



Environmental Services, Inc.

**PHASE I
ENVIRONMENTAL SITE ASSESSMENT
(LIMITED TO ASTM E 1527-05 SCOPE)
APPROXIMATELY 525-ACRE REUNION RANCH
SOUTH OF FARM-TO-MARKET ROAD 1826
DRIFTWOOD, HAYS COUNTY, TEXAS
HJN 110142 PI**

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CORPORATE HEADQUARTERS

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EXECUTIVE SUMMARY

Per request by Taylor Morrison of Texas, Inc. (Taylor Morrison) of Austin, Texas (the User), Horizon Environmental Services, Inc. (Horizon) has performed a Phase I Environmental Site Assessment (ESA) for the approximately 525-acre Reunion Ranch tract located south of Farm-to-Market Road (FM) 1826, Driftwood, Hays County, Texas (the Property). All work was done in conformance with the scope and limitations of American Society for Testing and Materials (ASTM) Practice E 1527-05 (ASTM, 2006). This assessment has revealed no evidence of recognized environmental conditions in connection with the Property except for the following:

1. Horizon observed two 55-gallon drums containing an unlabeled petroleum product and several 5-gallon containers of automotive engine oil and/or petroleum product in the sheet metal pole barn located on the central portion of the Property. Several small pesticide sprayers, automotive tires, small gasoline containers, and used engine oil filters were also observed within the same vicinity and within an on-site sheet metal pole barn that appeared to be utilized for vehicle maintenance.
2. Horizon also observed 1-gallon exterior and/or interior paints cans, gasoline containers, and commonly used equine supplies including wormer and pest control medications. These contents were all contained within an enclosed tack room of an open sheet metal pole barn with horse stables located on the central portion of the Property.
3. Horizon did observe an area within a sheet metal pole barn that had minor surface soil staining that appeared to be engine oil.

Additional findings that are not considered recognized environmental conditions include other debris piles containing lumber, sheetrock, plywood, plastic bags, and outdoor carpeting. A mobile flatbed trailer was also observed along the northern portion of the Property that contained refuse lumber and fencing materials. On the southern portion of the Property, Horizon also observed 1 stock pond and a water well that appeared to have been abandoned.

Based upon a review of regulatory records, historical use information, interviews, User-provided information, and a site reconnaissance, the Property was found to have a low to moderate probability for environmental risk related to significant levels of hazardous substances or petroleum products. Horizon did observe an area within a sheet metal pole barn that had minor surface soil staining that appeared to be engine oil. Horizon recommends that the soil in this area be collected and removed from the Property and disposed of at an approved facility. Upon removal, Horizon also recommends the location be inspected by an environmental professional to determine if proper cleanup was conducted and the potential for any contamination has been removed from the Property.

Horizon does recommend that all recognized environmental conditions and debris located on the Property be removed and disposed of at approved facilities for those contents. At the time of removal of these products, should any additional surface staining be observed, Horizon recommends that those areas be examined by an environmental professional to determine if any significant staining could have potentially caused soil and or groundwater contamination. Horizon also recommends that any water well that is not intended for current or future use be properly plugged and abandoned.

Upon proper cleanup of the on-site soil staining and removal of debris with a follow-up inspection, Horizon recommends no additional investigations, studies, or sampling efforts for any hazardous substances on the Property at the time of this report.

1.0 INTRODUCTION

Per request by Taylor Morrison of Texas, Inc. (Taylor Morrison) of Austin, Texas (the User), Horizon Environmental Services, Inc. (Horizon) has performed a Phase I Environmental Site Assessment (ESA) for the approximately 525-acre Reunion Ranch tract located south of Farm-to-Market Road (FM) 1826, Driftwood, Hays County, Texas (the Property). All work was done in conformance with the scope and limitations of American Society for Testing and Materials (ASTM) Practice E 1527-05 (ASTM, 2006).

Horizon has pursued all appropriate inquiry into previous ownership and uses of the Property according to customarily accepted, sound professional practices and procedures as defined in 42 CFR Part 312. Horizon has obtained as much information as is “reasonably ascertainable,” as defined by ASTM Practice E 1527-05. Horizon assumes no responsibility for the accuracy of information provided by the User (or User’s agent) or federal, state, or local agency file information. Horizon is not required to verify independently the accuracy of information obtained during this Phase I ESA, but has relied on the information unless Horizon has actual knowledge that certain information is incorrect or unless it is obvious that certain information is incorrect based on other information obtained during the Phase I ESA or otherwise actually known to Horizon. Horizon did compare information obtained from different sources for consistency.

Horizon has observed the Property in an effort to identify recognized environmental conditions. The site reconnaissance included observation of physical conditions of the land, as well as any structures on or improvements of the Property, as accessible, for potential indicators of recognized environmental conditions. Horizon also observed adjoining properties, to the extent physically possible from the boundary of the Property, in an effort to detect the presence of recognized environmental conditions that may have the potential to impact the Property.

1.1 PURPOSE

ASTM Practice E 1527-05 is intended to satisfy one of the requirements to qualify for the “innocent landowner” defense to Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) liability. The purpose of the Phase I ESA is to identify “recognized environmental conditions” in connection with the Property. This includes the presence or likely presence of any hazardous substances or petroleum products, as defined by CERCLA (42 USC §9601), on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the Property or into the ground, groundwater, or surface water of the Property.

The term “recognized environmental conditions” includes hazardous substances or petroleum products, even under conditions in compliance with laws. However, the term is not intended to include *de minimis* conditions that generally do not present a material risk of harm to public health or the environment and that, generally, would not be the subject of an enforcement

action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not recognized environmental conditions. Some substances may be present on the Property in quantities and under conditions that may lead to contamination of the Property or of nearby properties, but are not included in the CERCLA definition of hazardous substances or do not otherwise present potential CERCLA liability.

1.2 SCOPE OF SERVICES

Horizon performs its Phase I ESAs in conformance with the scope and limitations of ASTM Practice E 1527-05. A detailed scope of this service is provided in Appendix A. Any significant data gaps or deviations from this scope are reported in Sections 7.0 and 8.0 of this document.

1.3 USER RELIANCE

Within the scope and limitations of ASTM Practice E 1527-05, Taylor Morrison may rely on the results of this Phase I ESA regarding the potential for hazardous substance liabilities on the Property as of the date of its preparation. Horizon assumes no responsibility for liabilities or costs that may arise in the future due to features/conditions that could not have been reasonably identified at the time the work reported herein was performed.

2.0 DESCRIPTION OF THE PROPERTY

2.1 LOCATION AND LEGAL DESCRIPTION

The Property is located off FM 1826, south of Nutty Brown Road, Driftwood, Hays County, Texas (Figure 2-1). The Property is legally described as "ALTA/ASCM land title survey of 512.37 acres situated in the William Carlton Survey, ABS. No. 124, S.J. Whatley Survey No. 22, ABS. No. 18, Richard Hailey Survey, ABS. No. 224, part of 192.712 ac [acre] Vol. 871, PG. 445 and part of 189.0 AC. and 11.0 ac. Vol. 871, pg. 411 and all of Reunion Ranch section one BK. 12 pg. 357-358 and Reunion Ranch Section two BK. 12 pg. 353-356, save and except 0.95-ac. Vol. 1678, pg. 130 and 11.60 ac. Vol. 2630 pg. 711-745, Hays County, Texas." A copy of the legal description, as provided by the User, is included in Appendix B.

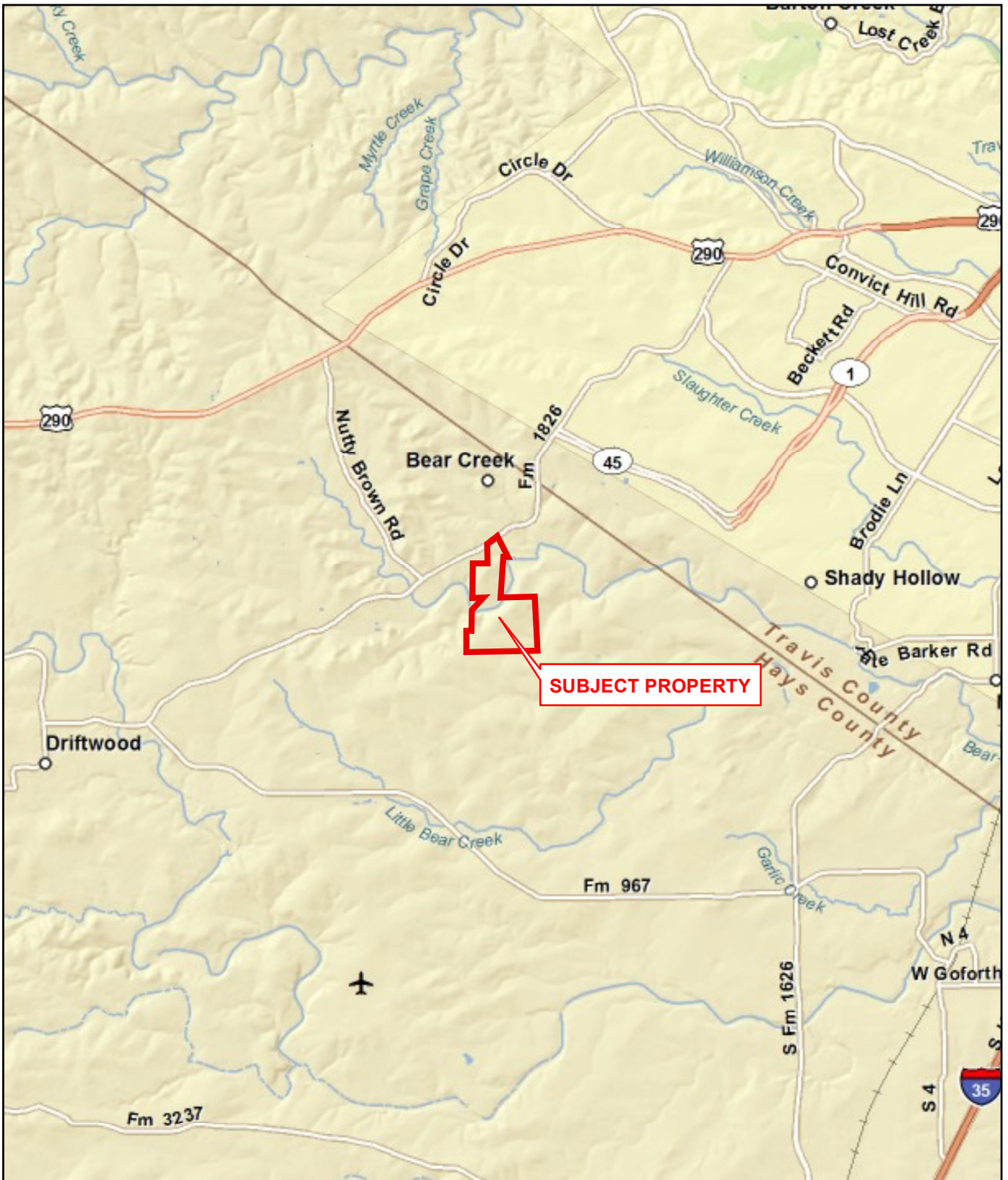
2.2 SITE AND VICINITY GENERAL CHARACTERISTICS

The subject site consists of approximately 525 acres of partially developed rangeland with local utilities. Current land use consists of rural residential, unimproved and improved pasture, and woodlands proposed for future residential development. The Property is located within an area that is experiencing rapid residential and commercial development. On-site photographs are provided in Appendix C.

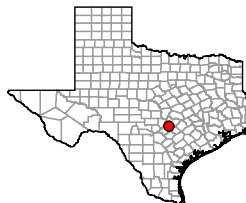
2.3 CURRENT USE OF THE PROPERTY

Current land use on the Property is pastureland for horse and cattle grazing at the time of Horizon's site reconnaissance and 2 single-family residential (SFR) structures located on the central portion of the Property that appeared to be occupied. No other current use of the Property was evident.

Structures, roads, and/or improvements of the Property, as well as current uses of adjoining properties, are discussed within Section 6.2 of this report. An aerial view of the Property and adjacent land use, dated 2010, is provided in Section 4.4.1.2.



MAP SOURCE: ESRI, 2009.



Horizon
Environmental Services, Inc.

FIGURE 2-1
VICINITY MAP
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS

3.0 USER-PROVIDED INFORMATION

3.1 TITLE RECORDS

Horizon obtained the historical chain-of-title documentation reviewed for this Phase I ESA on the User's behalf. The chain-of-title review is discussed in Section 4.4.1 (Standard Historical Sources), and a copy is provided in Appendix E (Historical Research Documentation).

3.2 ENVIRONMENTAL LIENS OR ACTIVITY AND USE LIMITATIONS

The User reported no knowledge of any environmental liens or activity and use limitations (AULs) for the Property (see User Questionnaire, Appendix B).

3.3 SPECIALIZED KNOWLEDGE

No specialized knowledge or experience related to the Property or nearby properties was reported to Horizon by the User (see User Questionnaire, Appendix B).

3.4 COMMONLY KNOWN OR REASONABLY ASCERTAINABLE INFORMATION

The User reported having no commonly known or reasonably ascertainable information about the Property that would help Horizon to identify conditions indicative of releases or threatened releases (see User Questionnaire, Appendix B). The User did indicate that past use of the Property consisted of agriculture use.

3.5 PURCHASE PRICE VS. FAIR MARKET VALUE

The User reported that the purchase price being paid for the Property reasonably reflects the fair market value of the Property if it were not contaminated (see User Questionnaire, Appendix B).

3.6 OWNER, PROPERTY MANAGER, AND OCCUPANT INFORMATION

The User identified Hays Reunion Ranch, LLP as the current owner of the Property. An interview conducted with Mr. Frank P. Krasovec, managing partner of Hays Reunion Ranch, LLP, on 16 January 2012, indicated that he has been associated with the Property since 1986 (see Appendix F).

Two single-family residential structures were observed on the Property at the time of the field reconnaissance, and both appeared to be occupied; however, at the time of this report, no interviews were conducted with current occupants.

3.7 REASON FOR PERFORMING THE PHASE I ESA

The User's reason for requesting performance of the Phase I ESA is for land acquisition (see User Questionnaire, Appendix B).

3.8 OTHER USER-PROVIDED INFORMATION

The User provided no further information that would help Horizon to identify potential recognized environmental conditions of the Property.

4.0 RECORDS REVIEW

The purpose of the records review is to obtain and review records that will help identify recognized environmental conditions in connection with the Property. Accuracy and completeness of record information varies among information sources. Horizon has made a reasonable effort to compensate for mistakes or insufficiencies in the information reviewed that were obvious when compared to other information reviewed or based on actual knowledge.

4.1 STANDARD ENVIRONMENTAL RECORD SOURCES

Horizon commissioned TelALL Phase I Support Services, Inc. (TelALL) of Austin, Texas, to provide an environmental database review of selected state and federal agency records. TelALL conducted the data search for the Property using minimum search distances outlined in the ASTM standards (ASTM, 2006). The minimum search distance for each category is provided in the following table. The location of the Property and area of review are indicated on the site location map within the complete Environmental Data Search report provided in Appendix D.

**TABLE 4-1
SUMMARY OF TELALL ENVIRONMENTAL DATA SEARCH FINDINGS**

DATABASE	ACRONYM	LAST UPDATED	MINIMUM SEARCH DISTANCE IN MILES	FINDINGS
National Priority List	NPL	9/2011	1.0	0
Comprehensive Environmental Response, Compensation, and Liability Information System	CERCLIS	9/2011	0.5	0
No Further Remedial Action Planned	NFRAP	9/2011	0.5	0
Resource Conservation and Recovery Act Information System – Treatment, Storage, or Disposal	RCRA-TSD	10/2011	1.0	0
Corrective Action	CORRACT	10/2011	1.0	0
Resource Conservation and Recovery Act Information System – Generators	RCRA-G	10/2011	0.25	0
Emergency Response Notification System	ERNS	8/2011	0.25	0
Texas Voluntary Cleanup Program	TXVCP	10/2011	0.5	0
Texas Innocent Owner/Operator Program	TXIOP	10/2011	0.5	0
Texas State Superfund	TXSSF	8/2011	1.0	0
TCEQ Solid Waste Facilities	TXLF	9/2011	1.0	0
Unauthorized and Unpermitted Landfill Sites	LFUN	9/2011	0.5	0
Texas Leaking Underground Storage Tanks	TXLUST	8/2011	0.5	0
Texas Underground Storage Tanks	TXUST	8/2011	0.25	0
Texas Aboveground Storage Tanks	TXAST	8/2011	0.25	0
Texas Spills List	TXSPILL	9/2011	0.25	0
Brownfield	BRNFD	10/2011	0.5	0
Dry Cleaner	DRYC	8/2011	0.5	0
Indian Reservation Underground Storage Tanks	IRUST	8/2011	0.25	0

4.1.1 National Priority List Database

The National Priority List (NPL) is a priority subset of the Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) list that contains those CERCLIS facilities or locations evaluated and confirmed as contaminated. The CERCLIS list was created by CERCLA in order to fulfill the need to track contaminated sites. TelALL identified no NPL facilities within a 1.0-mile radius of the Property.

4.1.2 Comprehensive Environmental Response, Compensation, and Liability Information System Database

The CERCLIS database lists facilities reported to and identified by the US Environmental Protection Agency (EPA), pursuant to Section 103 of CERCLA. This database contains sites that are either proposed to be listed or are listed on the NPL, and sites that are in the screening and assessment phase for possible inclusion on the NPL. These sites are known to or have the potential to release hazardous substances or pollutants into the environment. TelALL identified no CERCLIS hazardous waste sites within a 0.5-mile radius of the Property. A no further remedial action planned (NFRAP) site indicates a CERCLIS site that was designated as requiring no further agency action by the EPA. TelALL identified no NFRAP sites within a 0.5-mile radius of the Property.

4.1.3 Resource Conservation and Recovery Information System Database

TelALL derived the data contained in this list from the Resource Conservation and Recovery Information System (RCRIS) database, which attempts to track the status of those regulated under the Resource Conservation and Recovery Act (RCRA). RCRA requires generators, transporters, treaters, storers, and disposers of hazardous waste to provide information concerning their activities to state environmental agencies, who, in turn, provide the information to regional and national EPA offices. The RCRA Treatment, Storage, or Disposal (RCRA-TSD) database is a subset of the RCRIS list that tracks facilities that fall under the treatment, storage, or disposal classification. TelALL reviewed the RCRA-TSD database for those facilities where treatment, storage, or disposal of hazardous waste takes place and found no RCRA-TSD facilities within a 1.0-mile radius of the Property.

The RCRA Generators (RCRA-G) database is a subset of the RCRIS list that tracks facilities that generate or transport either small or large quantities of substances regulated under RCRA. RCRA classifies 3 generators, including conditionally exempt, small-quantity generators (CESQGs); small-quantity generators (SQGs); and large-quantity generators (LQGs). The CESQG produces less than 100 kilograms (kg) per month of hazardous waste; the SQG produces at least 100 kg per month, but less than 1000 kg per month of hazardous waste; and the LQG produces at least 1000 kg per month of hazardous waste. TelALL reviewed the RCRA-G database and found no facilities within a 0.25-mile radius of the Property.

The Corrective Action (CORRACT) database lists RCRIS sites that are currently subject to or have in the past been subject to corrective action. No facilities are listed as RCRIS violators that have been subject to corrective action within a 1.0-mile radius of the Property.

4.1.4 Emergency Response Notification System Database

The Emergency Response Notification System (ERNS) supports the release of notification requirements of Section 103 of CERCLA, as amended; Section 311 of the Clean Water Act; and Sections 300.51 and 300.65 of the National Oil and Hazardous Substances Contingency Plan. Additionally, ERNS serves as a mechanism to document and verify incident location information as initially reported, and is utilized as a direct source of easily accessible data needed for analyzing oil and hazardous substances spills. TelALL reviewed the ERNS database and found no hazardous substance releases within a 0.25-mile radius of the Property.

4.1.5 Texas Voluntary Cleanup Program and the Texas Innocent Owner/Operator Program

The Texas Voluntary Cleanup Program (TXVCP) was established to provide administrative, technical, and legal incentives to encourage the cleanup of contaminated sites in Texas. Because future lenders and landowners receive protection from liability to the State of Texas for cleanup of sites under the TXVCP, most of the constraints for completing real estate transactions at those sites are eliminated. As a result, many unused or under-used properties may be restored to economically productive or community-beneficial uses. After cleanup, the parties receive a certificate of completion from the Texas Commission on Environmental Quality (TCEQ) stating that all lenders and future landowners who are not potentially responsible parties are released from all liability to the State. TelALL identified no TXVCP participants within a 0.5-mile radius of the Property.

The Texas Innocent Owner/Operator Program (TXIOP) provides a certificate to an innocent owner or operator if his or her property is contaminated as a result of a release or migration of contaminants from a source or sources not located on the property and the owner or operator did not cause or contribute to the source or sources of contamination. TelALL identified no TXIOP participants within a 0.5-mile radius of the Property.

4.1.6 Texas State Superfund Database

The Texas State Superfund (TXSSF) database is a list of sites that the State of Texas has identified for investigation or remediation. TXSSF sites are reviewed for potential upgrading to CERCLIS status by the EPA. TelALL identified no state or federal Superfund sites within a 1.0-mile radius of the Property.

4.1.7 TCEQ Solid Waste Facilities and Unauthorized and Unpermitted Landfill Sites

The TCEQ Solid Waste Facilities (TXLF) listing, derived from the permit files of the TCEQ, contains known active and inactive solid waste disposal, transfer, and processing stations registered within municipalities and/or counties. Subchapter R of Chapter 361 of the

State of Texas Health and Safety Code regulates land use on sites determined to be, or contain, solid waste landfills. Based on a review of all available information developed during this Phase I ESA, Horizon found no evidence suggesting that a municipal solid waste landfill exists on the Property. TelALL identified no TXLF sites within a 1.0-mile radius of the Property.

Unauthorized and Unpermitted Landfill (LFUN) sites have no permit and are considered abandoned. All information about these sites was compiled by Texas State University – San Marcos (formerly Southwest Texas State University) under contract with the TCEQ. TelALL identified no LFUN sites within a 0.5-mile radius of the Property.

4.1.8 TCEQ Registered Storage Tanks

TelALL reviewed the TCEQ database listings that contain information on permitted Texas Underground Storage Tanks (TXUSTs), permitted Texas Aboveground Storage Tanks (TXASTs), and known Texas Leaking Underground Storage Tanks (TXLUSTs). According to TCEQ records, no TXAST facilities were identified within a 0.25-mile radius of the Property. No TXUST facilities were identified within a 0.25-mile radius of the Property. No TXLUST facilities were identified within a 0.5-mile radius of the Property.

4.1.9 TCEQ Spills List

The TCEQ tracks cases where emergency response is needed for cleanup of hazardous or potentially hazardous substance spills (TXSPILL). TelALL identified no TXSPILL cases within a 0.25-mile radius of the Property.

4.1.10 Brownfields

Brownfields are real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. TelALL identified no Brownfield sites within a 0.5-mile radius of the Property.

4.1.11 Dry Cleaners

Texas House Bill 1366 (78th Legislature, 2003) created the Dry Cleaner Environmental Response Program. Codified in Texas Health and Safety Code (THSC) Chapter 374, the law, as amended, requires all dry cleaning drop stations and facilities in Texas to register with the TCEQ and implement new performance standards at their facilities as appropriate. It also requires distributors of dry cleaning solvents to collect fees on the sale of dry cleaning solvents at certain facilities. TelALL identified no Dry Cleaner sites within a 0.5-mile radius of the Property.

4.1.12 Indian Reservation Underground Storage Tanks

Permitted underground storage tanks on Indian land are tracked and maintained by the EPA. TelALL identified no Indian reservation underground storage tank sites within a 0.25-mile radius of the Property.

4.1.13 Federal or State IC/EC Registries

Institutional controls (ICs) are actions, such as legal controls, that help minimize the potential for human exposure to contamination by ensuring appropriate land or resource use. Engineering controls (ECs) may include various forms of caps, building foundations, liners, or treatment methods to create pathway elimination for regulated substances to enter environmental media or affect human health. As of the time of this report, no known federal or state databases specific to IC or EC records were available. However, any information on ICs or ECs related to findings of the government databases reported herein is included in the discussion of findings within the specific database above, as applicable.

4.2 ADDITIONAL ENVIRONMENTAL RECORD SOURCES

4.2.1 Oil and Gas Activity

Railroad Commission of Texas (RCT) records were investigated to determine the presence of active natural gas, crude oil, or refined product pipelines as well as oil or gas wells that may exist on or within 1000 feet from the Property. The records reviewed did not indicate the presence of any of these structures within 1000 feet of the Property (RCT, 2011).

4.2.2 Documented Water Wells

A review of the records of the Texas Water Development Board (TWDB) revealed 3 documented water wells within a 0.5-mile radius from the Property (TWDB, 2011). Horizon observed 1 operable water well and 1 abandoned water well on the Property. Horizon did observe an additional windmill/water well located on the adjacent land located west of the Property.

If the on-site wells are not intended for future use, they should be capped or properly abandoned according to the Administrative Rules of the Texas Department of Licensing and Regulation (TDLR), 16 Texas Administrative Code (TAC), Chapter 76. Texas Commission on Environmental Quality (TCEQ) publication RG-347, "Landowner's Guide to Plugging Abandoned Water Wells," provides specific guidance. If a well is intended for use, it must comply with 16 TAC §76.

The results of this assessment do not preclude the existence of additional undocumented/abandoned wells. If a water well or casing is encountered during construction, work should be halted near the feature until the TCEQ is contacted.

4.3 PHYSICAL SETTING SOURCES

The Property is mapped on the US Geological Survey (USGS) Signal Hill, Texas, topographic quadrangle (USGS, 1986) (Figure 4-1). Topography on the Property is slightly sloping in a west-to-east direction toward Bear Creek and associated tributaries. Surface elevation ranges from approximately 880 to 1000 feet above mean sea level. The northern and central portions of the Property lie within the Federal Emergency Management Agency (FEMA) 100-year floodplain boundaries (FEMA, 2005) (Figure 4-2).

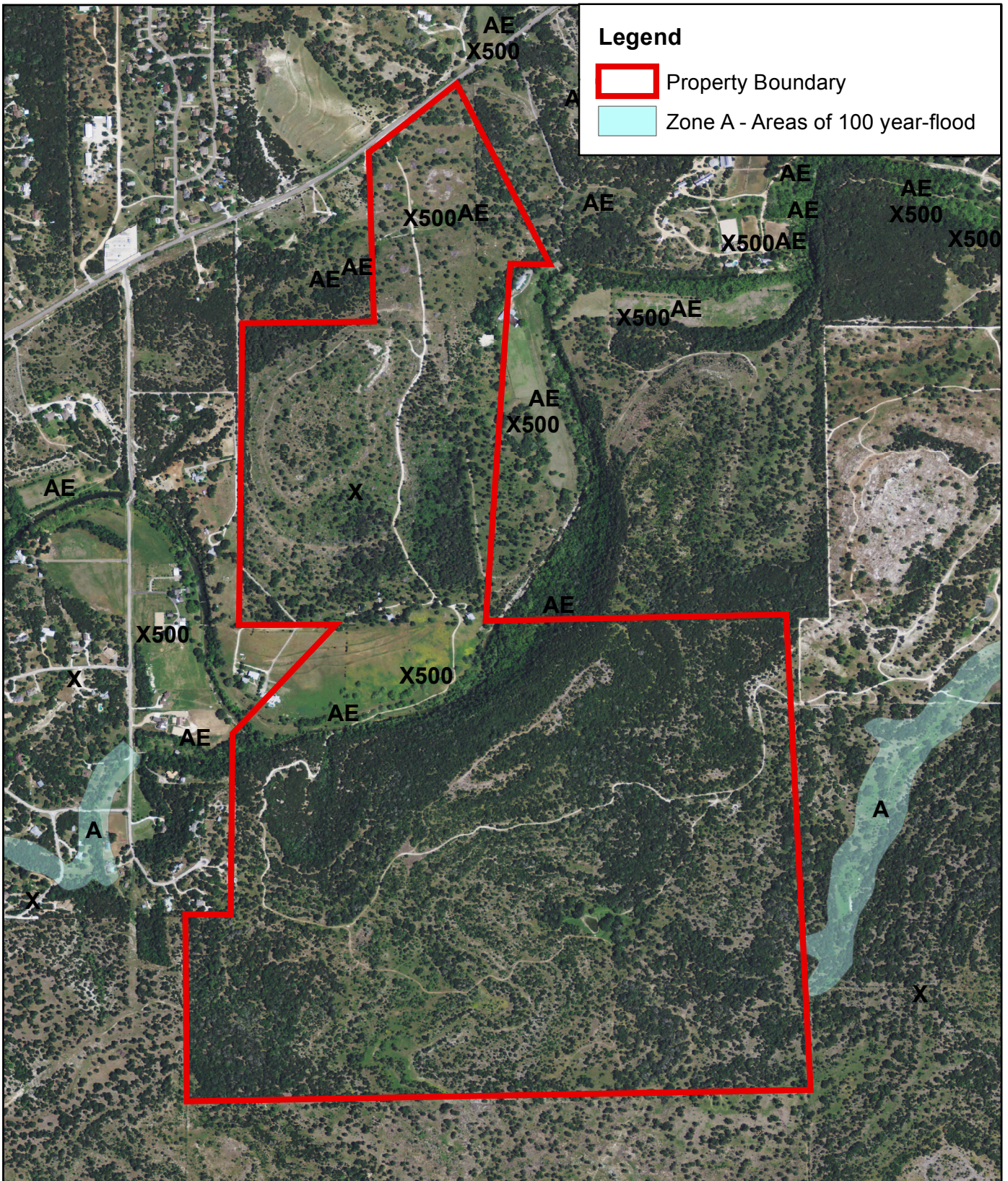
The Property is found within the Edwards Aquifer Recharge, and Contributing Zones (COA, 1998; TCEQ, 2011). The Recharge Zone is known as the area where the stratigraphic units constituting the Edwards Aquifer are exposed at the surface and where water may filter into the aquifer through permeable features such as cracks, fissures, caves, and other openings in these layers (TCEQ, 1999). The Recharge Zone includes other geologic formations in proximity to the Edwards Aquifer where caves, sinkholes, faults, fractures, or other permeable features may create a potential for recharge of surface waters into the Edwards Aquifer (TCEQ, 1999). The Recharge Zone is designated on official maps located in the appropriate TCEQ regional office. The Contributing Zone of the Edwards Aquifer includes all watersheds that feed runoff into rivers and streams that flow over the Recharge Zone. TCEQ rules regulate activities in the portions of the Contributing Zone that are within the counties already regulated by the Edwards Aquifer Rules. These areas are generally north and west of the Recharge Zone (TCEQ, 1996).

The Property is underlain by Glen Rose and Edwards Limestone. The upper member of the Glen Rose Limestone is relatively impermeable and described as the lower confining unit of the Edwards Aquifer. It has a maximum thickness of about 350 to 500 feet. Stair-step topography is characteristic of the upper member of the Glen Rose Limestone. The Upper Glen Rose Limestone is described as yellowish-tan, thinly bedded limestone and marl (Garner and Young, 1976). The upper member of the Glen Rose Limestone is relatively more thinly bedded, more dolomitic, and less fossiliferous than the lower member of the Glen Rose Limestone. The top of the upper member of the Glen Rose Limestone is red-stained, lumpy, irregular, and bored, with oysters cemented onto the surface (Rose, 1972) (UT-BEG, 1981). The Edwards Limestone is a thinly to massively bedded, hard to soft, cherty, fossiliferous, fine-grained limestone and dolomite that commonly have red clay and calcite associated with solution features, such as caves and collapsed zones. The Edwards Limestone is known to form caves and voids.

 Property Boundary

Horizon
Environmental Services, Inc.

TOPOGRAPHIC MAP
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS



MAP SOURCE: FEMA, 2005; USDA, 2010



0 600 1,200
Feet



Horizon
Environmental Services, Inc.

FIGURE 4-2
FLOOD HAZARD MAP
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS

Mapped soils on the Property include the following:

**TABLE 4-2
SOILS**

SOIL NAME	SOIL TYPE	SOIL DEPTH (FEET)	UNDERLYING MATERIAL	PERMEABILITY	AVAILABLE WATER CAPACITY	SHRINK-SWELL CAPACITY
Bolar clay loam, 1 to 3% (BrB)	clay loam	2.3	indurated limestone interbedded with marl	moderate	low	moderate
Brackett-Rock outcrop-Comfort complex, undulating (BtD)	gravelly clay loam	1.4	weakly cemented limestone interbedded with thin layers of indurated limestone	moderately slow	very low	low
Comfort-Rock outcrop complex, undulating (CrD)	stony clay	1.1	indurated, fractured limestone	slow	very low	low to moderate
Doss silty clay, 1 to 5% slopes (DoC)	silty clay, clay loam	2.0	weakly cemented limestone and marl	moderately slow	low	moderate
Eckrant-Rock outcrop complex, steep (ErG)	stony clay	0.3 - 0.8	indurated, fractured limestone	moderately slow	very low	moderate
Lewisville silty clay, 1 to 3% slopes (LeB)	silty clay	9.25	silty clay	moderate	high	high

Source: NRCS, 2011a and 2011b

4.4 HISTORICAL USE INFORMATION ON THE PROPERTY AND ADJOINING PROPERTIES

Horizon conducted an examination of available historical use information, including ownership records, landowner interviews, and aerial photography, to develop a history of the previous uses of the Property and the surrounding area to help identify the likelihood of past uses having led to recognized environmental conditions in connection with the Property. ASTM Practice E 1527-05 calls for identification of all obvious uses of the Property from the present to the Property's obvious first "developed use" or 1940, whichever is earlier. For the purpose of identifying the historical uses of the Property, Section 8.3.2 of ASTM Practice E 1527-05 defines the term "developed use" to include agricultural uses and placement of fill onto the Property. Section 8.3.2.1 of ASTM Practice E 1527-05 does not require a review of standard historical sources at less than approximately 5-year intervals. If the specific use of the site appears unchanged over a period longer than 5 years, then ASTM Practice E 1527-05 does not require research of the use during that period. A standard historical source may be excluded if the source is not reasonably ascertainable, or if past experience indicates that the source is not likely to be sufficiently useful, accurate, or complete.

4.4.1 Standard Historical Sources

4.4.1.1 Title Records

Historical ownership records are reviewed to develop a history of the previous uses of the Property in order to help identify the likelihood of past uses having led to recognized environmental conditions in connection with the Property, as well as to identify any environmental liens associated with the Property. Horizon obtained historical chain-of-title documentation for the Property from Real Property Services (RPS), The Woodlands, Texas.

The records suggest that the Property was owned by private individuals or speculative investment companies since 1926, and that the Property is composed of 5 separate tracts of land currently:

Tract 1: Part of 192.712 acres in Volume 871, Page 445

Tract 2: Part of 189.00 acres and 11.00 acres in Volume 871, Page 441

Tract 3: All of Reunion Ranch, Section One, in Book 12, Pages 357-358

Tract 4: All of Reunion Ranch, Section Two, in Book 12, Pages 353-356

Tract 5: 11.60 acres in Volume 2630, Pages 711-745

Current ownership of the 11.60-acre tract is vested in William G. Peckman as an undivided 1/6th interest, and the remaining tracts and Property are vested in Hays Reunion Ranch, LLP, as recorded in a warranty deed 14 February 2005, in Volume 2630, Page 711, and a warranty deed filed 24 January 2003, in Volume 2248, Page 123, of the Real Property Records of Hays County, Texas.

A review of the ownership information produced no evidence suggesting an owner who may have conducted activities resulting in recognized environmental conditions for the Property. No easements or leases of environmental concern and no environmental liens were noted during the title research. The chain of title detailing site ownership from 1926 to present is provided in Appendix E.

4.4.1.2 Historical Aerial Photography

Horizon reviewed aerial photographs dated 1953, 1962, 1974, 1980, 1995, and 2010, provided for the Property by TelALL from the Texas Natural Resources Information System (TNRIS). US Army Map Service (AMS), Texas Department of Transportation (TxDOT), US Department of Agriculture (USDA), and USGS originally supplied the aerial photography available for review at TNRIS.

In the 1953 aerial photograph (Figure 4-3), the Property appears to be predominantly open rangeland. Surrounding lands appear to be rangeland as well. FM 1826, an improved roadway, was visible traversing the northern boundary of the Property in an east-to-west direction. Bear Creek was also visible bisecting the central portion of the Property. A portion of the Property located north of Bear Creek consisted of dense stands of trees and shrubs. No recognized environmental conditions were evident on the Property or immediately surrounding properties based upon a review of the aerial photograph.

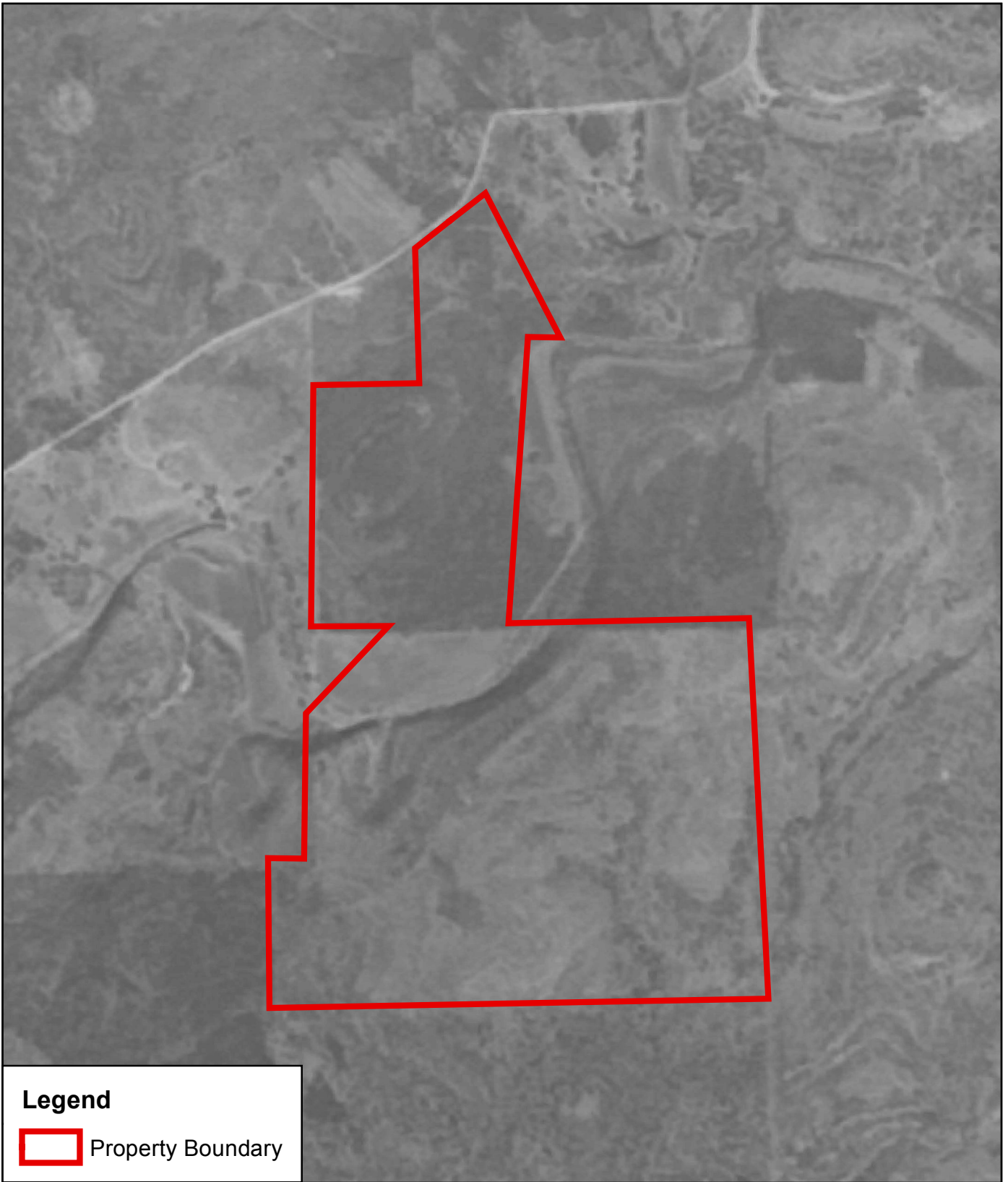
The 1962 aerial photograph (Figure 4-4) revealed no significant visible changes to the Property or immediately surrounding properties. No recognized environmental conditions were evident on the Property or immediately surrounding properties based upon a review of the aerial photograph.

The 1974 aerial photograph (Figure 4-5) revealed no significant visible changes to the Property. Rural residential home sites and unimproved roadways were visible along the northwestern boundary of the Property. No recognized environmental conditions were evident on the Property or immediately surrounding properties based upon a review of the aerial photograph.

The 1980 aerial photograph (Figure 4-6) revealed minor visible changes to the Property that included clearing of vegetation on the northern portion of the Property. An increase in rural SFRs was also visible on the adjacent lands west of the Property. No recognized environmental conditions were evident on the Property or immediately surrounding properties based upon a review of the aerial photograph.

The 1995 aerial photograph (Figure 4-7) revealed significant visible changes to the Property that included an unimproved roadway traversing the northern portion of the Property in a north-to-south direction and west-to-east across the southern portions of the Property. Evidence of structures is also visible on the central portion of the Property. Additionally, rural SFR development was also visible on the immediately adjacent lands west and north of the Property and FM 1826. No recognized environmental conditions were evident on the Property or immediately surrounding properties based upon a review of the aerial photograph. No recognized environmental conditions were evident on the Property or immediately surrounding properties based upon a review of the aerial photograph.

The 2010 aerial photograph (Figure 4-8) revealed no significant visible changes to the Property. An increase in SFR was visible surrounding the Property, near FM 1826. No other significant changes were visible on the surrounding properties. No recognized environmental conditions were evident on the Property or immediately surrounding properties based upon a review of the aerial photograph.



Legend

 Property Boundary

MAP SOURCE: AMS, 1953.

0 750 1,500
Feet



FIGURE 4-3

1953 AERIAL PHOTOGRAPH
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS



Legend



Property Boundary

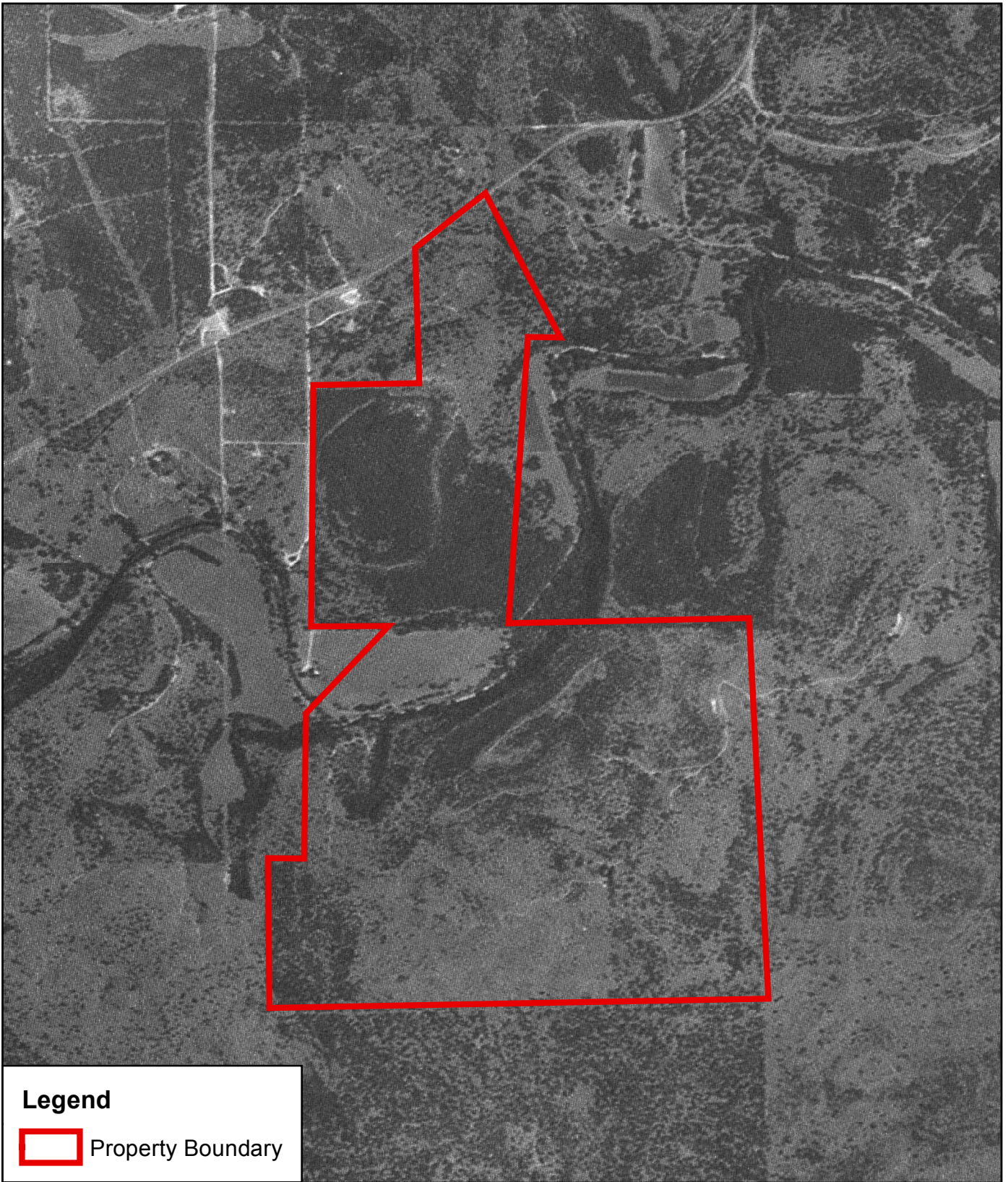
MAP SOURCE: USGS, 1962.

0 750 1,500
Feet




FIGURE 4-4

1962 AERIAL PHOTOGRAPH
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS



Legend

 Property Boundary

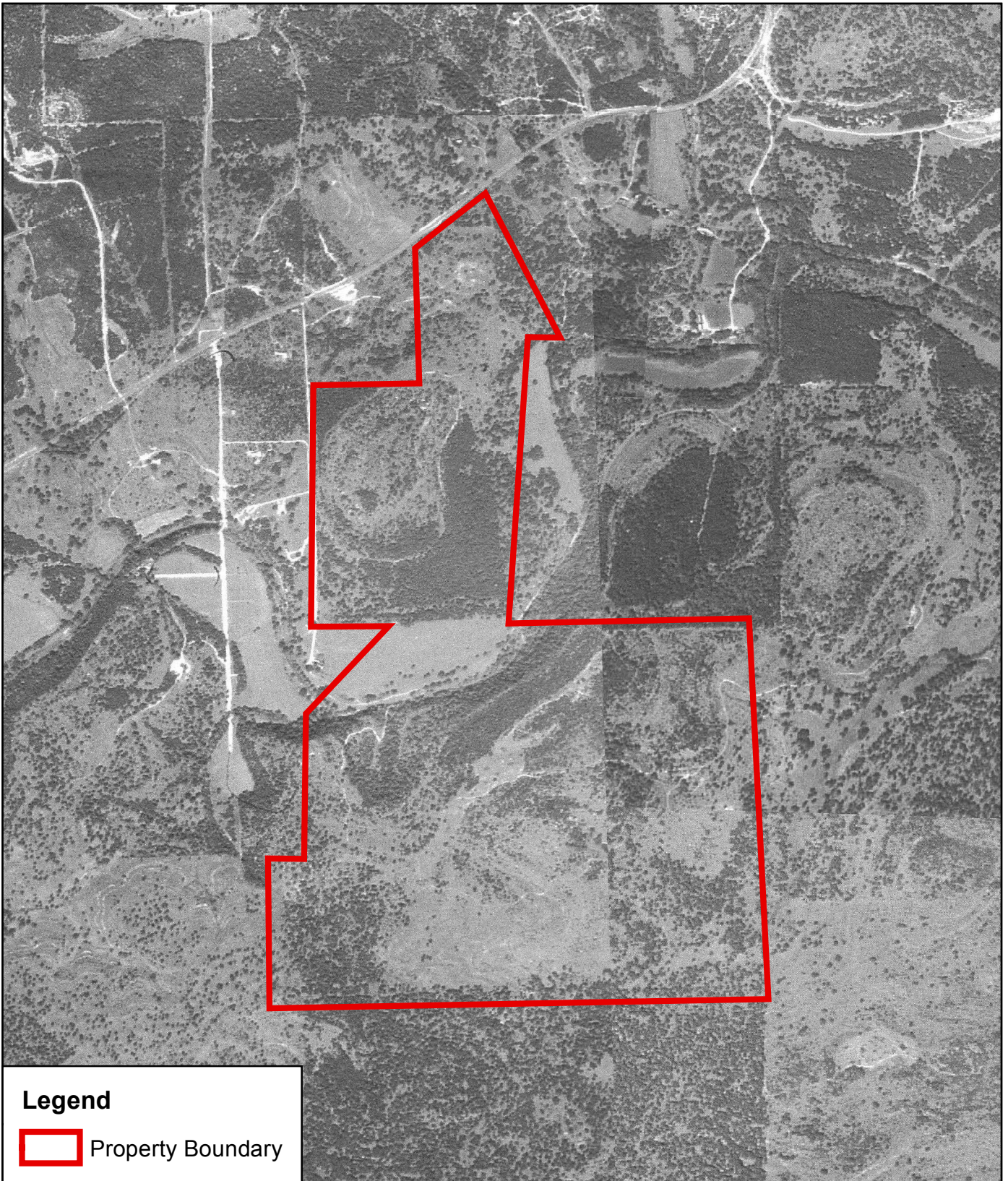
MAP SOURCE: TXDOT, 1974.

0 750 1,500
Feet




FIGURE 4-5

1974 AERIAL PHOTOGRAPH
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS



Legend

 Property Boundary

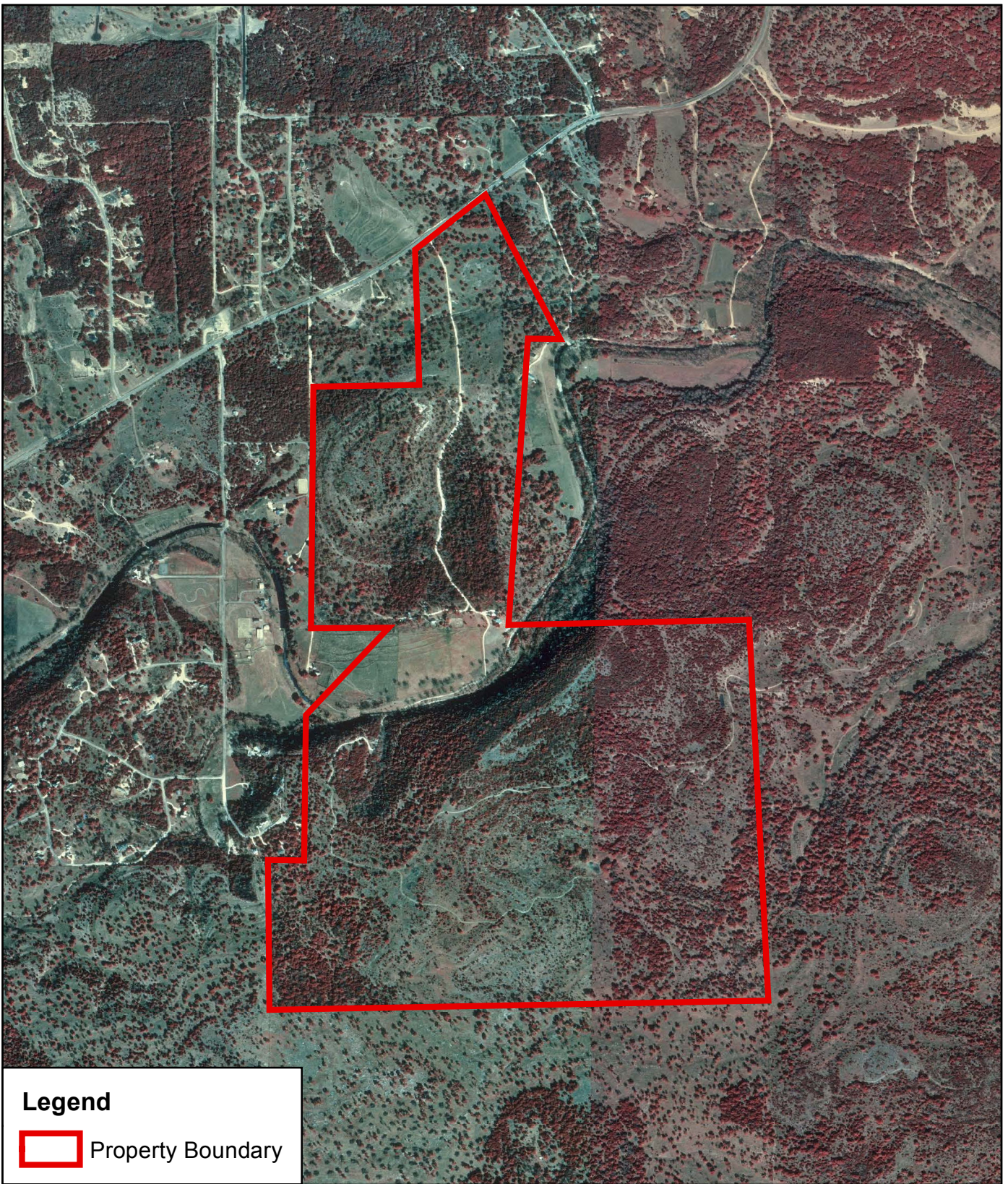
MAP SOURCE: TXDOT, 1980.

0 750 1,500
Feet



FIGURE 4-6

1980 AERIAL PHOTOGRAPH
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS



Legend

 Property Boundary

MAP SOURCE: USGS, 1995.

0 750 1,500
Feet

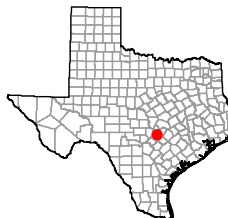
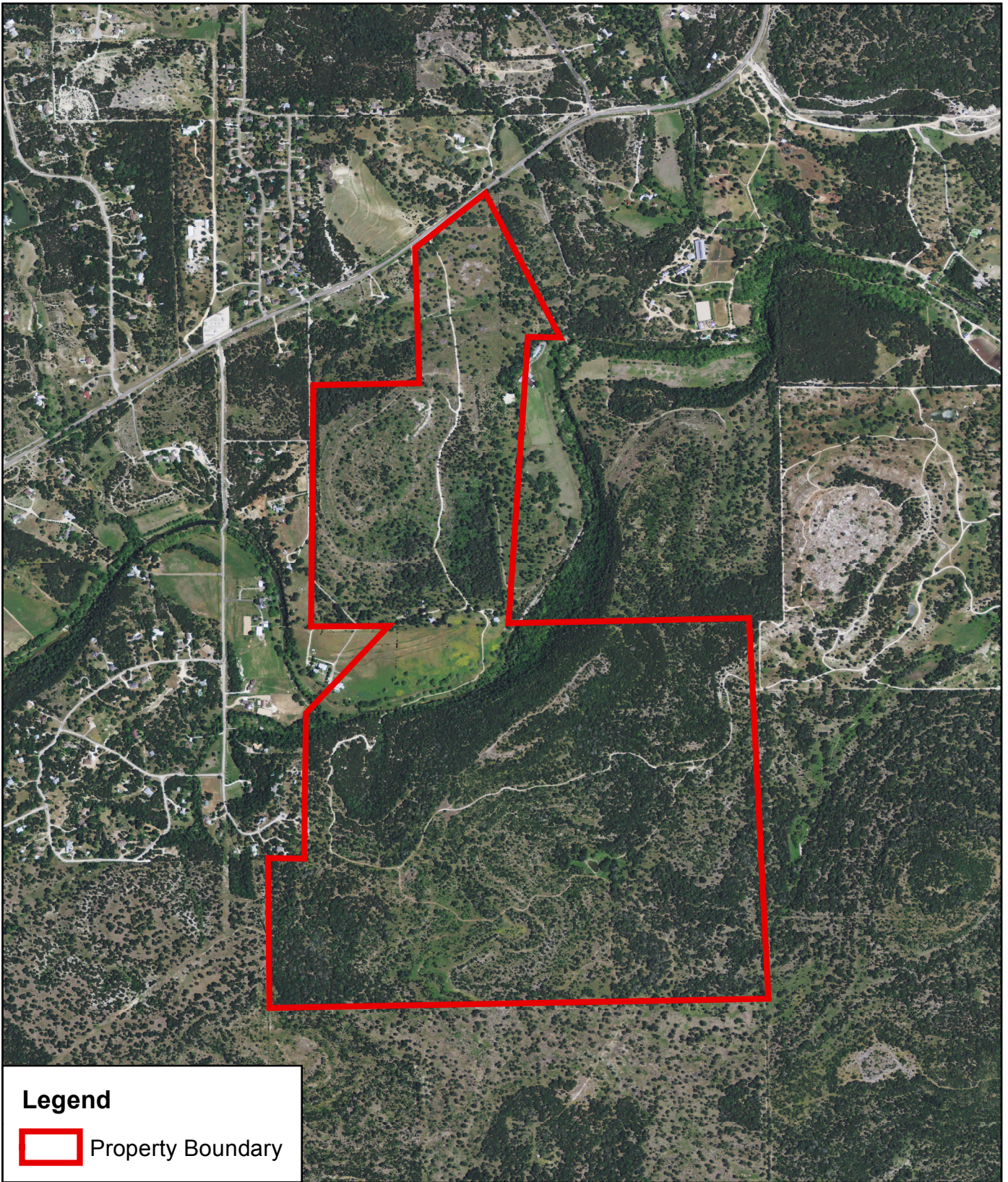



FIGURE 4-7

1995 AERIAL PHOTOGRAPH
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS



Legend

 Property Boundary

MAP SOURCE: USDA, 2010.

0 750 1,500
Feet

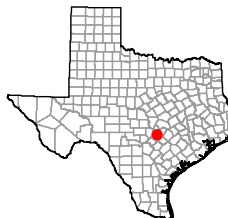


FIGURE 4-8

2010 AERIAL PHOTOGRAPH
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS

4.4.1.3 Fire Insurance Maps

The Sanborn Company published fire insurance maps for urban areas designed for use by companies offering fire insurance policies. The maps show the size, shape, and construction materials of a structure; land use; and other independent improvements, such as gasoline storage tanks. The maps were originally published in the 1930s and updated periodically through at least the 1950s. Because Sanborn maps were limited to the core of major metropolitan areas, it is highly unlikely any maps would be available for the Property. Therefore, Horizon did not review published fire insurance maps for the Property.

4.4.1.4 Local Street Directories

Local street directories are published by private (or sometimes government) sources and show ownership and/or use of a specific property for each year by reference to its street address. The ownership and/or use of a specific property listed in the local street directory are used to help identify the likelihood of past uses having led to recognized environmental conditions in connection with the subject site. Since the Property and most of the immediately adjacent properties have not been developed for residential or commercial uses, it is highly unlikely that a review of local street directories would provide any information about the historical uses of the Property. Therefore, Horizon did not review local street directories for the Property.

4.4.1.5 Prior Assessment

Horizon has conducted a previous Phase I ESA on the Property, dated 20 October 2004. The following is a summary of conclusions and recommendations concerning recognized environmental conditions, asset management, and development issues for the subject property at the time of our 2004 investigations.

1. Based upon a review of regulatory literature, historical information, and a site reconnaissance, the subject site was found to have a low probability for environmental risk or liability from hazardous materials and substances. However, Horizon recommends that the contents of the debris pile be removed and disposed of in an approved landfill. In the event that potentially hazardous materials or substances are encountered during excavation activities, soil sampling should be conducted to determine the extent of potential soil and/or groundwater contamination. No hazardous materials or substances or surface indications of potential contamination were observed in the vicinity of the debris piles; however, only the surface of the debris was investigated. In addition, the containers filled with used transmission oil and the vehicle batteries should be removed and disposed of at an approved facility. Several 55- and 30-gallon drums were observed on the site during the field reconnaissance effort. The majority of the drums were being used to support 2 mobile camper units off the ground. No soil staining, leaking, or foul odors indicating potential contamination were noted in the vicinity of the drums. The drums should be removed and their contents disposed of at an approved facility.

2. Archeological sites are commonly found in upland areas and alluvial terraces near stream/river channels or drainages. Based on the proximity of the subject site to several unnamed drainages, there exists at least a moderate probability that cultural resources may be found on the property. According to Section 106, 36 CFR §800, of the National Historic Preservation Act, if any federal agency permits (including nationwide permits), federal loans, or loan guarantees are required for development of the subject site, additional efforts to identify and/or assess potential impacts to cultural resources may be required by permitting agencies. Horizon's archeology department conducted a cultural resource survey within 500 feet of the proposed Bear Creek water crossing. The findings of the cultural resource survey are provided in a separate report.
3. The site is within the Edwards Aquifer Recharge Zone, as mapped by the Texas Commission on Environmental Quality (TCEQ). TCEQ Rules, Chapter 213.5, require a geologic assessment as a part of the Water Pollution Abatement Plan (WPAP) for regulated activities within the Edwards Aquifer Recharge Zone. Horizon's geological department conducted a geological assessment of the property. The findings of the geological assessment have been provided in a separate report.
4. During the field reconnaissance, 2 water wells were identified on the property. The results of this survey do not preclude the existence of an additional water well on the subject site. If a water well or casing is encountered during construction, construction should be halted until the TCEQ is contacted. All abandoned wells must be capped or properly abandoned according to the Administrative Rules of the Texas Department of Licensing and Regulation, 16 Texas Administrative Code (TAC), Chapter 76, effective 3 January 1999. A plugging report must be submitted (by the licensed water well driller) to the Texas Department of Licensing and Regulation, Water Well Driller's Program, Austin, Texas. If a well is intended for use, it must comply with 16 TAC §76.
5. Jurisdictional "waters of the US" are present on the site and subject to regulation by the US Army Corps of Engineers (USACE). Therefore, if project-specific development activities result in the placement of fill material into any of these areas, permit efforts may be required by the USACE. If the extent of fill into jurisdictional areas does not exceed 0.5 acres for the entire project, 1 or more nationwide permits that provide streamlined coordination and timing may be used; however, if more than 0.5 acres will be filled, an individual permit would be required. An individual permit would require approximately 8 to 12 months to prepare and acquire.
6. Vegetation suitable for utilization by the federally listed endangered golden-cheeked warbler (GCW) occurs in the woodland area along Bear Creek. If this area is planned for development, a breeding season survey should be conducted between March 20 and May 15 to determine if the area is utilized by the GCW. The Endangered Species Act prohibits the "take" of a federally listed species. The US Fish and Wildlife Service (USFWS) generally regards the destruction of habitat as a

“take” if surveys are not conducted within the suitable habitat areas to determine that the habitat is not being utilized.

4.4.2 Data Failure

According to ASTM Practice E 1527-05, “data failure” occurs when the historical research objectives of the practice have not been met. Data failure is not uncommon in trying to identify the use of the Property at 5-year intervals back to first use or 1940 (whichever is earlier).

Data failure was encountered during the historical land use analysis because historical aerial photography prior to 1953 was unavailable at the time of this report. However, the review of available standard historical sources, coupled with information from the User, landowner, and site reconnaissance, indicates the Property has likely been utilized as partially cleared rangeland and rural SFR and that it is unlikely any previous use of the Property may have involved the use, storage, or disposal of hazardous materials. Therefore, it is Horizon’s opinion that the data failure has not significantly impacted the Environmental Professional’s ability to identify recognized environmental conditions in connection with the Property.

Standard historical sources excluded from research included published fire insurance maps and local street directories. It is Horizon’s opinion that these resources would be unlikely to provide useful information on historical land uses of the Property or surrounding properties, and that, therefore, excluding these sources has not significantly impacted Horizon’s ability to identify recognized environmental conditions in connection with the Property.

5.0 INTERVIEWS

5.1 INTERVIEW WITH OWNER/KEY SITE MANAGER

A Phase I ESA Landowner/Occupant Interview Questionnaire was completed on 16 January 2012 by the current landowner representative, Mr. Frank P. Krasovec. Mr. Krasovec's responses to the interview questions indicated that he has been associated with the Property since 1986 and that the Property has been historically utilized for ranching activities, small residences, hunting activities, and grazing horses. He did not state any specific current land use on the Property during the interview or at the time of this report. Mr. Krasovec stated that the Property is proposed for SFR development of approximately 480 residential lots. Furthermore, he indicated that he had no knowledge of any potential recognized environmental conditions in connection with the Property. The completed Landowner/Occupant Interview Questionnaire is provided in Appendix F.

5.2 INTERVIEWS WITH CURRENT OCCUPANTS

At the time of this report Horizon has not been successful in obtaining information about the 2 SFRs on-site that appeared to be occupied at the time of our investigations. So no occupant interviews have been conducted as a result.

5.3 INTERVIEWS WITH OTHERS

After the review of regulatory records, User-provided information, historical use information, and other interviews, it was determined that no further interviews were warranted.

6.0 SITE RECONNAISSANCE

Horizon conducted a site reconnaissance on 6 and 7 December 2011. Horizon also reviewed immediately adjacent lands, to the extent possible from the boundaries of the Property, to observe any existing or potential sources of off-site contamination that may affect the Property. Horizon's Phase I ESA Site Reconnaissance Checklist is provided in Appendix G. On-site photographs are provided in Appendix C.

6.1 METHODOLOGY AND LIMITING CONDITIONS

A pedestrian reconnaissance of the Property was conducted as well as visual observation of immediately adjacent lands from the boundaries of the Property. No conditions were encountered that would have limited Horizon's ability to observe the Property. All on-site structures were open and accessible at the time of the site reconnaissance with the exception of the 2 SFRs located on the central portion of the Property. Of the structures that were accessed, no locked cabinets, offices, or closets were encountered.

6.2 GENERAL SITE SETTING

The Property is generally described as approximately 525 acres of pastureland utilized for grazing horses and 2 occupied SFRs located in the central portion of the Property. The land is located within an area that is experiencing rapid residential and commercial development.

6.2.1 Geologic, Hydrogeologic, Hydrologic, and Topographic Conditions

The Property is mapped on the USGS Signal Hill, Texas, topographic quadrangle. Topography on the Property is slightly sloping in a west-to-east direction toward Bear Creek and associated tributaries. Surface elevation ranges from approximately 880 to 1000 feet above mean sea level. The northern and central portions of the Property lie within the FEMA 100-year floodplain boundaries.

The Property is found within the Edwards Aquifer Recharge and Contributing Zones. The Recharge Zone is known as the area where the stratigraphic units constituting the Edwards Aquifer are exposed at the surface and where water may filter into the aquifer through permeable features such as cracks, fissures, caves, and other openings in these layers. The Recharge Zone includes other geologic formations in proximity to the Edwards Aquifer where caves, sinkholes, faults, fractures, or other permeable features may create a potential for recharge of surface waters into the Edwards Aquifer. The Recharge Zone is designated on official maps located in the appropriate TCEQ regional office. The Contributing Zone of the Edwards Aquifer includes all watersheds that feed runoff into rivers and streams that flow over the Recharge Zone. TCEQ rules regulate activities in the portions of the Contributing Zone that are within the counties already regulated by the Edwards Aquifer Rules. These areas are generally north and west of the Recharge Zone.

The Property is underlain by Glen Rose and Edwards Limestone. The upper member of the Glen Rose Limestone is relatively impermeable and described as the lower confining unit of the Edwards Aquifer. It has a maximum thickness of about 350 to 500 feet. Stair-step topography is characteristic of the upper member of the Glen Rose Limestone. The Upper Glen Rose Limestone is described as yellowish-tan, thinly bedded limestone and marl. The upper member of the Glen Rose Limestone is relatively more thinly bedded, more dolomitic, and less fossiliferous than the lower member of the Glen Rose Limestone. The top of the upper member of the Glen Rose Limestone is red-stained, lumpy, irregular, and bored, with oysters cemented onto the surface. The Edwards Limestone is a thinly to massively bedded, hard to soft, cherty, fossiliferous, fine-grained limestone and dolomite that commonly have red clay and calcite associated with solution features, such as caves and collapsed zones. The Edwards Limestone is known to form caves and voids.

6.2.2 Property Uses

6.2.2.1 Current Use of the Property

Current land use on the Property is pastureland for grazing horses and 2 rural single-family residential homes on the southern portion of the Property.

6.2.2.2 Past Uses of the Property

The Property has been historically utilized for rangeland and agricultural purposes.

6.2.2.3 Current/Past Uses of Adjoining Properties

Existing land use bordering the Property was observed as follows:

NORTH: FM 1826 and rural SFR beyond
SOUTH: Vacant rangeland with rural SFR
EAST: Rural SFR, Bear Creek, and rangeland
WEST: Rural SFR

An aerial view of the Property and adjacent land use, dated 2010, is provided in Section 4.4.1.2.

The review of historical aerial photography indicates that past use of adjoining properties is likely rangeland and rural SFR. No evidence of potential recognized environmental conditions on adjacent properties was revealed through a review of historical sources, interviews, or visual inspection from the Property's boundaries during the site reconnaissance.

6.2.2.4 Current/Past Uses of Surrounding Area

The surrounding area in general is rural land and appears to have been historically used for rangeland and rural SFR purposes as well as FM 1826, located along the northern boundary of the Property.

6.2.3 Structures and Roads

Horizon observed several structures in the central portion of the Property, north of Bear Creek. Two sheet-metal pole barns were observed on the Property and were in use as a vehicle maintenance location and a horse stable at the time of Horizon's field reconnaissance. An occupied SFR mobile home was observed in the vicinity of the pole-barns and another SFR was observed to the east that appeared to be occupied at the time of this report. This SFR was constructed of vinyl siding with a metal roof and a pier-and-beam foundation (Appendix C, Photos 1 and 2). The SFRs were not accessed at the time of this report, as the Property was reportedly vacant by the User. All structures are mapped in Figure 6-1.

Two-track, unimproved roadways were visible and accessed throughout the Property by Horizon at the time of the field reconnaissance. FM 1826 traverses the northern boundary of the Property in a northeast-to-southwest direction. Improved and unimproved residential roadways were also visible on the adjacent lands west of the Property.

6.2.4 Potable Water Supply and Sewage Disposal Systems

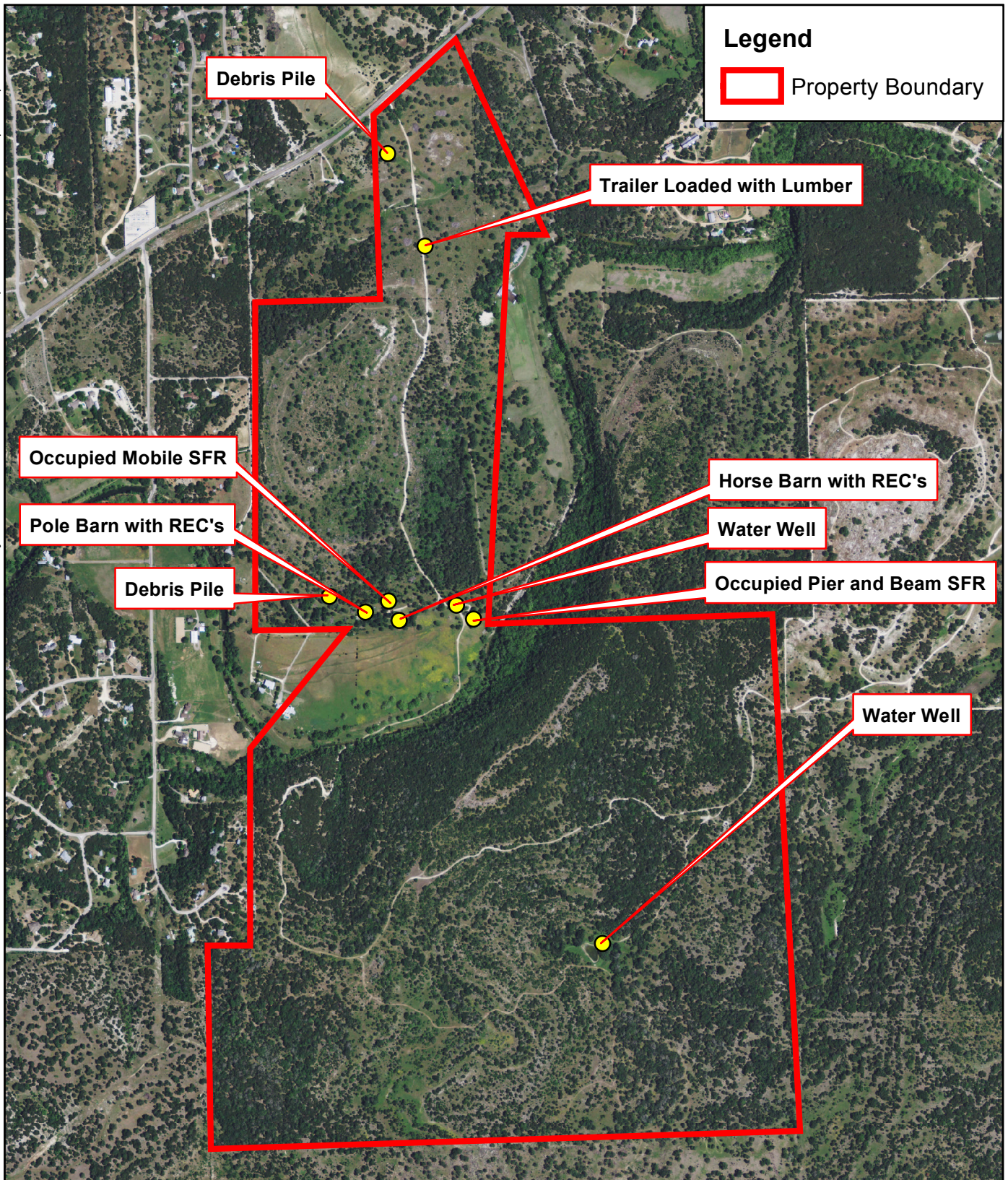
Horizon observed 1 operable water well located on the central portion of the Property. Additionally, Horizon observed 1 windmill and water well on the southern portion of the Property; however, it appeared to not be in use at the time of Horizon's field reconnaissance (Appendix C, Photos 3 and 4).

It is Horizon's opinion that 2 private septic systems are located in the vicinity of the 2 occupied SFRs and are likely utilized for sewage disposal on the Property. Horizon was not able to determine locations of these structures at the time of this report.

6.3 SITE FINDINGS

6.3.1 Exterior Observations

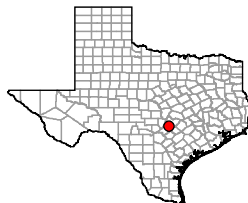
Horizon observed the Property, as well as the periphery of all structures on the Property, in an effort to determine the presence or absence of certain features/conditions as specified by ASTM Practice E 1527-05. No artificial disturbances or alterations have occurred on the subject site since the previous Phase I ESA was conducted by Horizon on the subject site in October 2004 except for clean-up and removal efforts of previously documented camper trailers and 55-gallon drums.



MAP SOURCE: USDA, 2010



0 550 1,100
Feet



Horizon
Environmental Services, Inc.

FIGURE 6-1

SITE FINDINGS MAP
APPROXIMATELY 525-ACRE
REUNION RANCH TRACT
FM 1826
DRIFTWOOD, HAYS COUNTY, TEXAS

During the field reconnaissance effort, Horizon observed an occupied SFR pier and beam structure and an associated concrete/brick slab and fire pit immediately north of Bear Creek, on the central portion of the Property. An operable water well and pump enclosed in a wooden well house was observed immediately north of the house. A wood and sheet-metal pole barn/horse stable, sheet metal pole barn/garage, and occupied mobile SFR structure was observed northwest of the house along the western boundary of the site.

In the southern portion of the Property, Horizon observed a manmade stock tank, located on a hillside and served by a windmill-powered water well that did not appear to be in use at the time of this report (see Figure 6-1). The stock tank was approximately 1/2 acre in size with an approximate depth of 10 feet and is located at the headwaters of an unnamed tributary of Bear Creek (Appendix C, Photo 5). A sheet metal deer blind was located southeast of the water well.

A second manmade stock tank, observed on a hillside, is 300 feet long by 50 feet wide and has a depth of approximately 2 feet. Horizon observed a USGS stream flow-monitoring station on the northern side of Bear Creek. Several unimproved roads, ranging in condition from deeply rutted dirt paths to roads in good condition, traverse the Property. In addition, overhead electrical transmission lines traverse the subject site.

Horizon observed two 55-gallon drums containing an unlabeled petroleum product and several 5-gallon containers of automotive engine oil and/or other petroleum products within a sheet metal pole barn located on the central portion of the Property (Appendix C, Photo 6). Two abandoned vehicles, small pesticide sprayers, automotive tires, small (1- to 2-gallon) gasoline containers, and used engine oil filters were also observed within the same vicinity and within an on-site sheet metal pole barn that appeared to be utilized for vehicle maintenance (Appendix C, Photo 7). Horizon did observe surface soil staining from the engine oil that was confined within the sheet metal pole barn. Another pole barn and livestock pens were observed on the central portion of the Property and served as an active horse barn and stable. Horizon also observed 1-gallon exterior and/or interior paint cans, gasoline containers and commonly used equine supplies including wormer, pest control medications, nutritional supplements, and sacks of horse food (Appendix C, Photo 8). These contents were all contained within an enclosed tack room of an open sheet metal pole barn with horse stables. An older flatbed pickup truck and horse trailer were observed behind the pole barn.

Additional findings that are not considered recognized environmental conditions include other debris piles containing lumber, sheetrock, plywood, plastic bags, and outdoor carpeting (Appendix C, Photos 9 and 10). A mobile flatbed trailer was also observed along the northern portion the Property that contained refuse lumber and fencing materials (Appendix C, Photo 11). On the southern portion of the Property, Horizon also observed 1 stock pond and a water well that appeared to have been abandoned and is currently out of use.

See Figure 6-1 for all of Horizon's findings and their locations on the Property.

Horizon observed no pits or lagoons; no stressed vegetation; no evidence of solid waste or wastewater discharges; no storage tanks, vent pipes, or fill pipes; no electrical or hydraulic equipment likely to contain polychlorinated biphenyl oils (PCBs); no strong, pungent, or noxious odors; and no pools of liquid on the Property during the site reconnaissance.

6.3.2 Interior Observations

The interiors of any structures on the Property, as accessible/visible, were also observed in an effort to determine the absence/presence of certain features and conditions, as specified by ASTM Practice E 1527-05.

Inside structures (pole barns and tack barn) accessed on the Property, Horizon observed a small area of stained soil in the vicinity of the 55-gallon drums. Horizon also observed smaller containers of gasoline engine oil and unlabeled pesticide sprayers. Horizon observed no corrosion on floors, walls, or ceilings; no floor drains or sumps; no storage tanks, vent pipes, or fill pipes; no electrical or hydraulic equipment likely to contain polychlorinated biphenyl oils (PCBs); no strong, pungent, or noxious odors; and no pools of liquid during the site reconnaissance. However, Horizon did not access the mobile home and the SFR located on the central portion of the Property, as they appeared to be occupied, the occupants were not present at the time of the field reconnaissance, and Horizon did not have authorization to enter these structures by the current occupants or current landowner.

7.0 DATA GAPS

According to ASTM Practice E 1527-05, a “data gap” occurs when the environmental professional is unable to obtain information required by the practice despite good faith efforts to gather such information.

No significant data gaps were encountered in the process of conducting this Phase I ESA that would affect Horizon’s ability to identify recognized environmental conditions.

8.0 DEVIATIONS

There were no deletions from ASTM Practice E 1527-05 in connection with this Phase I ESA.

9.0 FINDINGS AND CONCLUSIONS

Horizon has performed a Phase I ESA of the Property in conformance with the scope and limitations of ASTM Practice E 1527-05. Any exceptions to, or deletions from, this practice are described in Section 8.0 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Property except for the following:

1. Horizon observed two 55-gallon drums containing an unlabeled petroleum product and several 5-gallon containers of automotive engine oil and/or petroleum product in the sheet metal pole barn located on the central portion of the Property. Several small pesticide sprayers, automotive tires, small gasoline containers, and used engine oil filters were also observed within the same vicinity and within an on-site sheet metal pole barn that appeared to be utilized for vehicle maintenance.
2. Horizon also observed 1-gallon exterior and/or interior paints cans, gasoline containers, and commonly used equine supplies including wormer and pest control medications. These contents were all contained within an enclosed tack room of an open sheet metal pole barn with horse stables located on the central portion of the Property.
3. Horizon did observe an area within a sheet metal pole barn that had minor surface soil staining that appeared to be engine oil.

Additional findings that are not considered recognized environmental conditions include other debris piles containing lumber, sheetrock, plywood, plastic bags, and outdoor carpeting. A mobile flatbed trailer was also observed along the northern portion of the Property that contained refuse lumber and fencing materials. On the southern portion of the Property, Horizon also observed 1 stock pond and a water well that appeared to have been abandoned.

10.0 OPINION OF ENVIRONMENTAL PROFESSIONAL

This Phase I ESA has revealed evidence of recognized environmental conditions in connection with the Property. Based upon a review of regulatory records, historical use information, interviews, User-provided information, and a site reconnaissance, the Property was found to have a low to moderate probability for environmental risk related to significant levels of hazardous substances or petroleum products. Horizon did observe an area within a sheet metal pole barn that had minor surface soil staining that appeared to be engine oil. Horizon recommends that the soil in this area be collected and removed from the Property and disposed of at an approved facility. Upon removal, Horizon also recommends the location be inspected by an environmental professional to determine if proper cleanup was conducted and the potential for any contamination has been removed from the Property.

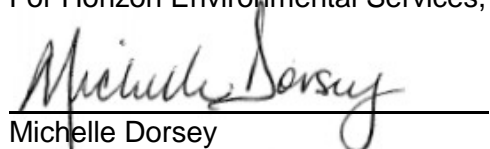
Horizon does recommend that all recognized environmental conditions and debris located on the Property be removed and disposed of at approved facilities for those contents. At the time of removal of these products, should any additional surface staining be observed, Horizon recommends that those areas be examined by an environmental professional to determine if any significant staining could have potentially caused soil and or groundwater contamination. Horizon also recommends that any water well that is not intended for current or future use be properly plugged and abandoned.

Upon proper cleanup of the on-site soil staining and removal of debris with a follow-up inspection, Horizon recommends no additional investigations, studies, or sampling efforts for any hazardous substances on the Property at the time of this report.

11.0 SIGNATURE OF ENVIRONMENTAL PROFESSIONAL

I declare that, to the best of my professional knowledge and belief, I meet the definition of Environmental Professional as defined in 40 CFR §312.10. I have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. I have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

For Horizon Environmental Services, Inc.



Michelle Dorsey
Principal/Sr. Environmental Specialist, EP¹

17 January 2012
Date

¹ Qualified Environmental Professional under ASTM Practice E 1527-05

12.0 PARTICIPATING PERSONNEL

Horizon's participating personnel for this Phase I ESA are listed below. Qualifications of the Environmental Professional are provided in Appendix H.

<u>PERSON</u>	<u>PARTICIPATION</u>
Shannon Dorsey, Principal/Sr. Environmental Specialist, EP ¹ , REP ² No. 5194	Project Manager Technical Review
Michelle Dorsey, Environmental Specialist, EP ³	Report Author Records Search Field Investigation
Chris Carrell, Environmental Specialist	Records Search Field Investigation Drafting
William Bauer, Word Processor	Final Report Preparation

¹ Qualified Environmental Professional under ASTM Practice E 1527-05
² Registered Environmental Professional
³ Qualified Environmental Professional under ASTM Practice E 1527-05

13.0 REFERENCES

- (AMS) US Army Map Service. Aerial photography, Hays County, Texas. 1953.
- (ASTM) American Society for Testing and Materials. *ASTM Standards on Environmental Site Assessments for Commercial Real Estate*, 5th Edition, E 1527-05. West Conshohocken, Pennsylvania: ASTM, 2006.
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- (NRCS) US Department of Agriculture, Natural Resources Conservation Service. 2011a. Web Soil Survey, <<http://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx>>. Accessed 15 December 2011.
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- (TxDOT) Texas Department of Transportation. Aerial photography, Hays County, Texas. 1974, and 1980.
- (USDA) US Department of Agriculture. Digital orthophoto quarter-quadrangle, Signal Hill Signal Hill, Texas. National Agriculture Imagery Program, Farm Service Agency, Aerial Photography Field Office. 2010.
- (USGS) US Geological Survey. 7.5-minute series topographic maps, Signal Hill, Texas, quadrangle. 1986.
- _____. Digital Orthophoto Quarter-Quadrangle, Signal Hill, Texas. 1962 and 1995.
- (UT-BEG) University of Texas Bureau of Economic Geology, C.V. Proctor, Jr., T.E. Brown, J.H. McGowen, N.B. Waechter, and V.E. Barnes. *Geologic Atlas of Texas*, Austin Sheet, Francis Luther Whitney Memorial Edition. 1974; revised 1981.

APPENDIX A
PHASE I ESA
SCOPE OF SERVICES AND LIMITED GLOSSARY OF TERMS

SCOPE OF WORK PHASE I ENVIRONMENTAL SITE ASSESSMENT

The following presents the 4 principal components of Horizon's scope of work for the performance of a Phase I Environmental Site Assessment (ESA). Horizon's Phase I ESA is performed in conformance with the scope and limitations of ASTM Practice E 1527-05.

1.0 Records Review

A review of reasonably ascertainable environmental and historical use information from corporate and/or governmental records related to the Property is performed. Standard sources of information (e.g., various federal, state, local, and tribal governmental agencies) and search distances from the Property adhere to those specified in ASTM Practice E 1527-05, as applicable. Sources of information reviewed include the following, as applicable and reasonably ascertainable:

1.1 Standard Environmental Record Sources (Federal and State)

- 1.1.1 National Priority List Database
- 1.1.2 Comprehensive Environmental Response, Compensation, and Liability Information System Database
- 1.1.3 Resource Conservation and Recovery Information System Database
- 1.1.4 Emergency Response Notification System Database
- 1.1.5 Texas Voluntary Cleanup Program and the Texas Innocent Owner/Operator Program
- 1.1.6 Texas State Superfund Database
- 1.1.7 TCEQ Solid Waste Facilities and Unauthorized and Unpermitted Landfill Sites
- 1.1.8 TCEQ Registered Storage Tanks
- 1.1.9 TCEQ Spills List
- 1.1.10 Brownfields
- 1.1.11 Dry Cleaners

1.2 Additional Environmental Record Sources

- 1.2.1 Oil and gas activity records
- 1.2.2 Documented water wells and information concerning known or potentially contaminated wells
- 1.2.3 Other local record sources as applicable and reasonably ascertainable

1.3 Physical Setting Sources

- USGS topographic map and description of general topography
- USDA mapped soils information
- FEMA flood hazard mapping information

1.4 Standard Historical Sources

- Historical chain-of-title documentation
- Historical aerial photography
- Fire insurance maps
- Local street directories
- Other standard historical sources (may include sources such as USGS topographic maps, property tax files, local building department records, local zoning/land use records, or information from prior ESAs conducted on the Property)

2.0 Interviews

Horizon makes a reasonable attempt to interview current owners and occupants of the Property. Selection of persons to be interviewed follows the guidance provided in ASTM Practice E 1527-05.

2.1 Interview with Owner/Key Site Manager

- 2.2 Interview(s) with current occupants
- 2.3 Interview(s) with local government officials
- 2.4 Interview(s) with others, as deemed necessary by the EP under ASTM Practice E 1527-05

3.0 Site Reconnaissance

A site reconnaissance is performed on the Property, including observation of physical conditions of the land and any structures or improvements on the Property, and immediately adjacent properties as accessible or visible, for potential indicators of recognized environmental conditions. Representative photographs of the Property and immediately adjacent properties are taken to document conditions existing at the time of the site reconnaissance. Observed indications of current and past uses of the Property and adjoining properties, as accessible or visible, are noted. Certain features/conditions that may exist on the Property are documented, including, but not limited to, the following:

- 3.1 General Site Setting
 - 3.1.1 Geologic, hydrogeologic, hydrologic, and topographic conditions
 - 3.1.2 Property uses
 - Current/past uses of the Property
 - Current/past uses of adjoining properties
 - Current/past uses of surrounding area
 - 3.1.3 Structures on the Property
 - 3.1.4 Roads and parking areas on the Property
 - 3.1.5 Potable water supply
 - 3.1.6 Sewage disposal system
- 3.2 Exterior Observations
 - 3.2.1 Pits, ponds, or lagoons
 - 3.2.2 Stained soil or pavement
 - 3.2.3 Stressed vegetation
 - 3.2.4 Evidence of solid waste
 - 3.2.5 Evidence of wastewater discharges
 - 3.2.6 Wells
 - 3.2.7 Septic systems
 - 3.2.8 Hazardous substances or petroleum products
 - 3.2.9 Hazardous substance or petroleum products containers
 - 3.2.10 Storage tanks, vent pipes, and fill pipes
 - 3.2.11 Equipment likely to contain polychlorinated biphenyl oils (PCBs)
 - 3.2.12 Strong, pungent, or noxious odors
 - 3.2.13 Pools of liquid
- 3.3 Interior Observations
 - 3.3.1 Heating/cooling facilities
 - 3.3.2 Stains or corrosion
 - 3.3.3 Floor drains and sumps
 - 3.3.4 Hazardous substances or petroleum products
 - 3.3.5 Hazardous substance or petroleum products containers
 - 3.3.6 Storage tanks, vent pipes, and fill pipes
 - 3.3.7 Equipment likely to contain PCBs
 - 3.3.8 Strong, pungent, or noxious odors
 - 3.3.9 Pools of liquid

4.0 Report

Two copies of a written report are prepared presenting the findings of the Phase I ESA. The report includes the following:

- 4.1 Description of the Property
 - 4.1.1 Location and legal description
 - 4.1.2 Site and vicinity general characteristics
 - 4.1.3 Current use of the Property
 - 4.1.4 Description of structures, roads, and other improvements on the Property
 - 4.1.5 Current uses of the adjoining properties
- 4.2 User-provided Information
 - 4.2.1 Historical chain-of-title documentation
 - 4.2.2 Environmental liens or activity and use limitations (AULs)
 - 4.2.3 Specialized knowledge
 - 4.2.4 Commonly known or reasonably ascertainable information
 - 4.2.5 Purchase price vs. fair market value of the Property
 - 4.2.6 Owner, property manager, and occupant information
 - 4.2.7 Reason for performing the Phase I ESA
 - 4.2.8 Other User-provided information
- 4.3 Discussion of findings from Records Review, Interviews, and Site Reconnaissance
- 4.4 Identification of any significant data gaps
- 4.5 Identification of any deviations from ASTM Practice E 1527-05
- 4.6 Findings and Conclusions
- 4.7 Opinion of the Environmental Professional
- 4.8 Signature of the Environmental Professional
- 4.9 Qualifications of the Environmental Professional

PHASE I ESA LIMITED GLOSSARY OF TERMS

The terms below may be found in the Phase I ESA report. They are defined by ASTM Standard Practice E 1527-05 as follows. This should not be considered a comprehensive list of terms.

activity and use limitations (AULs) – legal or physical restrictions or limitations on the use of, or access to, a site or facility: (1) to reduce or eliminate potential exposure to hazardous substances or petroleum products in the soil or ground water on the property, or (2) to prevent activities that could interfere with the effectiveness of a response action, in order to ensure maintenance of a condition of no significant risk to public health or the environment. These legal or physical restrictions, which may include institutional and/or engineering controls, are intended to prevent adverse impacts to individuals or populations that may be exposed to hazardous substances and petroleum products in the soil or ground water on the property.

data failure – a failure to achieve the historical research objectives prescribed by the practice, even after reviewing standard historical sources that are reasonably ascertainable and likely to be useful. Data failure is one type of data gap. Data failure is not uncommon in trying to identify the use of the property at 5-year intervals back to first use or 1940 (whichever is earlier).

data gap – a lack of or inability to obtain information required by the practice despite good faith efforts by the environmental professional to gather such information. Data gaps may result from incompleteness in any of the activities required by the practice.

environmental lien – a charge, security, or encumbrance upon title to a property to secure the payment of a cost, damage, debt, obligation, or duty arising out of response actions, cleanup, or other remediation of hazardous substances or petroleum products upon a property.

recognized environmental condition – the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, ground water, or surface water of the property. The term includes hazardous substances or petroleum products even under conditions in compliance with laws. The term is not intended to include *de minimis* conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not recognized environmental conditions.

user – the party seeking to use Practice E 1527 to complete an environmental site assessment of the property. A user may include, without limitation, a potential purchaser of property, a potential tenant of property, an owner of property, a lender, or a property manager. The user has specific obligations for completing a successful application of the practice.

APPENDIX B

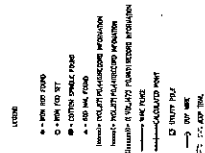
USER-PROVIDED INFORMATION DOCUMENTS

Legal Description of the Property
Phase I ESA User Questionnaire
Plat Map

11.60 AC. VOL. 2630 PG. 711-745
HAYS COUNTY, TEXAS

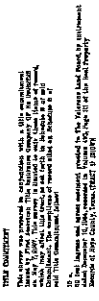
HAYS COUNTY, TEXAS

HAYS COUNTY, TEXAS

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INVESTIGATION 2-13-68 (FILE COMM-1041)
INVESTIGATION 2-13-68 (FILE COMM-1041)

SHEET 1 OF 4



103. RIGHT-OF-WAY easement granted to State following by judgment dated January 26, 1946, awarded to Virginia Cox, Page 266 of (the most) Property Records of Kings County, Texas. (VAST 1) 25819

104. RIGHT-OF-WAY easement granted to Texas American Bulk/Ore/Co. at Texas City, by judgment dated September 10, 1946, awarded to Virginia Cox. (VAST 1) 25820

Source of State Grants, Texas, 1947-1950 p. 101-102

104. Shore and Agnes concerned, granted to all Negro owners and heirs of slaves on Trust Z by will executed dated September 5, 1939, executed in Illinois, and, Page 814, of the said Trust Property located in Deje County, Texas. WITNESSES 3-2-1939

105. The parties well-known and disinterested met on 14th day of August, Agreement dated February 26, 1939, recorded in Volume 432, Page 605 of the Official Public Records of Deje County, Texas, has been duly acknowledged by said parties and the same is hereby confirmed. Adversely parties appearing by instrument obtained in Volume 481, Page

[illegible][illegible]

140. Request property lies within the boundaries of Hospital Beach Water Control and Improvement District, as evidenced in instrument, recorded in Volume 2113, Page 104, of the Official Public Records of Davis County, Texas. THAT is AFFIRMED THIS 17th day of January, 1934.

141. Deed and easement granted to the State of Texas, by instrument dated October 29, 1927, and recorded in Volume 156, Page 215 of the Public Records of Davis County, Texas. (THAT is AFFIRMED)

142.

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MINNEAPOLIS, MINN. 55412

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REVENUE CONTROL, INSPECTION AND
LAW ENFORCEMENT CAP SET IN
CONJUNCTION WITH
GAS CODES
INVESTIGATION
LAW ENFORCEMENT

[illegible]

PHASE I ESA USER QUESTIONNAIRE

ASTM Practice E 1527-05 defines the User as the party seeking to use Practice E 1527-05 to complete an environmental site assessment of the Property. In order to qualify for one of the Landowner Liability Protections (LLPs) offered by the Small Business Liability Relief and Brownfields Revitalization Act of 2001 (the "Brownfields Amendments"), the User must provide the following information (if available) to the Environmental Professional. *Failure to provide this information could result in a determination that "all appropriate inquiry" is not complete.* This form, as completed by the User, will be attached to the Phase I ESA report.

Instructions: Please complete form, including signature section on Page 2, and FAX to 512-328-1804.

1. Environmental cleanup liens against the Property (40 CFR 312.25)

Are you aware of any environmental cleanup liens against the Property that are filed or recorded under federal, tribal, state, or local law? ☐ Yes ☒ No

If yes, explain: _____

2. Activity and land use limitations (AULs) on the Property (40 CFR 312.25)

Are you aware of any AULs, such as engineering controls, land use restrictions, or institutional controls that are in place for the Property, or filed/recorded in a registry under federal, tribal, state, or local law?

☐ Yes ☒ No If yes, explain: _____

3. Specialized knowledge or experience of person seeking to qualify for the LLP (40 CFR 312.28)

As the User of this ESA, do you have any specialized knowledge or experience related to the Property or nearby properties? For example, are you involved in the same line of business as the current or former occupants of the Property or an adjoining property so that you would have specialized knowledge of the chemicals and processes used by this type of business? ☐ Yes ☒ No

If yes, explain: _____

4. Relationship of purchase price to fair market value (40 CFR 312.29)

Does the purchase price being paid for the Property reasonably reflect the fair market value of the Property if it were not contaminated? ☒ Yes ☐ No

If you conclude that there is a difference, have you considered whether the lower purchase price is because contamination is known or believed to be present at the Property? ☐ Yes ☐ No

5. Commonly known or reasonably ascertainable information about the Property (40 CFR 312.30)

Are you aware of commonly known or reasonably ascertainable information about the Property that would help the Environmental Professional to identify conditions indicative of releases or threatened releases? For example, as User,

(a.) Do you know the past uses of the Property?

☒ Yes ☐ No If yes, explain: _____

Agriculture → Native

(b.) Do you know of specific chemicals that are present or once were present at the Property?

☐ Yes ☒ No If yes, explain: _____

(c.) Do you know of spills or other chemical releases that have taken place at the Property?

☐ Yes ☒ No If yes, explain: _____

(d.) Do you know of any environmental cleanups that have taken place at the Property?

☐ Yes

☒ No

If yes, explain: _____

6. Degree of obviousness of the presence or likely presence of contamination at the Property, and the ability to detect the contamination by appropriate investigation (40 CFR 312.31)

As the User of this ESA, based on your knowledge and experience related to the Property, are there any obvious indicators that point to the presence or likely presence of contamination at the Property?

☐ Yes

☒ No

If yes, explain: _____

7. Litigation, administrative proceedings, or notices from government entities (ASTM E 1527-05 §10.9)

As the User, are you aware of any pending, threatened, or past litigation or administrative proceedings relevant to hazardous substances or petroleum products in, on, or from the Property? ☐ Yes ☒ No

If yes, explain: _____

Are you aware of any notices from any governmental entity regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products? ☐ Yes ☒ No

If yes, explain: _____

8. Reason for requesting the Phase I ESA (ASTM E 1527-05 §6.7)

As the User, are you requesting this ESA be performed for the purpose of qualifying for one of the Landowner Liability Protections to CERCLA liability? ☐ Yes ☒ No

If no, please explain reason for requesting performance of the Phase I ESA: Purchasing property.

Currently in feasibility period.

As the User, are you requesting additional non-ASTM-scope considerations (business-related risks such as the potential for occurrence of asbestos, radon, wetlands, cultural resources, threatened or endangered species habitat) be evaluated during this Phase I ESA? ☒ Yes ☐ No

REQUIRED INFORMATION:

IDENTIFICATION OF USER AND SIGNATURE OF PERSON COMPLETING USER QUESTIONNAIRE

Signature: Michael Slack

Printed Name: Michael Slack

Representing: Taylor Morrison

Title: Director of Development

(Name of Firm, if any)

Date: 11.30.11

Address: 805 Las Cimas Blvd, Ste. 350

City, State, ZIP: Austin, Tx. 78746

PLEASE SIGN AND RETURN VIA FAX TO HORIZON ENVIRONMENTAL SERVICES: 512-328-1804

This form has been developed using the standards in ASTM Practice E 1527-05 for the purpose of supporting a Phase I Environmental Site Assessment to satisfy the federal "All Appropriate Inquiries" rule.

References:

(ASTM) American Society for Testing and Materials. *ASTM Standards on Environmental Site Assessments for Commercial Real Estate*, 5th Edition, E 1527-05. West Conshohocken, PA: ASTM, 2006.

US Environmental Protection Agency. "Standards and Practices for All Appropriate Inquiries; Final Rule." 40 CFR Part 312. 1 November 2005.

APPENDIX C

PHOTOGRAPHS FROM SITE RECONNAISSANCE



PHOTO 1

**View of mobile SFR located
on the central portion of
the Property**

PHOTO 2
View of on-site SFR



PHOTO 3

**View of functioning water well
located on the central portion
of the Property**



PHOTO 4

View of abandoned water well located on the southern portion of the Property



PHOTO 5

View of on-channel stock pond located on the southern portion of the Property



PHOTO 6

View of 55-gallon drum containing used motor oil



PHOTO 7

View of 5-gallon buckets and gasoline containers associated with surface soil staining

PHOTO 8
View of contents within on-site horse stable



PHOTO 9

View of scattered debris observed on the central portion of the Property



PHOTO 10
View of debris pile observed on the northern
portion of the Property



PHOTO 11
View of refuse lumber on trailer located on the
northern portion of the Property



PHOTO 12
View of flatbed truck, trailer and pole barn located
on the central portion of the Property



PHOTO 13
View of abandoned vehicles located on the central
portion of the Property

APPENDIX D

REGULATORY RECORDS DOCUMENTATION

TelALL Environmental Data Search Report



Environmental Data Search

for the site

**Reunion Ranch
FM 1826, Driftwood, TX**

110142

performed for

Horizon Environmental Services

12/6/2011

HESS7633

www.TelALL.net

(800) 583-0004 by fax (888) 756-7647

Preface

This document of environmental concerns near FM 1826, Driftwood, TX reports findings of the TelALL data search, prepared on the request of Horizon Environmental Services.

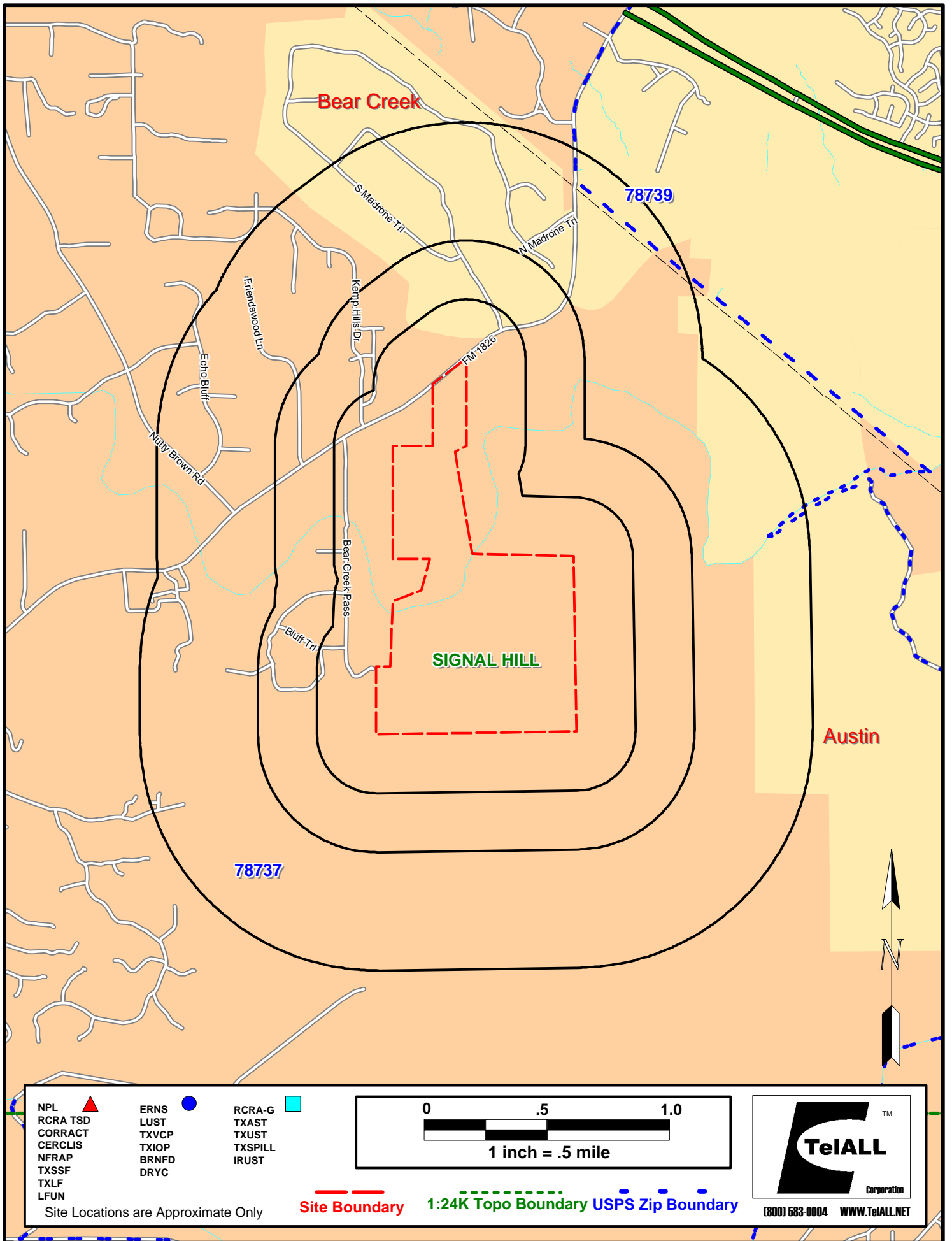
TelALL Corporation (TelALL) has designed this document to comply with the AAI and ASTM standard E 1527 - 05 (Accuracy and Completeness) and has used all available resources, but makes no claim to the entirety or accuracy of the cited government, state, or tribal records. Our databases are updated at least every 90 days or as soon as possible after publication by the referenced agencies. The following fields of governmental, state, and tribal databases may not represent all known, unknown, or potential sources of contamination to the referenced site. Many different variables effect the outcome of the following document. TelALL maintains extremely high standards, and stringent procedures that are used to search the referenced data. However, TelALL reserves the right at any time to amend any information related to this report. If there is a need for further information regarding this report, or for any customer support please call TelALL at 800 583-0004 for assistance.

This report is divided into the following components:

- MAP** Identified geocodeable findings relative to this data search.
- SUMMARY 1** Sorting of the identified sites by distance from the subject site.
- FINAL** A description of each database and a detailed explanation of findings.

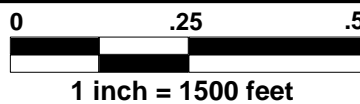
Sources

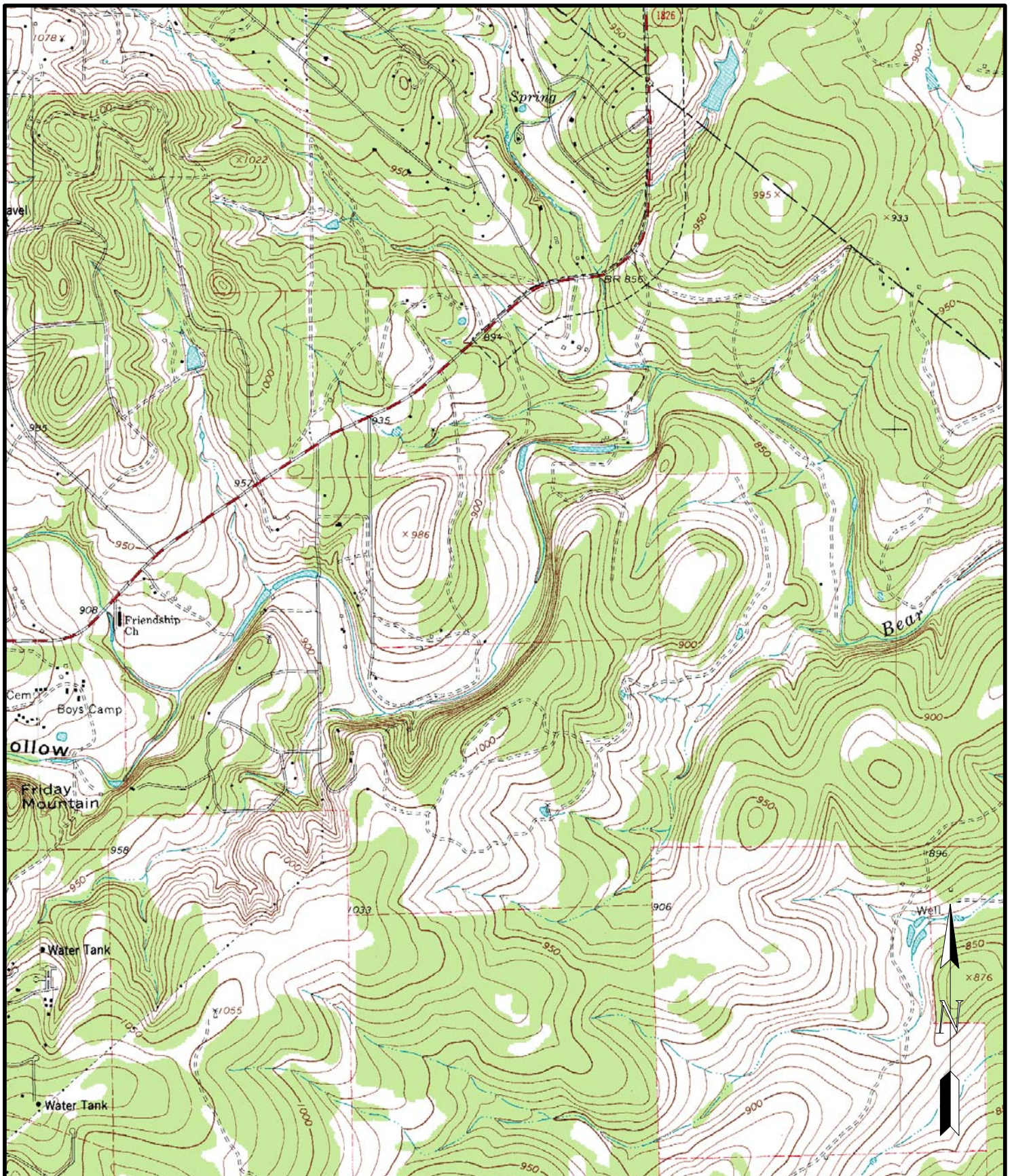
Database	Acronym	Last Updated	Minimum Search Distance	Findings
National Priority List	NPL	09/2011	1	0
Comprehensive Environmental Response, Compensation, and Liability Information System	CERCLIS	09/2011	0.5	0
No Further Remedial Action Planned	NFRAP	09/2011	0.5	0
Resource Conservation and Recovery Information System - Treatment Storage or Disposal	RCRA TSD	10/2011	1	0
Corrective Action	CORRACT	10/2011	1	0
Resource Conservation and Recovery Information System - Generators	RCRA-G	10/2011	0.25	0
Emergency Response Notification System	ERNS	08/2011	0.25	0
Texas Voluntary Cleanup Program	TXVCP	10/2011	0.5	0
Innocent Owner/Operator Program	TXIOP	10/2011	0.5	0
Texas State Superfund	TXSSF	08/2011	1	0
TCEQ Solid Waste Facilities	TXLF	09/2011	1	0
Unauthorized and Unpermitted Landfill Sites	LFUN	09/2011	0.5	0
Leaking Underground Storage Tanks	TXLUST	08/2011	0.5	0
Texas Underground Storage Tanks	TXUST	08/2011	0.25	0
Texas Above Ground Storage Tanks	TXAST	08/2011	0.25	0
Texas Spills List	TXSPILL	09/2011	0.25	0
Brownfield	BRNFD	10/2011	0.5	0
Dry Cleaner	DRYC	08/2011	0.5	0
Indian Reservation Underground Storage Tanks	IRUST	08/2011	0.25	0



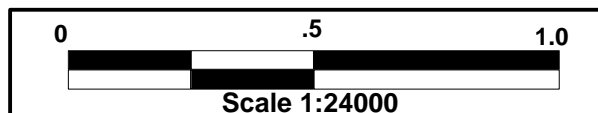


2004 NAIP Photograph
(Infrared Image)





To identify the map date and or revision date
please call TRNIS at 512-463-8337.



(800) 583-0004 WWW.TelALL.NET

Current USGS 7.5 Minute Topographic Map

Sites Sorted By Distance from Center

Distance/Direction	Database	Site Number	Address	City/State	Site Name
		IRUST			NO FINDINGS WITHIN 1/4 MILE.
		CERCLIS			NO FINDINGS WITHIN 1/2 MILE.
		NFRAP			NO FINDINGS WITHIN 1/2 MILE.
		TXVCP			NO FINDINGS WITHIN 1/2 MILE.
		ERNS			NO FINDINGS WITHIN 1/4 MILE.
		CORRACT			NO FINDINGS WITHIN ONE MILE.
		RCRA TSD			NO FINDINGS WITHIN ONE MILE.
		RCRA-G			NO FINDINGS WITHIN 1/4 MILE.
		TXLUST			NO FINDINGS WITHIN 1/2 MILE.
		TXUST			NO FINDINGS WITHIN 1/4 MILE.
		TXAST			NO FINDINGS WITHIN 1/4 MILE.
		TXLF			NO FINDINGS WITHIN ONE MILE.
		TXSSF			NO FINDINGS WITHIN ONE MILE.
		TXSPILL			NO FINDINGS WITHIN 1/4 MILE.
		LFUN			NO FINDINGS WITHIN 1/2 MILE.
		TXIOP			NO FINDINGS WITHIN 1/2 MILE.
		BRNFD			NO FINDINGS WITHIN 1/2 MILE.
		DRYC			NO FINDINGS WITHIN 1/2 MILE.
		NPL			NO FINDINGS WITHIN ONE MILE.

NPL

National Priority List

NPL is a priority subset of the CERCLIS list. (See CERCLIS, below) The Cerclis list was created by the Comprehensive Environmental Response, Compensation and Liability Acts (CERCLA) need to track contaminated sites. CERCLA was enacted on 12/11/80, and amended by the Superfund Amendments and Reauthorization Act of 1986. These acts established broad authority for the government to respond to problems posed by the release, or threat of release of hazardous substances, pollutants, or contaminants. CERCLA also imposed liability on those responsible for releases and provided the authority for the government to undertake enforcement and abatement action against responsible parties. Institutional/Engineering Controls searched. Delisted NPL sites are included.

Source: United States Environmental Protection Agency (EPA)

Database: NPL

Site: No findings within one mile.

Distance: 0

Address

Zip Code

City:

CERCLIS

Comprehensive Environmental Response, Compensation, and Liability Information System

CERCLIS is the official repository for site and non-site specific Superfund data in support of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). It contains information on hazardous waste site assessment and remediation from 1983 to the present. CERCLIS information is used to report official Superfund accomplishments to Congress and the public, assist EPA Regional and Headquarters managers in evaluating the status and progress of site cleanup actions, track Superfund Comprehensive Accomplishments Plan (SCAP), and communicate planned activities and budgets. Institutional/Engineering Controls searched.

Source: United States Environmental Protection Agency (EPA)

Database: CERCLIS

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

NFRAP

No Further Remedial Action Planned

NFRAP Sites indicate a CERCLIS site that was designated "No further remedial action planned" by the EPA February 1995. Institutional/Engineering Controls searched.

Source: United States Environmental Protection Agency (EPA)

Database: NFRAP

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

RCRA TSD

Resource Conservation and Recovery Information System - Treatment Storage or Disposal

Resource Conservation and Recovery Information System (RCRIS) Under the Resource Conservation and Recovery Act (RCRA), generators, transporters, treaters, storers, and disposers of hazardous waste as defined by the federally recognized hazardous waste are required to provide information concerning their activities to state environmental agencies, who in turn provide the information to regional and national U.S. EPA offices. The RCRA TSD (Treatment Storage or Disposal) is a subset of the RCRIS list. RCRA TSD tracks facilities that fall under the Treatment Storage or Disposal classification.

Source: United States Environmental Protection Agency (EPA)

Database: RCRA TSD

Site: No findings within one mile.

Distance: 0

Address

Zip Code

City:

CORRACT

Corrective Action

CORRACT lists RCRIS (Resource Conservation and Recovery Information System) sites that are currently under corrective action. Institutional/Engineering Controls searched.

Source: United States Environmental Protection Agency (EPA)

Database: CORRACT

Site: No findings within one mile.

Distance: 0

Address

Zip Code

City:

RCRA-G

Resource Conservation and Recovery Information System - Generators

Resource Conservation and Recovery Information System (RCRIS) Under the Resource Conservation and Recovery Act (RCRA), generators, transporters, treaters, storers, and disposers of hazardous waste as defined by the federally recognized hazardous waste, are required to provide information concerning their activities to state environmental agencies, who in turn provide the information to regional and national U.S. EPA offices. The RCRA-G (Generators) list is a subset of the RCRIS list. RCRA-G tracks facilities that fall under the generators or transporters classification.

CONDITIONALLY EXEMPT SMALL QUANTITY GENERATORS (CESQG) produce less than 100 kg per month of hazardous waste. SMALL QUANTITY GENERATORS (SQG) produce at least 100 kg per month but less than 1000 kg per month of hazardous waste. LARGE QUANTITY GENERATORS (LQG) produce at least 1000 kg per month of hazardous waste. Source: United States Environmental Protection Agency (EPA)

Database: RCRA-G

Site: No findings within 1/4 mile.

Distance: 0

Address

Zip Code

City:

ERNS**Emergency Response Notification System**

ERNS supports the release notification requirements of section 103 of the Comprehensive Environmental Response Compensation, and Liability Act (CERCLA), as amended; section 311 of the Clean Water Act; and sections 300.51 and 300.65 of the National Oil and Hazardous Substances Contingency Plan. Additionally, ERNS serves as a mechanism to document and verify incident-location information as initially reported, and is utilized as a direct source of easily accessible data, needed for analyzing oil and hazardous substances spills.

Source: National Response Center (NRC)

Database: ERNS

Site: No findings within 1/4 mile.

Distance: 0

Address

Zip Code

City:

TXVCP**Texas Voluntary Cleanup Program**

Created under HB 2296, The Voluntary Cleanup Program (VCP) was established on 09/01/95 to provide administrative, technical, and legal reasons to promote the cleanup of tainted sites in Texas. Since future lenders and landowners get protection from liability to the State of Texas for cleanup of sites under the VCP, most of the constraints for completing real estate deals at those sites are removed. As a result, many unused or under used sites may be restored to economically productive or community beneficial uses. After cleanup, the parties get a certificate of completion from the TCEQ which states that all lenders and future land owners who are not PRP's are free from all liability to the State. Institutional/Engineering Controls searched.

Parts of the above description were taken from the TCEQ/VCP Website (<http://www.TCEQ.state.tx.us/permitting/remed/vcp/>).

The investigation phases are listed as INVESTIGATION, REMEDIATION, POST-CLOSURE, and COMPLETE.

Contaminant Categories (PERC and BTEX). Source: Texas Commission on Environmental Quality (TCEQ)

Database: TXVCP

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

TXIOP

Innocent Owner/Operator Program

The TX IOP, created by House Bill 2776 of the 75th Leg, provides a cert. to an innocent owner or operator if their property is contaminated as a result of a release or migration of contaminants from a source or sources not loc. on the prop., and they did not cause or contribute to the source or sources of contamination. Like the TxVCP Prog., the IOP can be used as a redevelopment tool or as a tool to add value to a contaminated prop. by providing an Innocent Owner/Operator Certificate (IOC). However, unlike the VCP release of liability, IOCs are not trans. to future owners/oper's. Future owners/oper's are eligible to enter the IOP and may rec. an IOC only after they become an owner or operator of the site.

*The above description were taken from the TCEQ/IOP Website
(<http://www.TCEQ.state.tx.us/permitting/remed/vcp/iop.html>).
Source: Texas Commission on Environmental Quality (TCEQ)*

Database: TXIOP

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

TXSSF

Texas State Superfund

The Texas State Superfund database is a list of sites that the State of Texas has identified for investigation or remediation. Texas State Superfund sites are reviewed for potential upgrading to Comprehensive Environmental Response, Compensation, and Liability Information System status by the federal Environmental Protection Agency. Institutional/Engineering Controls searched.

Source: Texas Commission on Environmental Quality (TCEQ)

Database: TXSSF

Site: No findings within one mile.

Distance: 0

Address

Zip Code

City:

TXLF

TCEQ Solid Waste Facilities

Texas Commission on Environmental Quality (TCEQ) Requires municipalities and counties to report known active and inactive landfills. Texas Landfills is a listing of solid waste facilities registered and tracked by the TCEQ Solid waste division. The facilities tracked include solid waste disposal sites as well as transfer stations and processing stations.

Source: Texas Commission on Environmental Quality (TCEQ)

Database: TXLF

Site: No findings within one mile.

Distance: 0

Address

Zip Code

City:

LFUN

Unauthorized and Unpermitted Landfill Sites

Unauthorized sites have no permit and are considered abandoned. All information about these sites was compiled by Southwest Texas State University under contract with TCEQ and is based on a search of publicly available records.

Source: Texas Commission on Environmental Quality (TCEQ)

Database: LFUN

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

TXLUST

Leaking Underground Storage Tanks

State lists of leaking underground storage tank sites. Section 9003(h) of Subtitle I of RCRA gives EPA and states, under cooperative agreements with EPA, authority to clean up releases from UST systems or require owners and operators to do so.

Source: Texas Commission on Environmental Quality (TCEQ)

Database: TXLUST

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

TXUST

Texas Underground Storage Tanks

Underground Storage Tanks - Permitted underground storage tanks tracked and maintained by the Texas Commission on Environmental Quality (TCEQ).

Source: Texas Commission on Environmental Quality (TCEQ)

Database: TXUST

Site: No findings within 1/4 mile.

Distance: 0

Address

Zip Code

City:

TXAST

Texas Above Ground Storage Tanks

Aboveground Storage Tanks - Permitted aboveground storage tanks tracked and maintained by the Texas Commission on Environmental Quality (TCEQ).

Source: Texas Commission on Environmental Quality (TCEQ)

Database: TXAST

Site: No findings within 1/4 mile.

Distance: 0

Address

Zip Code

City:

TXSPILL

Texas Spills List

Texas Commission on Environmental Quality (TCEQ) tracks cases where emergency response is needed for cleanup of toxic substances.

Source: Texas Commission on Environmental Quality (TCEQ)

Database: TXSPILL

Site: No findings within 1/4 mile.

Distance: 0

Address

Zip Code

City:

BRNFD

Brownfield

Brownfields are real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. Institutional/Engineering Controls searched.

Source: Texas Commission on Environmental Quality (TCEQ)

Database: BRNFD

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

DRYC

Dry Cleaner

House Bill 1366 requires all dry cleaning drop stations and facilities in Texas to register with Texas Commission on Environmental Quality (TCEQ) and implement new performance standards at their facilities as appropriate. It also requires distributors of dry cleaning solvents to collect fees on the sale of dry cleaning solvents at certain facilities.

Source: Texas Commission on Environmental Quality (TCEQ)

Database: DRYC

Site: No findings within 1/2 mile.

Distance: 0

Address

Zip Code

City:

IRUST

Indian Reservation Underground Storage Tanks

All Appropriate Inquiries (AAI) rule has requested that Underground Storage Tanks on Indian Land be included in any ESA that is affected. Permitted Underground Storage Tanks on Indian Land are tracked and maintained by the EPA.

Source: United States Environmental Protection Agency (EPA)

Database: IRUST

Site: No findings within 1/4 mile.

Distance: 0

Address

Zip Code

City:

APPENDIX E

HISTORICAL RESEARCH DOCUMENTATION

Historical Chain of Title

REAL PROPERTY SERVICES

10200 Grogan's Mill Road, Suite 410
The Woodlands, Texas 77380
Phone (281) 419-5954 or 1-866-406-5954
Fax (281) 419-5942

Date: December 8, 2011

Client: Horizon Environmental Services, Inc.
Attn: Michelle Dorsey
RPS #: 201107187
Client Search #: N/A

Through Date: 11/15/2011

SUBJECT PROPERTY:

Tract 1: Part of 192.712 acres in Volume 871, Page 445
Tract 2: Part of 189.00 acres and 11.00 acres in Volume 871, Page 441
Tract 3: All of Reunion Ranch, Section One, in Book 12, Pages 357-358
Tract 4: All of Reunion Ranch, Section Two, in Book 12, Pages 353-356
Tract 5: 11.60 acres in Volume 2630, Pages 711-745

Common Deeds

Special Warranty Deed (An undivided 1/6th interest in and to that certain 11.60 acre tract)
Grantee(s): William G. Peckman
Grantor(s): Hays Reunion Ranch, LP
Volume/Page: 2630-711
File Date: 02/14/2005

General Warranty Deed (Covers all 5 tracts)
Grantee(s): Hays Reunion Ranch, LP
Grantor(s): Krasovec-Reunion Hays County Joint Venture
Volume/Page: 2248-123
File Date: 01/24/2003

Krasovec-Reunion Deeds

Warranty Deed (192.712 acres)
Grantee(s): Krasovec-Reunion Hayes County Joint Venture
Grantor(s): Reunion Hayes County, Inc.
Volume/Page: 871-445
File Date: 04/26/1991

Warranty Deed (189.00 acres and 11.00 acres, both out of 300 acres)
Grantee(s): Krasovec-Reunion Hayes County Joint Venture
Grantor(s): Robert L. Clement
Volume/Page: 871-411
File Date: 04/26/1991

Reunion Hayes Deeds

Warranty Deed
Grantee(s): Reunion Hayes County, Inc.
Grantor(s): Frank P. Krasovec
Volume/Page: 871-440
File Date: 04/26/1991

Warranty Deed (192.712 acres)
Grantee(s): Frank P. Krasovec
Grantor(s): C/K Joint Venture
Volume/Page: 871-435
File Date: 04/26/1991

Warranty Deed (192.712 acres)
Grantee(s): C/K Joint Venture
Grantor(s): Robert L. Clement
Volume/Page: 822-310
File Date: 03/30/1990

Robert L. Clement Deeds

Warranty Deed (192.712 acres)
Grantee(s): Robert L. Clement
Grantor(s): Clara Calhoun
Volume/Page: 508-830
File Date: 04/01/1985

Warranty Deed (189.00 acres)
Grantee(s): Robert L. Clement
Grantor(s): Robert L. Clement, M.D. & Associates
Volume/Page: 400-132
File Date: 08/16/1983

Warranty Deed (100 acres)
Grantee(s): Robert L. Clement
Grantor(s): Clara Calhoun
Volume/Page: 381-40
File Date: 08/31/1982

Warranty Deed (189.00 acres)
Grantee(s): Robert L. Clement, M.D. & Associates
Grantor(s): Clara Calhoun
Volume/Page: 332-564
File Date: 10/08/1979

Clara Calhoun Deeds

Warranty Deed (133.98 acres)
Grantee(s): Clara Calhoun
Grantor(s): Ben M. Barker, et ux
Volume/Page: 117-86
File Date: 07/21/1928

Warranty Deed (300 acres)
Grantee(s): Mrs. Clara Calhoun
Grantor(s): Mrs. Maggie Calhoun
Volume/Page: 92-241
File Date: 10/15/1926

EASEMENTS:

No easements of environmental concern noted during research.

LEASES:

None noted during research.

ENVIRONMENTAL LIENS:

None noted during research.

This search is provided to the above client for use in the historical background analysis of the subject property. Its use by third parties for any purpose is strictly prohibited. The information contained herein was obtained from the Deed Records of Hays County, Texas and Real Property Services does not warranty or guaranty the accuracy or content of these records.

APPENDIX F
INTERVIEW DOCUMENTATION

Horizon Environmental
Services, Inc.

Horizon Use Only
Proj. Name: _____
HJN: _____ PM: _____

**PHASE I ENVIRONMENTAL SITE ASSESSMENT
LANDOWNER/OCCUPANT INTERVIEW QUESTIONNAIRE**

Instructions:

- Complete the "Interviewee" section below
- Respond to all questions (1 through 25)
- Print form; sign on Page 4
- Return via fax to: Horizon Environmental Services, Inc., (512) 328-1804

Interviewee

Name: FRANK R. KRASOVEC

Representing: HAYS REYNOLDS LLP
(Name of firm, if any)

Title: MANAGING PARTNER

☒ Current Owner ☐ Site Manager ☐ Occupant

☐ Past Owner ☐ Other: _____

Address: 98 SAN FRANCISCO BLVD #1020

City, State, ZIP: AUSTIN, TEXAS

Phone: 476-1144 (c) 726-0868

Fax: 476-4024

Interviewer (to be completed by Horizon staff)

Name: _____

Title: _____

Interview conducted via:

☐ Phone

☐ Fax

☐ In Person

☐ E-mail

Date Completed: _____

1. How long have you owned, occupied, or been associated with the Property?

SINCE 1986

2. Please describe in general what you know about the current use of the Property:

EVERYTHING IMPORTANT

3. Please describe in general what you know about any past uses of the Property:

RANCH, SMALL RESIDENCE, HUNTING, GRAZING, HORSES

4. Please describe in general what you know about the current use of adjoining properties:

KNOW MOST OF THE OWNERS. RANCH OR RESIDENCES

5. Please describe in general what you know about any past uses of adjoining properties:

SAME AS ABOVE

6. Have you observed evidence of or do you have knowledge of any current or previous use of the Property or any adjoining property for industrial uses? ☐ Yes (Explain below) ☒ No ☐ Unknown

7. Have you observed evidence of or do you have knowledge of any current or previous use of the Property or any adjoining property as a gasoline station, motor repair facility, commercial printing facility, dry cleaners, photo developing laboratory, junkyard or landfill, or as a waste treatment, storage, disposal, processing, or recycling facility? ☐ Yes (Explain below) ☒ No ☐ Unknown

HJN _____ PI

**Horizon Environmental
Services, Inc.**

8. Have you observed evidence of or do you have knowledge of any current or previous storage or use of damaged or discarded automotive or industrial batteries, pesticides, paints, or other chemicals in individual containers greater than 5 gallons in volume or 50 gallons in the aggregate on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
9. Have you observed evidence of or do you have knowledge of any current or previous storage or use of industrial drums (typically 55-gallon) or sacks of chemicals on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
10. Have you observed evidence of or do you have knowledge that fill dirt has been brought onto the Property that originated from a contaminated site or that is of an unknown origin?
☐ Yes (Explain below) ☒ No ☐ Unknown
11. Have you observed evidence of or do you have knowledge of any current or previous pits, ponds, or lagoons located on the Property in connection with waste treatment or waste disposal?
☐ Yes (Explain below) ☒ No ☐ Unknown
12. Have you observed evidence of or do you have knowledge of any current or previous stained soil on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
13. Have you observed evidence of or do you have knowledge of any current or previous registered or unregistered storage tanks (above or under ground) located on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
14. Have you observed evidence of or do you have knowledge of any current or previous vent pipes, fill pipes, or access ways indicating a fill pipe protruding from the ground on the property or adjacent to any structure located on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
15. Have you observed evidence of or do you have knowledge of any current or previous leaks, spills, or staining by substances other than water, or foul odors, associated with any flooring, drains, walls, ceilings, or exposed grounds on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown

**Horizon Environmental
Services, Inc.**

16. a. To your knowledge, is the Property served by a private well or non-public water system?
☒ Yes (answer parts b. and c.) ☐ No (proceed to item no. 17) ☐ Unknown (proceed to item no. 17)
- b. Have you observed evidence of or do you have knowledge of contaminants being identified in the well or system that exceed guidelines applicable to the water system?
☐ Yes (Explain below) ☒ No ☐ Unknown
- c. Have you observed evidence of or do you have knowledge of the well or system being designated as contaminated by any government environmental/health agency?
☐ Yes (Explain below) ☒ No ☐ Unknown
17. Do you have knowledge of any environmental liens or governmental notifications regarding any possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
18. Do you know of any Activity/Use Limitations (AULs) such as land use restrictions, engineering controls, or institutional controls that are in place for the Property, or filed/recorded in a registry under federal, tribal, state, or local law?
☐ Yes (Explain below) ☒ No ☐ Unknown
- The property is ENTITLED S&L 480 RESIDENTIAL LOT.*
19. Have you ever been informed of the past or current existence of hazardous substances or petroleum products or environmental violations with respect to the Property or any facility located on the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
20. Are you aware of commonly known or reasonably ascertainable information about the Property that would help the Environmental Professional to identify conditions indicative of releases or threatened releases of hazardous substances or materials? For example,
- a. Do you know the past uses of the Property? ☐ Yes (Explain below) ☒ No ☐ Unknown
- b. Do you know of specific chemicals that are present or once were present at the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown
- c. Do you know of spills or other chemical releases that have taken place at the Property?
☐ Yes (Explain below) ☒ No ☐ Unknown

**Horizon Environmental
Services, Inc.**

d. Do you know of any environmental cleanups that have taken place at the Property?

☐ Yes (Explain below) ☒ No ☐ Unknown

21. Do you have any knowledge of an environmental assessment of the Property or facility that indicated the presence of hazardous substances or petroleum products on, or contamination of, the Property, or recommended further assessment of the Property? ☐ Yes (Explain below) ☒ No ☐ Unknown

22. Do you know of any pending, threatened, or past litigation or administrative proceedings relevant to hazardous substances or petroleum products in, on, or from the Property?

☐ Yes (Explain below) ☒ No ☐ Unknown

23. Have you observed evidence of or do you have knowledge of the discharge of wastewater (not including sanitary waste or stormwater) from the Property onto or adjacent to the Property and/or into a sanitary waste or stormwater system? ☐ Yes (Explain below) ☒ No ☐ Unknown

24. Have you observed evidence of or do you have knowledge that any hazardous substances or petroleum products, cattle dipping troughs, unidentified waste materials, tires, automotive or industrial batteries or any other waste materials have been dumped above grade, buried, and/or burned on the Property?

☐ Yes (Explain below) ☒ No ☐ Unknown

25. Have you observed evidence of or do you have knowledge of any transformers, capacitors, or hydraulic equipment currently or previously located on the Property for which there are any records indicating the presence of PCBs? ☐ Yes (Explain below) ☒ No ☐ Unknown

Interviewee Signature:

Frank P. Krasovec

Interviewee Name (Print):

FRANK P. KRASOVEC

Date:

1/16/12

Please SIGN and Return Via FAX to:

Horizon Environmental Services, Inc.

(512) 328-1804

This form has been developed using the standards established in ASTM Practice E 1527-05 for the purpose of supporting a Phase I Environmental Site Assessment to satisfy the federal "All Appropriate Inquiries" rule.

References:

(ASTM) American Society for Testing and Materials. *ASTM Standards on Environmental Site Assessments for Commercial Real Estate*, 5th Edition, E 1527-05. West Conshohocken, PA: ASTM, 2006.

US Environmental Protection Agency. "Standards and Practices for All Appropriate Inquiries; Final Rule." 40 CFR Part 312. 1 November 2005.

HJN _____ PI

APPENDIX G
PHASE I ESA
SITE RECONNAISSANCE CHECKLIST

**PHASE I ENVIRONMENTAL SITE ASSESSMENT
SITE RECONNAISSANCE CHECKLIST**

Project Name: Reunion Ranch
Address: Off FM 1826
Legal Description: Provided in the Phase I ESA report.
Site Contact: Michael Slack

Job No.: 110142PI **Date:** 8 Dec. 2011
Acreage: ± 460acres
Photographs: X Yes No
Inspectors: C. Carroll and M. Dorsey

***** SITE FEATURES *****

1) Land Use:		Site	N	S	E	W	4) Topography:		7) Site Access:	
Vacant				X			Flat		Yes	No
Single Resident.	X	X	X	X			X Rolling	Locked Fence	X	
Multiple Resident.							X Steep	Security		X
Commercial								Open	X	
Industrial								Denied		X

2) Vegetation:		5) Sewage Treatment:		8) Water Supply:	
	Sparse		None		None
	None		Municipal	X	Well
X	Dense	X	Private		Municipal
	Void/Dead Areas		Unknown		Unknown

3) Buildings Present:		Yes	No	6) Local Drainage Features:	
Occupied:	X	Yes	No		Ditches
Evidence of Previous Structures:		Yes	X No	X	Creek
Accessed:		Yes	X No		Bayou
					Storm Drainage

***** ON-SITE ENVIRONMENTAL OBSERVATIONS *****

9) Aboveground Storage Tanks:					21) Stained Soil or Pavement:				
Observed	X	Not Observed		N/A	X	Observed		Not Observed	N/A

10) Underground Storage Tanks:					22) Stressed Vegetation:				
Observed	X	Not Observed		N/A	Observed	X	Not Observed		N/A

11) Vent Pipes/Fill Pipes:					23) Waste/Debris Piles:				
Observed	X	Not Observed		N/A	X	Observed		Not Observed	N/A

12) Odors:					24) Evidence of Potential Solid Waste Disposal:				
Observed	X	Not Observed		N/A	Observed	X	Not Observed		N/A

13) Standing Surface Water:					25) Septic System:				
Observed	X	Not Observed		N/A	Observed		Not Observed	X	N/A

14) Pools of Liquid:					26) Potential ACMs:				
Observed		Not Observed		N/A	Observed		Not Observed	X	N/A

15) Storage Drums (5+ gallon capacity):					27) Potential Lead-based Paint:				
X	Observed		Not Observed	N/A	Observed		Not Observed	X	N/A

16) Hazardous Substance/Petroleum Products Containers:					28) Interior: Heating/Cooling Facilities:				
X	Observed		Not Observed	N/A	X	Observed		Not Observed	N/A

17) Unidentified Substance Containers:					29) Interior: Stains or Corrosion:				
Observed	X	Not Observed		N/A	Observed	X	Not Observed		N/A

18) Electric/Hydraulic Equipment – Potential PCBs:					30) Interior: Drains/Sumps:				
Observed		Not Observed		N/A	Observed	X	Not Observed		N/A

19) Pits, Ponds, or Lagoons:					31) Wastewater Discharge:				
X	Observed		Not Observed	N/A	Observed	X	Not Observed		N/A
	On-site		Adjacent Property		On-site		Adjacent Property		

20) Electrical Transformers/Capacitors (PCBs?):					32) Easements:				
X	Observed		Not Observed	N/A		Pipeline		Water	Sewer
	On-site		Adjacent Property		X	Electric		Other:	

*** SITE USE ***

Percent of Total Acreage:					
Buildings:	0	Pavement:	0	Cleared Not Used:	30
Parking:	0	Concrete:	0	Uncleared Not Used:	20
Streets:	0	Asphalt:	0	Cleared Used:	50
Other:	0				

Comments:

1. Two SFR structures were located on the central portion of the Property and were not accessed by Horizon at the time of this report as no authorization had been provided.
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. Horizon observed 1 water well located on the central portion of the Property that appeared to be in use and another located in the southern portion of the Property that appeared to have been abandoned.
9. _____
10. _____
11. _____
12. _____
13. _____
14. _____
15. Horizon did observe 55-gallon drums and 5-gallon buckets of petroleum products (used and unused engine oil)
16. _____
17. Horizon did observe small quantity, unlabeled containers on the central portion of the Property in the sheet metal pole barns.
18. _____
19. Horizon observed 2 stock ponds located on the southern portion of the Property.
20. Electrical utility easements were observed traversing the northern, western, and central portions of the Property. Horizon did observe an area of stained soil located within one of the sheet metal pole barns on the central portion of the Property and in the vicinity of the 55-gallon drums and 5-gallon buckets of on-site petroleum products.
21. _____
22. _____
23. _____
24. _____
25. _____
26. _____
27. _____
28. Both SFR were equipped with central air conditioning and heating units and appeared to be good operable condition from exterior inspections.
29. _____
30. _____
31. _____
32. _____

Other: _____

Documented by: Michelle Dorsey
Michelle Dorsey, Environmental Specialist

Date: 8 December 2011

Reviewed by: Shannon Dorsey
Shannon Dorsey, Principal/Sr. Environmental Specialist, EP¹, REP² No. 5194

Date: 8 December 2011

¹ Qualified Environmental Professional under ASTM Practice E-1527-05
² Registered Environmental Professional

APPENDIX H

QUALIFICATIONS OF THE ENVIRONMENTAL PROFESSIONAL

Education

B.S., Field Biology, Conservation Biology Specialization, Texas
A&M University - Corpus Christi, 2001

Certifications – Qualifications – Training

Qualified Environmental Professional under ASTM Practice E
1527-05 and 40 CFR 312 All Appropriate Inquiry (AAI) Rule
MSHA Certification
TxDOT Precertification: 2.6.1 Protected Species Determination
(Habitat)
SGA Pipeline Inspection Training, 2003
Southern Willow Flycatcher Training, Arizona Game & Fish
Department, 2005

Areas of Relevant Expertise

Environmental Site Assessment
Wildlife Biology
Endangered Species Act

Years of Experience

With This Firm: 10

**Relevant Experience
Summary**

- Phase I ESAs
- Threatened/
Endangered Species
Habitat Assessments
and 10(a) Permitting
- Section 404
Jurisdictional
Determinations
- TWDB Environmental
Assessments
- Karst Surveys
- FERC Pipeline
Inspections
- City of Austin Land
Development Code
- Wetland
Determination and
Delineation Support
- Archeological Field
Support

Experience Summary

Michelle Dorsey is a graduate of Texas A&M University - Corpus Christi, where she studied field and wildlife biology. Since joining HorizonTM, Mrs. Dorsey has been actively involved in biological, archeological, and geological surveys. She has participated in presence/absence surveys for various threatened or endangered species including the golden-cheeked warbler, black-capped vireo, Houston toad, timber rattlesnake, Tobush fishhook cactus, Navasota ladies' tresses, and migratory bird species. Additionally, she has assisted in surveys for the Jollyville plateau salamander, a species proposed for listing. Mrs. Dorsey has participated in numerous Phase I Environmental Site Assessments for Horizon, and is a qualified Environmental Professional under ASTM Practice E 1527-05 and 40 CFR 312. Mrs. Dorsey conducts City of Austin environmental and habitat assessments, City of Lakeway and City of San Marcos environmental assessments, and TWDB environmental assessments, as well as wetland determinations and delineations. She also has experience performing environmental pipeline inspections, in Section 10(a)(1)(B) permitting for incidental take of endangered species, preparation of wildlife management plans, and Williamson County Regional Conservation plans.

APPENDIX I

**HORIZON ENVIRONMENTAL SERVICES, INC.
CORPORATE DESCRIPTION**

CORPORATE DESCRIPTION

Horizon Environmental Services, Inc. (Horizon) is particularly well qualified to provide both the technical and administrative support required for project planning and permitting efforts related to various federal, state, and local permits and/or approvals. Horizon's capabilities and experience are very broad in the area of National Environmental Policy Act (NEPA) compliance support, particularly as related to multidisciplinary Environmental Assessments/Environmental Impact Statements (EAs/EISs), jurisdictional wetlands, endangered species, cultural resources issues, and expert testimony.

Services that Horizon provides for various clients include multidisciplinary EAs/EISs in support of federal and state environmental reviews; jurisdictional wetland determinations; endangered species habitat assessments and surveys; archeological surveys and mitigation (prehistoric and historic); ecological risk and damage assessments; wildlife habitat and wetlands restoration/creation; baseline aquatic and terrestrial investigations (inland and coastal); geologic resource assessments; real estate environmental site assessments; environmental constraints analyses for alternative project sites, routes, and land development scenarios ("fatal flaw" analyses); post-project land use planning and mitigation; and permit management, including preparation, agency coordination, and expert testimony.

Horizon is based in Austin, Texas, and provides services nationally. Horizon was founded in 1987 and is a certified Women-owned Business Enterprise (WBE), Historically Underutilized Business (HUB), Disadvantaged Business Enterprise (DBE), and Small Business Enterprise (SBE). Composed of senior professional personnel with many years of applied experience and specific training in environmental assessments, permitting, and management, members of Horizon's staff have worked on the majority of energy development and reservoir projects, either proposed or developed, in Texas and Louisiana from 1976 to the present. Our staff's experience and background have allowed Horizon to gain an applied knowledge of the environmental requirements of various federal and state regulations and permits affecting natural resource development and an excellent identity with agency personnel. The *Austin Business Journal* recently ranked Horizon sixth among Austin-area environmental consulting firms, which included large, national corporations with substantial engineering staffs.

Horizon's key personnel assigned to various work efforts are committed to being available from work initiation through expert testimony, if required. Depending on the scope of environmental investigations required for a given project, Horizon may network with other qualified firms, not only to provide both environmental and engineering services in a cost- and time-efficient manner, but to assure that only the most technically qualified and experienced persons are providing personal attention to the work effort.