, it should be understood that such impact can only be identified or ruled out through subsurface investigation. The absence of environmental hazards in the subsurface cannot be guaranteed based on conditions observed on the surface. The scope of this project did not include subsurface soil or groundwater sampling.

The estimated groundwater gradients (flow directions) referenced throughout this report are based on field observations of the topography of the area, review of topographic map(s), information in the database search report, and other information as available. It should be noted that groundwater flow directions can be highly variable in neighboring areas, and can be influenced by factors such as water production wells or re-grading or development in the area.

The review of available wetlands information, if performed, was intended for purposes of evaluating risks associated with potential on-site impacts and does not represent a jurisdictional wetlands delineation. A certified wetlands delineation may be necessary prior to further site development.

This assessment does not include an inspection for water infiltration, water-damaged building materials, or the presence of mold or other microbial contamination. Sample collection or materials testing for water or microbial presence is also excluded from this assessment.

The visual inspection for potential ACM included materials that have historically been shown to have a potential to contain asbestos. Unless otherwise noted in this report, GaiaTech's review of ACM is limited to interior building materials. The limited visual survey for potential ACM is intended to provide an indication of the potential for significant environmental issues associated with ACM and should not be regarded as a comprehensive survey for demolition or other purposes. Testing should generally be conducted to identify regulated ACM prior to remodeling or demolition of the site structures.

The scope of this report is limited to matters expressly covered. Implementation or use of the recommendations, findings or conclusions of this report does not preclude the potential for present or future environmental liability or ensure the fulfillment of a property owner's obligation to provide full environmental disclosure in accordance with any local, state or federal laws.