

**A P P E N D I X D**

PHASE I ENVIRONMENTAL SITE  
ASSESSMENT FOR VALLCO  
FASHION MALL (2006)

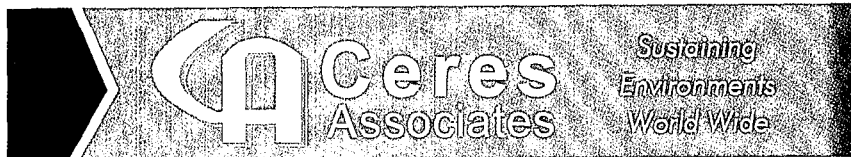
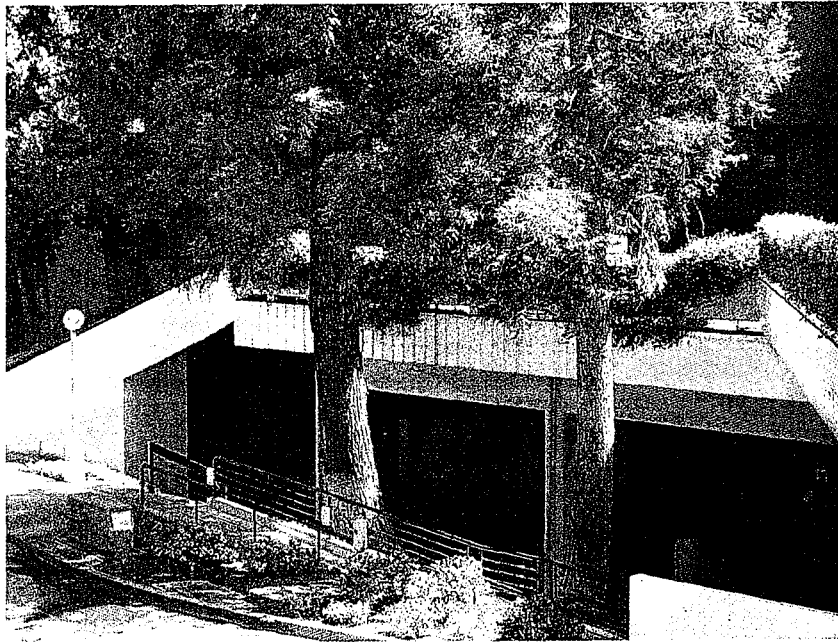




Vallco International Shopping Centers

**PHASE I  
ENVIRONMENTAL SITE ASSESSMENT  
UPDATE**

Vallco Fashion Mall  
10123 North Wolfe Road  
Cupertino, California



Prepared for:

Vallco International Shopping Centers  
10123 North Wolfe Road  
Cupertino, California 95014

PHASE I ENVIRONMENTAL SITE ASSESSMENT UPDATE

Vallco Fashion Mall  
10123 North Wolfe Road  
Cupertino, California

Project CA 1537-1

Prepared by:



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Will Kleiner, REA 07936  
Environmental Specialist

Reviewed by:



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Ryan Meyer, REA 07936  
Project Manager

Ceres Associates  
424 First Street  
Benicia, California 94510  
(707) 748-3170 / Fax (707) 748-3171



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## 1.0 SUMMARY WITH RECOMMENDATIONS

At the request of Vallco International Shopping Centers, Ceres Associates conducted a Phase I Environmental Site Assessment Update (ESA) for 10123 North Wolfe Road, Cupertino, Santa Clara County, California (Property). The Phase I ESA Update was conducted according to the guidelines of ASTM document E1527. The research included a Property and adjacent sites survey, interviews with informed persons, reviews of public records, an environmental database search report, review of previous reports, and current photographs.

### 1.1 SUMMARY

#### PROPERTY SUMMARY INFORMATION

The Property is approximately 37.21 acres and has been developed with one irregularly shaped building, with a footprint of approximately 477,663 square feet in size and a total floor space area of 1,115,000 square feet. The steel-framed building, constructed between 1974 and 1979, is a two-story, enclosed shopping mall. Exterior walls are comprised of wood, brick, and painted stucco-coated concrete. The building has a flat tar and gravel roof.

A public ice rink and related cooling tower are located in the northeastern portion of the building.

The building has a three level covered parking garage adjacent to the north and west sides of the building and an asphalt-paved parking area to the west, adjacent to Sears. There are also outdoor parking areas on the north and south side of JC Penny and a 750 space parking garage north of Macy's, which was under construction at the time of the Property survey.

The Property lies amongst residential and commercial sites. The building is part of a larger mall that includes Macy's, JC Penny and Sears, which are all independently owned. The total area of the mall is approximately 62.31 acres. Prior to construction, the Property was developed with orchards since at least 1939. It has been in use as a retail shopping mall since 1974.

#### Environmental Database Report

The Property was listed on the LUST database as having had a leaking underground storage tank. According to the database, on April 11, 1985, gasoline was leaked at the site, affecting the soil only. As of June, 2001, no action had been taken. This leak occurred at the Sears Auto Center, which at that time was sharing the same address as the Property. Sears Auto Center is privately owned and not considered a portion of the Property.

The Property is also listed on the **ERNS** database for a silver spill in 1996. According to the data base, the spill was released into a secondary containment tank, and was due to a malfunctioning tank overflow sensor. Additionally, the Property is listed on the **RCRAGN** database for being a small quantity hazardous waste generator. According to the database, no violations were issued. These listings regard photo developing enterprises that are no longer tenants at the Property. According to the Santa Clara County Department of Environmental Health, the photo processors are no longer generating hazardous waste at the Property (*refer to Appendix C - Regulatory Documents and Other Reports*).

### **Previous Phase I ESA**

Ceres Associates reviewed a Phase I ESA conducted for the Property. The report was dated March 21, 2003 and was conducted by Ceres Associates. In that report, no evidence was found that the Property had negatively contributed to the local environmental quality. Also, evidence was not found that the surrounding LUST sites would have impacted the environmental quality of the Property. Suspected Asbestos Containing Materials (ACM) were noted, including drywall and texture materials, spray-on acoustic ceiling materials, acoustical ceiling tiles, exterior stucco materials, one-foot by one-foot resilient floor tiles, roofing materials and the ice rink's cooling tower fill. At the time of the report, the suspect ACMs appeared to be in good condition and non-friable.

### **SURROUNDING AREA**

Sears Automotive, located approximately 400 feet south of the Property, was observed by Ceres Associates to have approximately ten hydraulic lifts. Signage indicated that the facility performed oil and automobile coolant changes. This would suggest that used and fresh motor oil and automobile coolant is handled at the facility. Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.

A number of sites are listed on the environmental database report. These sites may have contributed to a local groundwater problem, if one exists.

### **1.2 CONCLUSIONS**

Construction on the current Property building began in 1974. Prior to that time, the Property was developed with orchards since at least 1939. The Property building is an irregularly shaped, two-story enclosed shopping center. The Property has been in use as a retail shopping center since construction. A three-level parking structure is adjacent to the north and west sides of the building. An ice rink and related cooling tower are located in the northeastern portion of the building.

Sears Automotive Center, located adjacent to the south end of the Property, and JC Penny, located adjacent to the east side of the Property, are listed on the environmental database as being Leaking

Underground Storage Tank (LUST) sites. Both sites have closure letters issued by the Santa Clara Valley Water District. (Sears is listed for two tanks, one has a closure letter, the other is listed as "no action taken". The leak affected the soil only and occurred in 1985). Based upon the regulatory status of these sites, it is not anticipated that they have adversely impacted the environmental quality of the Property.

Expressly Portraits, The Picture People, and Kits Camera are listed on the RCRA database as being small quantity hazardous waste generators. No violations were noted. According to the Santa Clara County Department of Environmental Health, the photo processors are no longer generating hazardous waste at the Property. Because these enterprises are no longer tenants at the Property, and because violations were not reported for these tenants, it is not anticipated that they have adversely impacted the environmental quality of the Property.

On the day of the Property survey, Ceres Associates observed one 55-gallon drum in a stairwell on the west side of the building. The drum was bolted shut, but was not stored in a secondary containment area. According to a construction supervisor on site, the drum contained lead-based items discarded or found by the construction crew and are removed when full or when they are finished with the work in the area. Ceres Associates observed a worker remove the drum with a hand-truck.

The previous Phase I ESA recommended developing an Operations and Maintenance (O&M) program specific to the Property to maintain Asbestos Containing Materials (ACM) in place. According to Mike Rohdy, the General Manager for Vallco Fashion Mall, this has been done and is now included as part of the permanent asbestos file for the Property.

Additionally, the previous report recommended that asbestos sampling be conducted prior to renovation or demolition. According to Mr. Rohdy, this was done before the current renovations began.



### 1.3 RECOMMENDATIONS

*We have performed a Phase I Environmental Site Assessment Update in conformance with the scope and limitations of ASTM Practice E 1527 of 10123 North Wolfe Road, Cupertino, Santa Clara County, California (APN 316-20-037, 038, 043, 052, 055, 057, 059, 063, 064, 065, 066, 067, and 081), the Property. Any exceptions to, or deletions from, this practice are described in Section 1.4 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Property except for the following: (ASTM E1527, Section 11.6)*

- Prior to renovation or demolition, sampling should be conducted to assess if asbestos is contained in the construction materials of the building. The California Health and Safety Code requires owners of structures with ACM to notify tenants and employees that the building has ACM.

The summary, conclusions, and recommendations are subject to the limitations provided in section 5.0 of this report.

## 2.0 PROPERTY AND SURROUNDING AREA DESCRIPTIONS

### 2.1 PROPERTY DESCRIPTION

A walking survey of the Property was made on May 1, 2006, by Will Kleiner of Ceres Associates, accompanied by Joe Goodwin, the Maintenance Director for Vallco Fashion Mall. The Property was observed for evidence of hazardous substances that may have an effect on the environmental quality of the Property. Ceres Associates observed the Property for evidence of aboveground and underground storage tanks, surface staining, hazardous materials, and other indications of environmental concern.

The Property is located at 10123 North Wolfe Road, Cupertino, Santa Clara County, California, and is legally described by its Assessor's Parcel Numbers 316-20-037, 038, 043, 052, 055, 057, 059, 063, 064, 065, 066, 067, and 081. The Property is approximately 37.21 acres in size and has been developed with one building, with a footprint of approximately 477,663 square feet in size, and a total floor space area of 1,155,000 square feet, constructed between 1974 and 1979. The irregularly shaped, steel-framed building is a two-story, enclosed shopping mall.

The building is part of a larger mall that includes Macy's, JC Penny and Sears, which are independently owned apart from the Property. The total area of the mall is approximately 62.31 acres. The Property is situated on both sides of North Wolfe Road, including a portion that spans North Wolfe Road, connecting the two sides.

The building has a three level covered parking garage adjacent to the north and west sides of the building and an asphalt-paved parking area to the west, adjacent to Sears. There are also outdoor parking areas on the north and south side of JC Penny and a 750 space parking garage north of Macy's, which was under construction at the time of the Property survey.

A public ice skating rink and related cooling tower are located in the northeastern portion of the building. According to Mike Rohdy, the general manager of the Vallco Fashion Mall, the cooling tower contains a biocide to reduce or eliminate microorganisms.

Exterior walls are comprised of wood, brick, and painted stucco-coated concrete. The building has a flat tar and gravel roof. Interior building materials include: painted, textured and plain drywall walls and ceilings, drop-ceiling acoustic tiles, wood paneling, 8-inch and 12 inch vinyl tiles, terra cotta tiles, and carpeted, purgo-type, concrete and hardwood floors. At the time of the Property survey, a portion of the mall was being refurbished. Some floor, ceiling and wall materials had been removed, revealing various layers of infra-structure. Living trees in containers are situated throughout the mall.

Outdoor areas of the Property are improved with well maintained mature landscaping consisting of trees, shrubs, perennials and annual flowers. A full time, on-site landscaping crew has an office and storage area located at the bottom level of the west parking garage ( *refer to Photographs 1 - 9, located in the Appendix - Property Photographs*).

The Property is currently in use as a retail shopping mall. Tenants in the shopping mall include clothing stores, accessory stores, beauty shops, electronics stores, jewelry stores, restaurants, shoe stores, specialty boutiques, and an ice skating rink. The mall has about 110 tenant spaces with approximately 48 % vacancy (*refer to Appendix C - Regulatory Documents and Other Reports*).

Ceres Associates observed eight escalators, one public elevator and five service elevators inside the Property building. Staining was not observed in the vicinity of the motors.

Ceres Associates did not observe evidence of hazardous materials or wastes in tenant suites during the Property survey.

Sears and JC Penny are part of the mall, but are not part of the Property for purposes of this Phase I ESA Update.

#### HAZARDOUS MATERIALS AND STORAGE TANKS

Ceres Associates observed one 55-gallon drum, sealed and filled, marked with a generic Hazardous Waste sticker in the bottom of a stair-well on the west side of the building. The drum was bolted shut, but not stored in a secondary containment area. According to a construction supervisor on site, the drum contained lead-based items discarded or found by the construction crew. Ceres Associates observed a worker remove the drum with a hand-truck. Leaks or stains were not observed on the ground below or in the vicinity of the drum.

According to Mr. Goodwin, the motors for the elevators and escalators contain hydraulic fluid and grease. They are maintained weekly by Kone USA, an outside company. Leaks or staining was not observed in the vicinity of the elevators or escalators.

A small maintenance supply room is located on the second level of the building. Numerous containers of paint, laquer, floor wax and polish, as well as other typical maintenance supplies were observed in this room. Some materials, such as insecticide, LP gas, gap filler, and adhesives were stored in a 1-foot by 4-foot by 4-foot metal flammables storage lockers labeled "flammable materials." There was no secondary containment in place for any of these materials. Leaks or staining was not observed in this area.

## 2.2 SURROUNDING AREA DESCRIPTION

Highway 280 bounds the Property to the north. Beyond the highway are commercial sites including a Hilton Hotel. To the south of the southwest portion of the Property that is located on the west side of North Wolfe Road is a Sears Store and Sears Auto Center and a parking lot. Stevens Creek Boulevard abuts the parking lot to the south. To the south of the northeast portion of the Property that is located on the east side of North Wolfe Road is Vallco Parkway. Across Vallco Parkway, further south, lies the Vallco Financial Center, which houses offices for various businesses such as Founders Financial Network and Silicon Navigator Corporation. A JC Penny store is located immediately to the south of the Property. Farther south lies an asphalt-paved parking area and commercial buildings. To the west of the Property lies a mixture of commercial and residential sites.

Hazardous materials were not observed on adjacent sites. Due to the nature of its business, Sears Auto Center is anticipated to have hazardous materials even though none were observed at the time of the Property survey

### 3.0 INTERVIEWS, RECORDS, AND HISTORICAL REVIEW

#### 3.1 INTERVIEWS AND REGULATORY CONTACTS

- Ceres Associates interviewed Joe Goodwin, the Maintenance Director of the Vallco Fashion Mall for information regarding past uses of the Property and the use, storage, or disposal of hazardous materials on the Property. According to Mr. Goodwin, none of the current tenants use, store or generate hazardous materials or wastes. Mr. Goodwin also told Ceres Associates that the maintenance of the elevators and escalators is done weekly by Kone USA.
- Ceres Associates interviewed Mike Rohdy, The General Manager for Vallco Fashion Mall. for information regarding past uses of the Property and the use, storage, or disposal of hazardous materials on the Property. Mr. Rohdy provided information regarding various tenants, Property and building area, vacancy rate and asbestos sampling.
- Ceres Associates contacted the Santa Clara Department of Environmental Health with a request to review files for the Property. The agency provided documents related to hazardous waste handling by photo processors that are no longer on the Property (*refer to Appendix C - Regulatory Documents and Other Reports*).
- Ceres Associates contacted the Santa Clara Water District with a request to review files for the Property. According to the agency, files for the Property address were not found.
- Ceres Associates contacted the San Francisco Bay Region Water Quality Control Board with a request to review files for the Property. According to the agency, files for the Property address were not found.

#### 3.2 ENVIRONMENTAL DATABASE REPORT

Environmental FirstSearch, Inc., provided a list of sites within designated distances of the Property that are listed by regulatory agencies. Environmental FirstSearch has also provided a map of these sites, which can be found in Appendix D - Environmental Database Report.

The environmental database report lists four **STATE** sites and two **NPL** sites between ½ and 1 mile of the Property. Between ¼ and ½ mile of the Property the database report lists six **LUST** sites. The report also lists five **LUST** sites, four **UST** sites, and two **RCRAGN** sites between ⅛ and ¼ mile of the Property. Within ⅛ mile of the Property the environmental database lists five **LUST** sites, four **UST** sites, five **RCRAGN** sites, one **ERNS** site, one **SPILLS** site, and one **NFRAP** site.

The following information pertains to the Property:

- 3 Expressly Portraits located at 10123 North Wolfe Road, is listed as approximately 200 feet to the southeast of the Property. The site is listed on the **ERNS** database as an emergency response notification site. One Hazardous Waste Liquid Spill of Silver was listed as occurring on June 14, 1996. According to the database, the spill was released to a secondary containment tank. After clean-up and inspection, no further action was taken. Based on the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.
- 3 Kits Cameras One Hour Number 51, located at 10123 North Wolfe Road, Suite 2023, is listed as approximately 200 feet to the southeast of the Property. The site is listed as a **RCRA Generator Site**. According to the database, the facility at this site is listed as a small quantity generator, permitted to generate 100 - 1,000 kilograms per month of hazardous waste. No violations were reported. Based on the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.
- 3 Vallco Fashion Park, located at 10123 North Wolfe Road, is listed as approximately 200 feet to the southeast of the Property. The site is listed as a **RCRA Generator Site**. According to the database, the facility at this site is listed as a small quantity generator, permitted to generate 100 - 1,000 kilograms per month of hazardous waste. No violations were reported. Based on the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.

The following sites are within 1/8 mile of the Property:

- 1 Sears Automotive Center, located at 10123 North Wolfe Road, is listed as approximately 200 feet to the northeast of the Property. The site is listed on the **LUST** database as having had a leaking underground storage tank. According to the database, gasoline was leaked, affecting the soil only. The leak was reported on April 11, 1985. As of June 31, 2001, no action had been taken. Though listed as the same address as the Property, this site is not part of this report and is not considered part of the Property. Sears Automotive center no longer uses this address. The current address is 10101 North Wolfe Road.
- 2 JC Penny, located at 10150 North Wolfe Road, is listed as approximately 200 feet to the northeast of the Property. The site is listed on the **LUST** database as having had a leaking underground storage tank. According to the report, diesel was leaked on the site. The leak was reported on November 28, 1989. The site was issued a closure letter on September 1, 1994. The site also is listed as a **UST SITE**. The current status is inactive. Based on the regulatory status of this site it is not anticipated that this site will adversely impact the environmental quality of the Property.
- 4 Sears Automotive Center, located at 10150 North Wolfe Road, is listed as approximately 200 feet to the southeast of the Property. The site is listed on the **LUST** database as having had a leaking underground storage tank. According to the report, gasoline was leaked on the site. The leak was

reported on January 1, 1988. The site was issued a closure letter on December 6, 1999. Based on the regulatory status of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property. Sears Automotive center no longer uses this address. The current address is 10101 North Wolfe Road.

5 JC Penny, located at 10150 North Wolfe Road, is listed as approximately 200 feet to the southeast of the Property. The site is listed on the **LUST** database as having had a leaking underground storage tank. According to the report, diesel was leaked on the site. The leak was reported on November 16, 1989. The site was issued a closure letter on September 1, 1994. Based on the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.

3 The Picture People, located at 19123 North Wolfe Road, is listed as approximately 200 feet to the southeast of the Property. The site is listed as a **RCRA Generator Site**. According to the database, the facility at this site is listed as a large quantity generator, permitted to generate over 1,000 kilograms per month of hazardous waste. No violations were reported. Based on the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.

6 Sears Automotive Center, located at 10101 North Wolfe Road, is listed as approximately 300 feet to the southeast of the Property. The site is listed on the **LUST** database as having had a leaking underground storage tank. According to the report, gasoline was leaked on the site. The leak was reported on October 24, 1994. The site was issued a closure letter on December 6, 1999. Based on the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.

6 Sears Roebuck & Co, located at 10101 North Wolfe Road, is listed as approximately 300 feet to the southeast of the Property. The site is listed as a **RCRA Generator Site**. According to the database, the facility at this site is listed as a small quantity generator, permitted to generate 100 - 1,000 kilograms per month of hazardous waste. No violations were reported. Based on the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property. The site also is listed as a **UST SITE**. The current status is inactive.

6 Jiffy Lube Store #1615, located at 10101 North Wolfe Road, is listed as approximately 300 feet to the northeast of the Property. The site is listed on the **UST** database as having an underground storage tank registered with the State Water Resources Control Board. According to the database, no violations were noted. Based upon the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.

7 Tandem Location One, located at 19333 Vallco Parkway, is listed as approximately 425 feet to the northeast of the Property. The site is listed on the **UST** database as having an underground storage tank. The status is listed as inactive. According to the database, no violations were noted. Based upon the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.

**8,9** Four Phase Systems Motorola Tandem, located at 19333 Vallco Parkway, is listed as approximately 550 feet to the northeast of the Property. The site is listed on the **STATE SPILLS** site. According to the database, on April 27, 1991, a spill or leak was disclosed to the San Francisco Bay Area Water Quality Control Board. Soil remediation and on-site groundwater extraction or containment action was not recommended. According to the database, the site is not an NPL site and it's current status is closed. The most recent agency update was March 11, 1991. Based upon the regulatory status and listing nature of this site, it is not anticipated that this site will adversely impact the environmental quality of the Property.

The site is also listed on the **CERCLIS NFRAP** database. According to the database, no further action is planned. The EPA identification number is CAD069101152.

The following NPL sites are within one mile of the Property:

**22,23** Interstil Inc./Siemens Components, located at 10910 North Tantau Avenue and 19000 Homestead Road is listed as approximately 4,300 feet to the northeast of the Property. The site is listed as an **NPL** site. According to the database, an inadvertent industrial spill occurred that resulted in Volatile Organic Compounds (VOC) being released into the soil and groundwater. The spill was discovered in 1982. In 1983 a system was installed to extract gasses from the soil. In 1986, a "pump and treat" system was installed at the site. In February 1990, draft reports of remedial investigations for the site and off-site down gradient areas were released. As of January 13, 2006, the database lists the status as "final".

Based on the number of sites listed in the environmental database report, it is possible that groundwater in the area has been affected by a variety of contaminants. However, evidence was not found that the Property has contributed to a local groundwater problem, if one exists.



### 3.4 SOURCES OF DATA

Ceres Associates contacted regulatory agencies and other potentially knowledgeable persons and information sources concerning the Property. Copies of maps, permits, and other documents, if available, are in Appendix C - Regulatory Documents and Other Reports.

The following are the information sources contacted by Ceres Associates for this report:

#### Information Sources

- Santa Clara County, Environmental Health Department , Dawn Bures, May 1, 2006
- Santa Clara Water District, On-Line review, April 24, 2006
- San Francisco Bay Region Water Quality Control Board, Melinda Wong, April 27, 2006
- Personal interview with Joe Goodwin, Maintenance Director for Vallco Fashion Mall, May 1, 2006
- Personal interview with Mike Rohdy, May 3, 2006
- Environmental FirstSearch, San Diego, California, Environmental Database Report

#### User Supplied Data

- ▶ Vallco International Shopping Centers provided a site location, site map, tenant list and site contact so that the Property survey could be conducted.

#### 4.0 PREVIOUS PHASE I ESA

Prior to conducting the Update, Ceres Associated reviewed the following Phase I ESA conducted for the Property:

Phase I Environmental Site Assessment

by: Ceres Associates  
Benicia, California

date: March 21, 2003

#### 4.1 SUMMARY OF FINDINGS

According to the report, the Property is approximately 37.21 acres in area and has been developed with one steel-framed building of approximately 490,763 square feet of area, built between 1974 and 1979, and renovated in 1988. The Property description is similar to that observed during the current Property survey. The building is irregularly shaped and is an enclosed two level shopping mall. Exterior walls are comprised of concrete, brick, wood, and stucco. The roof is tar and gravel. The general area surrounding the Property consists of residential and commercial sites.

The Property is part of a larger mall. The mall is anchored by Macy's Sears, and JC Penny, which are independently owned, and are not subject to this Phase I update. The development contains a total of approximately 62.31 acres. Tenants of the shopping mall include clothing stores, beauty shops, restaurants, book shops, toy stores, jewelry stores, music stores, specialty boutiques, and the ice rink.

The Property was developed with the current building in 1977 and has been used as a retail shopping mall since then. Prior to development of the current Property building, the Property was developed with orchard agriculture since at least 1939.

## 4.2 RECOMMENDATIONS

The consultant made the following recommendations from data they collected during their Phase I ESA.

- Prior to renovation or demolition, sampling should be conducted to assess if asbestos is contained in the construction materials of the building. The California Health and Safety Code requires owners of structures with ACM to notify tenants and employees that the building has ATM.
- Ceres Associates recommends developing and implementing an Operations and Maintenance (O&M) program to maintain ACMs in place. This O&M plan should be included as part of a permanent asbestos file for the Property.

## 5.0 LIMITATIONS

This Phase I Environmental Site Assessment (ESA) Update was conducted according to industry standards and guidelines established under ASTM E1527, which state that the data contained herein should not be relied upon for more than 180 days following the issue date of the report.

This assessment cannot fully eliminate the possibility of the Property having environmental impairments. In today's technology, no amount of assessment can certify that the Property is completely free of environmental concern. It is possible undocumented or concealed conditions of the Property could exist beyond what was found during this ESA. This report does not cover any Property conditions beyond the date the Property survey was conducted.

Physical setting information provided in this report is for drawing conclusions, by Ceres Associates, within the context and timing of this report only. This information is preliminary and should not be used for any subsequent purposes.

Much of the information upon which the conclusions and recommendations of this Phase I ESA Update are based, comes from data provided by others. Ceres Associates is not responsible for the accuracy or completeness of this information. Inaccurate data, or information that was not found or made available to Ceres Associates, may result in a modification of the stated conclusions and recommendations.

Any estimates of the scope of recommendations are based only on the information found during this assessment. Actual scope may vary upon refining data during proposal preparation, with changes in economic conditions, or as additional information becomes available.

### REPORT USE

This report was prepared for the sole use and benefit of Vallco International Shopping Centers. This report is not a legal opinion and does not offer warranties or guarantees.

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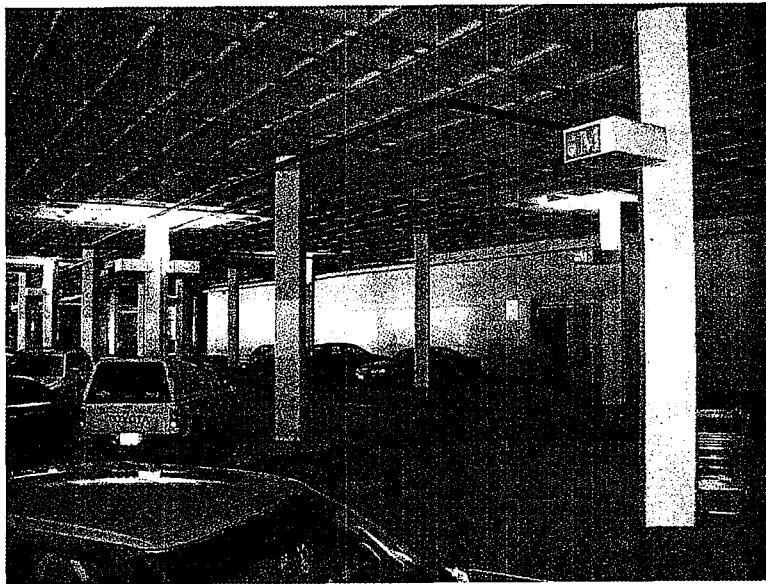
PROPERTY PHOTOGRAPHS

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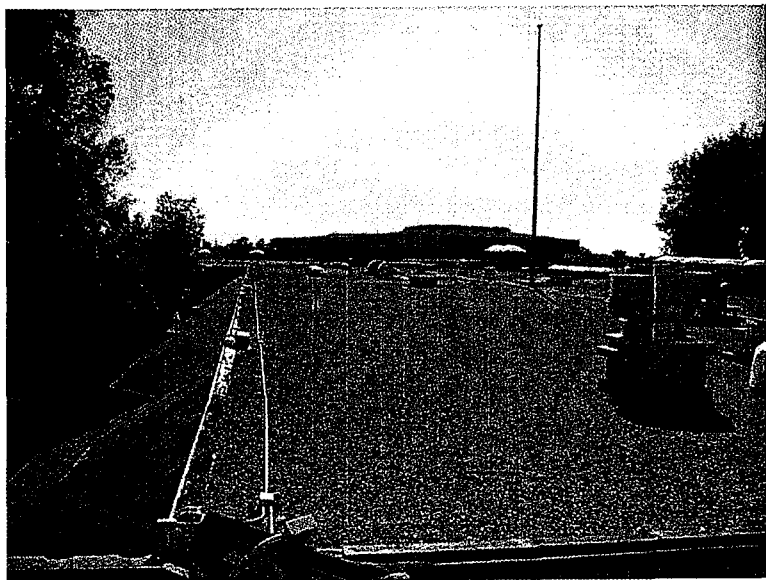
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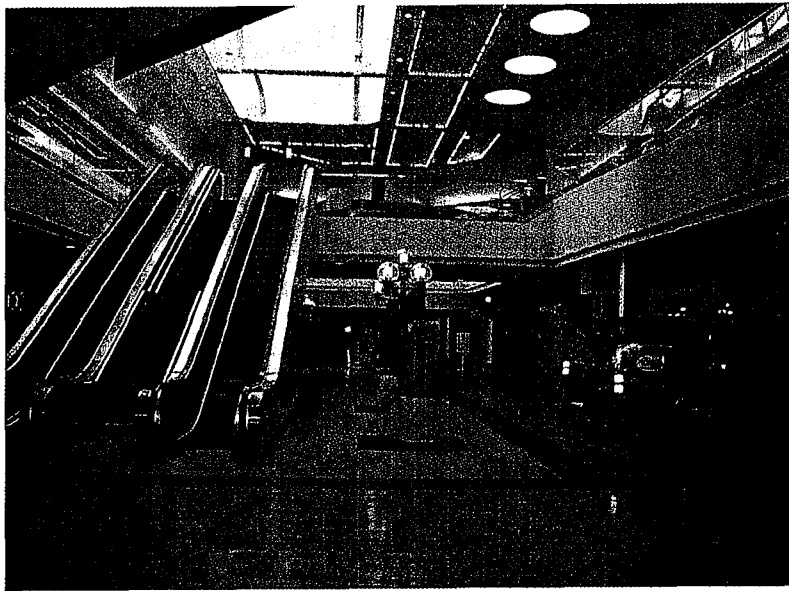
Photograph 1 - View of the west side building entrance, looking east.



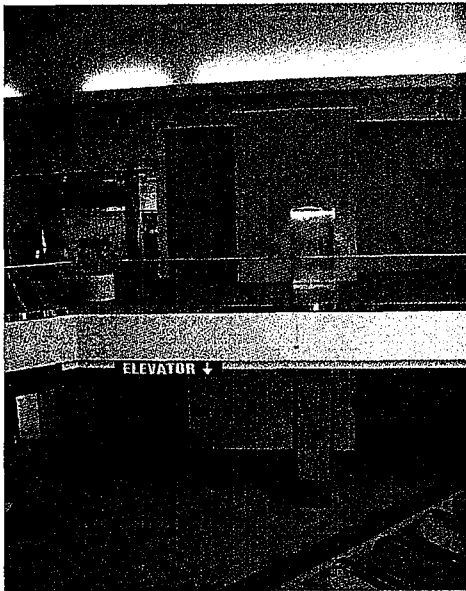
Photograph 2 - view of parking garage.



Photograph 3 - View of roof.



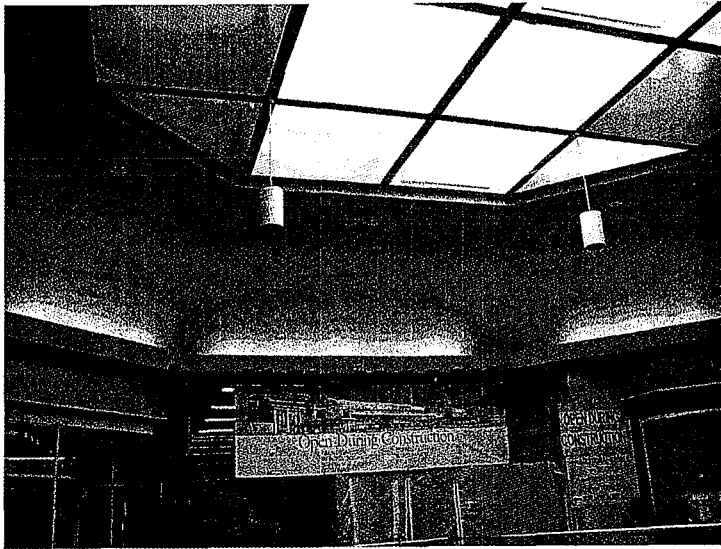
Photograph 4 - View of lower level.



Photograph 5 - View of elevator.



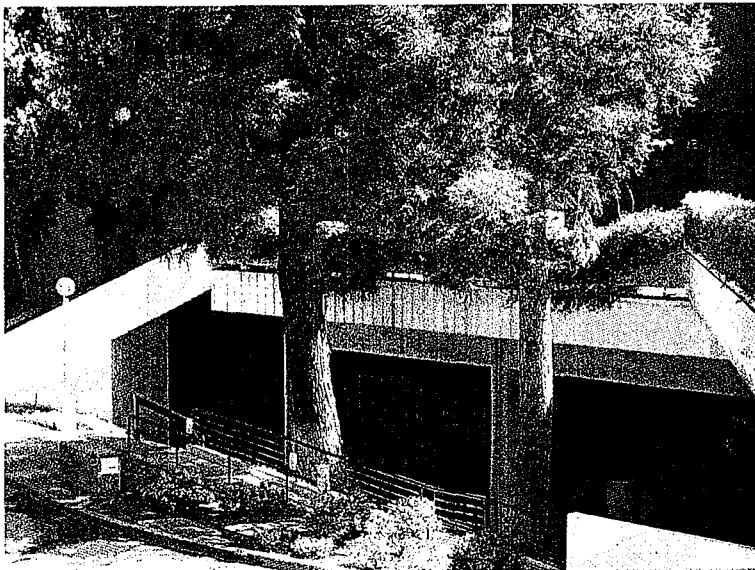
Photograph 6 - View of scaffolding in second level.



Photograph 7 - View of typical skylight.



Photograph 8 - View of exposed infrastructure.



Photograph 9 - view of north side entrance.



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APPENDIX A  
PREVIOUS PHASE I ESA REPORT

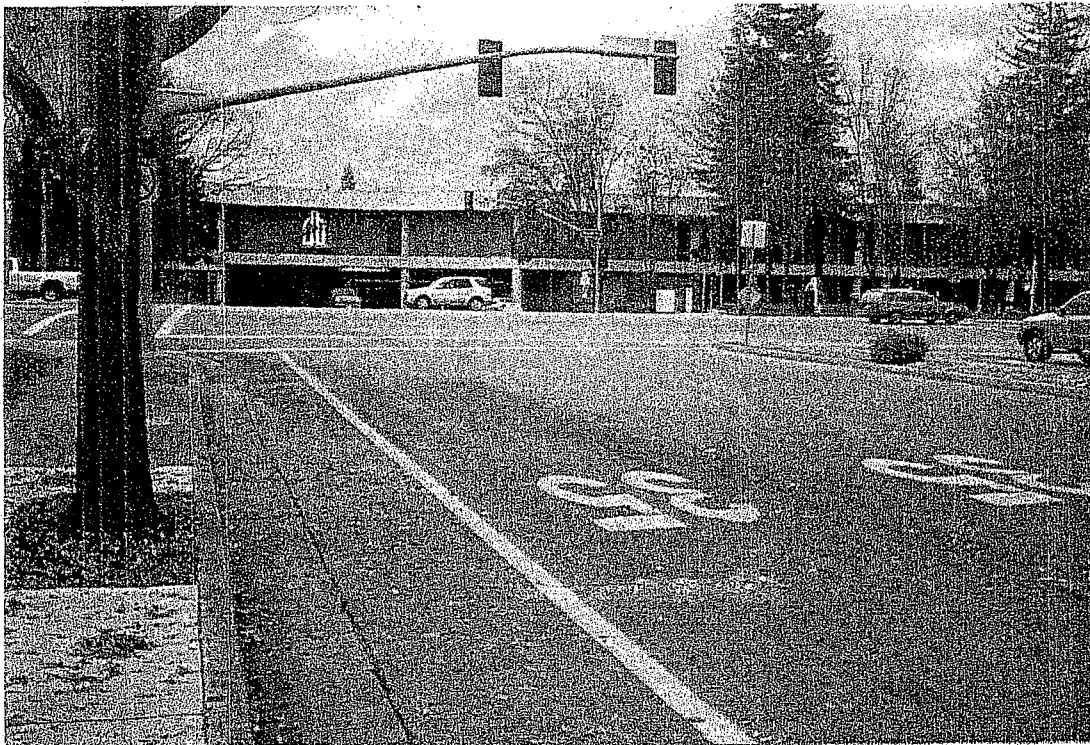
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UBS Warburg

**PHASE I  
ENVIRONMENTAL SITE ASSESSMENT**

**Vallco Fashion Park  
10123 North Wolfe Road  
Cupertino, California 95014**



 **Ceres**  
Associates

*Sustaining  
Environment  
Worldwide*

555 First Street, Suite 303  
Benicia, California, 94510  
(707) 748-3170 / Fax (707) 748-3171

Ceres Associates Project CA989-1  
March 21, 2003

Prepared for:

UBS Warburg  
1285 Avenue of the Americas  
New York, New York 10019

**PHASE I ENVIRONMENTAL SITE ASSESSMENT**

Vallco Fashion Park  
10123 North Wolfe Road  
Cupertino, California

Project CA989-1

Prepared by:

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David A. Jonas  
Environmental Specialist

Reviewed by:

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Nicholas A. Patz, REA 0066  
Project Manager

Ceres Associates  
555 First Street, Suite 303  
Benicia, California 94510  
(707) 748-3170 / Fax (707) 748-3171

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## UBS RELIANCE STATEMENT

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This report may be relied upon by UBS Warburg Real Estate Investments Inc, its successors and/or Assigns and Affiliates, in determining whether to make a loan evidenced by a note (the "Property Note") which is further secured by the Property. This report may be relied upon by any purchaser or assignee of the Property Note in determining whether to acquire the Property Note or an interest therein (which may include securities which are secured all or in part by the Property Note). In addition, this report may be relied upon by any rating agency involved in rating securities secured by, or representing an interest in, the Property Note and any investors purchasing securities issued by a trust with an ownership interest, either directly or indirectly, in the Property Note. This report may be used in connection with the materials offering for sale of the Property Note, or an interest in the Property Note, and in presentations to any rating agency.

In regard to reliance upon the above report, it is understood that the same conditions apply to UBS Warburg, its successors, and/or assigns and affiliates and any rating agency when using this report for any reason as apply under the terms of the Ceres Associates Standard Agreement in conjunction with, and as a part of proposal CA989-1, and the limitations stated in our report, as agreed upon by Ceres Associates and Imperial Investments and Development Company.

This reliance is given by Ceres Associates with permission from Imperial Investments and Development Company. It should be pointed out that Ceres Associates used ASTM E1527 as guidelines to produce this report. These guidelines state that the data contained in the report is accurate for 180 days from publication.

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## 1.0 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

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At the request of UBS Warburg, Ceres Associates completed a Phase I Environmental Site Assessment (ESA) for 10123 North Wolfe Road, Cupertino, Santa Clara County, California (Property) (refer to Figure 1 - Property Location Map). The Phase I ESA was conducted according to the guidelines of ASTM document E1527. The research included a Property and adjacent sites survey, interviews with informed persons, reviews of public records, an environmental database search report, geology and hydrogeology, and historical information, maps, and photographs.

### 1.1 PROPERTY SUMMARY AND CONCLUSIONS

The Property is approximately 37.21 acres in area and has been developed with one, irregular-shaped building approximately 490,763 square feet in size. The building is irregularly-shaped, and was constructed between 1974 and 1979 and renovated in 1988. The building is a two level enclosed shopping mall. The building is steel-framed with concrete, brick, wood, and stucco exterior walls and a tar and gravel roof. The general area surrounding the Property consists of residential and commercial sites. Highway 280 borders the northern perimeter of the Property (refer to Figure 2 - Property Map).

The Property building is part of a larger mall. The mall is anchored by Macy's, Sears, and JC Penny, which are independently owned, with Macy's on a groundlease from the subject ownership. The development contains a total of 62.31 acres, with 37.21 acres under subject ownership.

The Property was developed with the current building in 1977 and has been used as a retail shopping mall since development. Prior to development of the current Property building, the Property was developed with orchards since at least 1939.

Sears and JC Penny are part of the mall, but own their own buildings and are not part of this Phase I ESA.

### HAZARDOUS SUBSTANCES AND STORAGE TANKS

A small maintenance supply room was observed on the second level of the parking garage structure. Numerous containers of paints, stains, and laquers, as well as other typical maintenance supplies were observed stored in this room.

### REGULATORY REVIEW AND PREVIOUS REPORTS

The Property is listed in the environmental database report as being a RCRA small quantity generator of hazardous waste. According to Mike Rhode, General Manager of the Vallco Fashion Park, a previous tenant generated hazardous waste in the form of waste photo developer.

Information regarding previous or current environmental concerns at the Property was not found during Ceres Associates' regulatory review at the Santa Clara Valley Water District, Santa Clara County Environmental Health Department, or the Santa Clara County Fire Prevention Department for this Phase I ESA.

## ASBESTOS

Suspected asbestos-containing materials (ACM) including drywall and texture materials, spray-on acoustical ceiling materials, acoustical ceiling tiles, exterior stucco materials, one-foot by one-foot resilient floor tiles, roofing materials, and the cooling tower fill were noted during the Property reconnaissance. The building on the Property appears to be of the age and construction that suggests the possibility that construction materials may contain asbestos fibers. The suspect ACMs observed appeared to be in good condition and non-friable.

## SURROUNDING AREA SUMMARY AND CONCLUSIONS

A Sears Automotive Center is located approximately 400 feet south of the Property on the west side of North Wolfe Road. The site was observed to have ten hydraulic lifts and signage indicated the facility performed oil and automotive coolant changes. This would indicate used and fresh motor oil and used and fresh automotive coolant is used at the facility. Ceres Associates was unable to assess housekeeping practices at the facility from off-site visual observation. According to information reviewed at the Santa Clara Valley Water District (SCVWD), six underground storage tanks, four gasoline and two motor oil, were removed from the site in 1985. The dispenser islands and product lines were removed from the site in 1994. Sampling was performed in 1999 to assess the hydrocarbon concentration in the soil and groundwater at the site. Seven boring locations were sampled to a depth of 44 feet below ground surface. Groundwater was not encountered in the seven borings. Concentrations of ethylbenzenes, total xylenes, and lead were reported in the soil samples. The concentrations were below regulatory action levels. The site was granted case closure on December 6, 1999. The SCVWD concluded that based on soil sampling results, residual contamination in the subsurface from the former USTs are minimal. Additionally, due to the location of deep groundwater, residual contamination at the site would not likely pose a significant threat to the groundwater beneath the site. Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.

JCPenny, located adjacent to the east of the Property, is listed as a leaking underground storage tank site (LUST) in the environmental database report. According to information reviewed at the SCVWD, one 350-gallon diesel fuel UST and one 350-gallon waste oil UST were removed from the site on November 15, 1989. A 750-gallon waste oil/water sump was closed in-place on January 21, 1994. Overexcavation of approximately 303 tons of contaminated soil was performed at the diesel and waste oil UST excavations. Four monitoring wells were installed to monitor groundwater conditions beneath the site. Final monitoring results indicated non-detect levels of target analytes. A case closure letter was issued for the site by the SCVWD on September 1, 1994. This site is also listed on the UST database as having inactive UST(s). Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.

## 1.2 DISCUSSION

The Property was developed with current building in 1977. Prior to 1977, the Property was developed with orchards since at least 1939. The building is a two-story enclosed retail shopping mall. A three-level parking structure is located on the western portion of the Property. A maintenance supply room is located in the parking structure. Numerous containers of paints, stains, and laquers, as well as other typical maintenance supplies were observed stored in this room. An ice rink and a cooling tower are located in the northeastern portion of the building.

Sears Automotive Center, located adjacent to the south of the Property, and JC Penny, located adjacent to east of the Property, are listed in the environmental database report as being leaking underground storage tank (LUST) sites. Both sites have closure letters from the Santa Clara Valley Water District. Evidence was not found by Ceres Associates which would indicate the sites have impacted the environmental quality of the Property.

## 1.3 RECOMMENDATIONS

*We have performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527 of 10123 North Wolfe Road, Cupertino, Santa Clara County, California (APNs 316-20-037, 038, 043, 052, 055, 057, 059, 063, 064, 065, 066, 067, and 081), the Property. Any exceptions to, or deletions from, this practice are described in Section 1.1 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the Property except for the following: (ASTM E1527, Section 11.6)*

- Prior to renovation or demolition, sampling should be conducted to assess if asbestos is contained in the construction materials of the building. The California Health and Safety Code requires owners of structures with ACM to notify tenants and employees that the building has ACM.
- Ceres Associates recommends developing and implementing an Operations and Maintenance (O&M) program specific to the Property to maintain ACMs in place. This O&M plan should be included as part of a permanent asbestos file for the Property.

## 1.4 DEVIATIONS FROM ASTM E1527 GUIDELINES

- Because of the limited availability of historical sources, the Property history could not be documented to a time prior to agricultural use. ASTM E1527 guidelines consider agriculture as development. Based on our historical research in the area of the Property, it is likely that prior to agricultural use, the Property was undeveloped.

The summary, conclusions, and recommendations are subject to the limitations provided in section 5.0 of this report.



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## 2.0 PROPERTY AND SURROUNDING AREA DESCRIPTIONS

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### 2.1 PROPERTY DESCRIPTION

A walking survey of the Property was made on January 9, 2003, by David A. Jonas of Ceres Associates, accompanied by John Wynn. The Property was observed for evidence of hazardous substances that may have an affect on the environmental quality of the Property. Ceres Associates observed the Property for evidence of aboveground and underground storage tanks, surface staining, hazardous materials, and other indications of environmental concern. If conditions were observed that indicated potential environmental concerns, Ceres Associates marked their relative locations on a map drawn in the field (refer to Figure 2 - Property Map).

The Property is located at 10123 North Wolfe Road, Cupertino, Santa Clara County, California, and is legally described by its assessor's parcel numbers 316-20-037, 038, 043, 052, 055, 057, 059, 063, 064, 065, 066, 067, and 081. The Property is approximately 37.21 acres in area and has been developed with one building approximately 490,763 square feet in size. The building was constructed between 1974 and 1979. The building is a metal-frame structure with concrete, brick, wood, and stucco exterior walls. The roof is constructed with tar and gravel. Interior building materials observed include finished drywall and texture materials, one-foot by one-foot resilient floor tiles, spray-on acoustical ceiling materials, different sized acoustical ceiling tiles, six-inch by six-inch ceramic floor tiles, wood floors, and carpeted floors.

The Property building is part of a larger mall. The mall is anchored by Macy's, Sears, and JC Penny, which are independently owned, with Macy's on a groundlease from the subject ownership. The development contains a total of 62.31 acres, with 37.21 acres under subject ownership.

The Property is located on the west and east sides of North Wolfe Road. The Property building is located on both sides of North Wolfe Road and a portion of the mall spans North Wolfe Road connecting the two sides.

The Property is improved with numerous asphalt-paved parking areas and a three-level, concrete parking structure. The parking structure is located on the western portion of the Property.

Remaining areas of the Property not covered by parking lots or structures are improved with well-maintained, mature landscaping consisting of trees, shrubs, grasses, and flowers. The Property has an on-site landscape maintenance crew with an office and storage area located on the bottom level of the parking garage. Ceres Associates observed four 55-gallon drums labeled oil in the storage. The drums were not stored in secondary-containment. Staining or leaking was not observed in the vicinity of the drums.

A public ice skating rink is located on the first floor of the northeastern portion of the building. According to the ice rink manager, a cooling tower operates on the Property to keep the ice rink

surface cold and frozen. An electric zambonee is used to keep the surface of the ice rink smooth. The ice rink manager indicated that hazardous materials are not used in the area.

Ceres Associates observed six escalators, one public elevator, and one service elevator inside the Property building (Refer to Photographs 1 - 8, located in Appendix- Property Photographs).

The Property is currently used as a shopping mall. Tenants in the shopping mall include clothing stores, accessory stores, beauty shops, book stores, toy stores, electronic stores, restaurants, jewelry stores, music stores, shoe stores, and specialty boutiques. The mall has about 110 tenant spaces with approximately 30 percent vacancy. Ceres Associates did not observe tenants suspected of generating hazardous waste.

Sears and JC Penny are a part of the mall, but are not a part of this Phase I ESA. Both companies reportedly own their own buildings.

#### HAZARDOUS MATERIALS AND STORAGE TANKS

A small maintenance supply room was observed on the second level of the parking garage structure. Numerous containers of paints, stains, and laquers, as well as other typical maintenance supplies were observed stored in this room.

#### HEATING AND COOLING

The source of heating and cooling energy is from natural gas and electricity piped to the Property from PG&E.

#### POTABLE WATER

Potable water is provided to the Property by the City of Cupertino.

#### POLYCHLORINATED BIPHENYLS (PCBs)

Eight pad-mounted transformers are present on the Property. Pacific Gas & Electric (PG&E) has indicated to Ceres Associates that PCBs were removed from transformers in the area in the late 1970's and early 1980's. Leaks or stains were not observed on or around the transformers.

#### ASBESTOS

Suspected asbestos-containing materials (ACM) including drywall and texture materials, spray-on

acoustical ceiling materials, acoustical ceiling tiles, exterior stucco materials, one-foot by one-foot resilient floor tiles, roofing materials, and the cooling tower fill were noted during the Property survey. Based on the construction date of the Property building in the 1970's, there is a possibility that some of the construction materials in the building may contain asbestos fibers. The suspect ACMs observed appeared to be in good condition and non-friable.

## ENVIRONMENTAL LIENS

Environmental liens were not found for the Property.

## 2.2 SURROUNDING AREA DESCRIPTION

The Property is located north of Stevens Creek Boulevard and on the west and east sides of North Wolfe Road. The Property is bound by the following:

- North: Immediately by Highway 280, and further by a Courtyard by Marriot hotel and a Hilton hotel.
- East: Immediately by a JC Penny store, and further by an asphalt-paved parking lot and a Hewlett-Packard site.
- South: The portion of the Property located on the west side of North Wolfe Road is bound to the south immediately by a Sears Department Store, asphalt-paved parking lot, and Sears Automotive Center followed by Stevens Creek Boulevard. A Union 76 gasoline station and a retail strip center are located further south of Stevens Creek Boulevard. The portion of the Property located on the east side of North Wolfe Road is bound to the south immediately by Vallco Parkway and further by an asphalt-paved parking lot and the Vallco Financial Center. NEC, Spherion, and Kaiser Permanente have offices located in the Vallco Financial Center.
- West: Immediately and further by a residential neighborhood and a retail strip center.

The surrounding areas are generally commercial and residential in nature. Approximately ten hydraulic lifts were observed at the Sears Automotive Center located to the south of the Property. Signage at the Sears Automotive Center indicated the facility performs oil and coolant changes. This would indicate used and fresh motor oil and used and fresh automotive coolant is used, stored, and disposed of at the facility. Ceres Associates was unable to assess housekeeping practices at the facility from off-site visual observation. According to information reviewed at the Santa Clara Valley Water District (SCVWD), six underground storage tanks, four gasoline and two motor oil, were removed from the site in 1985. The dispenser islands and product lines were removed from the site in 1994. Sampling was performed in 1999 to assess the hydrocarbon concentration in the soil and groundwater at the site. Seven boring locations were sampled to a depth of 44 feet below ground surface. Groundwater was not encountered in the seven borings. Concentrations of ethylbenzenes, total xylenes, and lead were reported in the soil samples. The concentration levels were below regulatory action levels. The site was granted case closure on December 6, 1999. The SCVWD

concluded that based on soil sampling results, residual contamination in the subsurface from the former USTs are minimal. Additionally, due to the location of deep groundwater, residual contamination at the site would not likely pose a significant threat to the groundwater beneath the site. Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.

JC Penny, located adjacent to the east of the Property, is listed as a leaking underground storage tank site (LUST) in the environmental database report. According to information reviewed at the SCVWD, one 350-gallon diesel fuel UST and one 350-gallon waste oil UST were removed from the site on November 15, 1989. A 750-gallon waste oil/water sump was closed in-place on January 21, 1994. Overexcavation of approximately 303 tons of contaminated soil was performed at the diesel and waste oil UST excavations. Four monitoring wells were installed to monitor groundwater conditions beneath the site. Final monitoring results indicated non-detect levels of target analytes. A case closure letter was issued for the site by the SCVWD on September 1, 1994. This site is also listed on the UST database as having inactive UST(s). Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.

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### 3.0 INTERVIEWS, RECORDS, AND HISTORICAL REVIEW

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#### 3.1 INTERVIEWS AND REGULATORY CONTACTS

- Ceres Associates interviewed Mike Rhode, General Manager of the Vallco Fashion Park, for information regarding past uses of the Property and the use, storage, or disposal of hazardous materials on the Property. Mr. Rhode stated that there are not aboveground or underground storage tanks on the Property. Mr. Rhode indicated there is a maintenance room on the Property where typical maintenance supplies including paints, stains, and laquers are stored. According to Mr. Rhode, the Property previously generated hazardous waste in the form of waste photo developer. Mr. Rhode stated that landscaping maintenance is performed by an off-site company. Mr. Rhode was unaware of environmental concerns on the Property which might impact the environmental quality of the Property.
- Ceres Associates contacted the Regional Water Quality Control Board with a request to review files for the Property. According to the agency, information for the Property address was not found.
- Ceres Associates contacted the Santa Clara County Environmental Health Department with a request to review files for the Property. According to the agency, information for the Property address was not found.
- Ceres Associates contacted the Santa Clara County Fire Prevention Department with a request to review files for the Property. According to the agency, hazardous materials or underground storage tank files were not found for the Property address.
- Ceres Associates contacted the Santa Clara County Water District with a request to review files for the Property. According to the agency, information for the Property address was not found.
- Ceres Associates visited the City of Cupertino Building Inspection Department with a request to review the permit history for the Property. A building permit was found for the Property address indicating the Property was developed with the current structure in 1977. Permits were found dated 1987 for additions made to the Property building.

### 3.2 CHRONOLOGY OF PROPERTY USE

The following historical Property use summary was compiled using the historical data gathered during the various activities of this assessment as referenced in Section 3.4.

**1939** Based on a review of historical aerial photographs, the Property was developed with orchards. The surrounding areas of the Property were developed with orchards, agricultural land, and farmhouses.

**1950** Based on a review of historical aerial photographs, the Property and surrounding areas were developed similar to that observed in the 1939 aerial photographs.

**1963** Based on a review of historical aerial photographs, the Property was developed with orchards. The surrounding areas to the north and east were developed with orchards. A residential neighborhood was located on the surrounding area to the west of the Property. The surrounding area to the south of the Property was developed with orchards followed by Stevens Creek Boulevard and a gas station and retail strip center.

**1970** Based on a review of a historical single-frame orthophotograph, the Property was undeveloped. A residential neighborhood was located on the surrounding area to the west of the Property. Highway 280 was developed to the north of the Property followed by undeveloped land. The surrounding area to the east of the Property was undeveloped. A square-shaped building, currently occupied by Sears, was developed adjacent to the south of the Property. Stevens Creek Boulevard was located further south of the Property followed by a gas station and a retail strip center.

According to a *Polk's Business Directory*, the Property address was not listed.

**1977** A permit was issued to Vallco Fashion Park by the City of Cupertino Building Inspection Department for the construction of shopping mall.

**1979** According to a *Haine's Business Directory*, Vallco Fashion Park was listed at the Property address.

**1983** According to a *Haine's Business Directory*, Vallco Fashion Park was listed at the Property address.

**1987** According to a *Haine's Business Directory*, Vallco Fashion Park was listed at the Property address.

**1989** Based on a review of historical aerial photographs, the Property was developed with a building that fits the footprint of the current Property building. A residential neighborhood was located on the surrounding area to the west of the Property. Highway 280 was located to the north of the Property followed by commercial sites. The



surrounding area to the east of the Property was developed with commercial sites. The surrounding area to the south of the Property was developed with commercial sites followed by residential neighborhoods.

- 1992 According to a *Haine's Business Directory*, Valco Fashion Park was listed at the Property address.
- 1997 According to a *Haine's Business Directory*, Valco Fashion Park was listed at the Property address.
- 2002 According to a *Haine's Business Directory*, Valco Fashion Park was listed at the Property address.

### 3.3 ENVIRONMENTAL DATABASE REPORT

Environmental First Search provided a list of sites within designated distances of the Property that are listed by regulatory agencies. Environmental First Search has also provided a map of these sites, which can be found in Appendix C - Environmental Database Report.

The environmental database report lists two NPL sites and four State Sites within one mile of the Property. Seven sites with leaking underground storage tanks are listed within 1/2 mile of the Property. Eight registered aboveground or underground storage tanks are listed within 1/4 mile, two sites are listed on the U.S. ERNS database, one Spills-1990 site, one CERCLIS site, and five sites are listed within 1/8 mile as RCRA hazardous waste generators. One RCRA site was listed adjacent to the Property.

The following NPL sites are located within one mile of the Property:

- 1 Intersil Incorporated/Siemens Components, located at 10910 North Tantau Avenue, is approximately 4,100 feet northeast of the Property. According to the database, Intersil Incorporated and Siemens Components have manufactured semiconductors for several years at the site. Investigations in 1982 as part of the underground tank leak detection program, found organic solvents in the soil on the site and in the groundwater on and off the site. Contaminants were believed to have resulted from localized spills and from leaking underground storage tanks (USTs). The USTs were removed from the site and a soil vapor extraction system was installed at the site in 1983. A groundwater pump and treat system was installed at the Property in 1986. In February 1990, draft reports of remedial investigations/feasibility studies for the site and off-site downgradient areas were released. Interim off-site remedial activities began in 1990.
- 2 Siemens Component, located at 19000 Homestead Road, is approximately 4,800 feet northeast of the Property. Information was not found for this site in the environmental database. the site appears to be part of the Intersil Incorporated/Siemens Components site discussed above.

The following sites are within 1/8 mile of the Property:

- 5 Expressly Portraits, located at the Property address, is listed on the ERNS database as being an emergency response notification site. According to the database, five gallons of liquid silver was spilled due to a malfunctioning overflow sensor. The liquid silver was released into a secondary containment system. The release occurred on June 14, 1996.

Expressly Portraits is also listed on the RCRA database as being a small quantity generator of hazardous waste. This business is no longer a tenant at the Property and Ceres Associates did not find evidence that operations at the Property have impacted the environmental quality of the Property.

Kits Cameras One Hour Number 51, located at the Property address, is listed on the RCRA database as being a small quantity generator of hazardous waste. The database does not indicate the type of hazardous waste generated. It is anticipated that this business generates hazardous waste in the form of waste photo developer. Ceres Associates did not find evidence that operations at the Property have impacted the environmental quality of the Property.

Vallco Fashion Park, located at the Property address, is listed on the RCRA database as being a small quantity generator of hazardous waste. The database does not indicate the type of hazardous waste generated. A file review request was made to the City of Cupertino Fire Department, however, the agency responded indicated that hazardous materials files were not found for the Property address. Ceres Associates did not find evidence that operations at the Property have impacted the environmental quality of the Property.

- 21 Sears Automotive Center, located at 10101 North Wolfe Road, is approximately 200 feet southwest of the Property. The site is listed on the LUST database as being a leaking underground storage tank site. According to information reviewed at the Santa Clara Valley Water District (SCVWD), six underground storage tanks, four gasoline and two motor oil, were removed from the site in 1985. The dispenser islands and product lines were removed from the site in 1994. Sampling was performed in 1999 to assess the hydrocarbon concentration in the soil and groundwater at the site. Seven boring locations were sampled to a depth of 44 feet below ground surface. Groundwater was not encountered in the seven borings. Concentrations of ethylbenzenes, total xylenes, and lead were reported in the soil samples. The concentration levels were below regulatory action levels. The site was granted case closure on December 6, 1999. The SCVWD concluded that based on soil sampling results, residual contamination in the subsurface from the former USTs are minimal. Additionally, due to the location of deep groundwater, residual contamination at the site would not likely pose a significant threat to the groundwater beneath the site. Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.
- 7 Sears Roebuck and Company, located at 10101 North Wolfe Road, is located adjacent to the south of the Property. The site is listed on the RCRA database as being a small quantity generator of hazardous waste. The database does not indicated the type of hazardous waste



generated. A photography studio was observed by Ceres Associates inside the Sears Department Store. It is possible the site generates hazardous waste in the form of waste photo developer.

This site is also listed on the UST database as having inactive underground storage tanks. Review of files for the Sears Automotive Center indicated USTs were located near Stevens Creek Boulevard and removed from the site in 1985. Evidence of USTs at the Sears Department Store was not observed by Ceres Associates.

Based on information reviewed for this site and visual observation, Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.

- 19 JC Penny, located at 10150 North Wolfe Road, is located adjacent to the east of the Property. The site is listed on the LUST database as being a leaking underground storage tank site. According to the database, the substance leaked was 'diesel' and the case type was 'aquifer affected.' The abatement method is reported as 'excavate and dispose - remove contaminated soil and dispose in approved site.' The site status is reported as 'case closed' and the closure date is listed as 'September 1, 1994.' Review of SCVWD files indicated one 350-gallon diesel fuel UST and one 350-gallon waste oil UST were removed on November 15, 1989. A 750-gallon waste oil/water sump was closed in-place on January 21, 1994. Overexcavation of approximately 303 tons of contaminated soil was performed at the diesel and waste oil UST excavations. Four monitoring wells were installed to monitor groundwater conditions beneath the site. Final monitoring results indicated non-detect levels of target analytes. A case closure letter was issued for the site by the SCVWD on September 1, 1994. This site is also listed on the UST database as having inactive UST(s). Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.
- 16 Tandem Location One, located at 19333 Vallico, is approximately 300 feet southeast of the Property. The site is listed on the UST database as having inactive UST(s). Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.
- 9 Pacific Gas and Electric, located at 10333 North Wolfe Road, is approximately 100 feet north of the Property. The site is listed on the ERNS database as being an emergency notification site. The report indicates on November 6, 1999, one gallon of 'oil, misc:transformer (PCB: 92)' was released affecting the 'land.' The action taken is reported as 'the release was secured/contaminated soil was removed.' The release detection is listed as 'pad-mounted electric transformer/unit developed a leak due to corrosion.' Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.
- 13 Four Phase Systems Motorola Tandem, located at 19333 Vallico Parkway, is approximately 300 feet southeast of the Property. The site is listed on the State Spills database. The database reports the facility description as 'electronics plant,' the status as 'closed,' and the contamination source as 'leaking tank.' The database indicates that soil or groundwater remediation did not occur on-site or off-site. Ceres Associates did not find evidence that this

site has impacted the environmental quality of the Property.

- 4 Tandem Computers LOC 1, located at 19333 Vallco Parkway, is approximately 300 feet southeast of the Property. The site is listed on the **CERCLIS NFRAP** database. The database indicates that 'no further remedial action planned' at the site. Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.
- 7 Jiffy Lube, located at 10101 North Wolfe Road, is approximately 500 feet southeast of the Property. The site is listed on the **UST** database as having active UST(s). Ceres Associates did not find evidence that this site has impacted the environmental quality of the Property.

Ceres Associates did not find evidence that the above-listed sites or the Property have impacted the environmental quality of the Property.

### 3.4 SOURCES OF DATA

Ceres Associates contacted regulatory agencies and other potentially knowledgeable persons and information sources concerning the Property. Copies of maps, permits, and other documents, if available, are in Appendix B - Regulatory Documents and Other Reports.

The following are the information sources contacted by Ceres Associates for this report:

#### Information Sources

- ▶ City of Cupertino Department of Building Inspection, January 8, 2003
- ▶ Santa Clara Valley Water District, January 6, 2003
- ▶ Santa Clara County Fire Prevention Department, January 8, 2003
- ▶ Santa Clara County, Environmental Health Department, January 6, 2003
- ▶ Regional Water Quality Control Board, January 8, 2003
- ▶ Environmental First Search, California, Environmental Database Report
- ▶ United States Geological Survey (USGS) 7.5 minute topographic series, Cupertino, California Quadrangle, 1961, photorevised 1980
- ▶ U.S.D.A. Soil Conservation Service, Soil Survey of Western Santa Clara County, California
- ▶ Sanborn Fire Insurance Maps (not found for Cupertino)
- ▶ Haines Business Directories, dated 1979, 1983, 1987, 1992, 1997, 2002
- ▶ Polk City Directories, dated 1970

#### Aerial Photographs

Four sets of stereoscopic historical aerial photographs and one single-frame orthophotograph were reviewed by Ceres Associates using an Abrams Instrument Corporation stereoscope, model CB-1, with a built-in 2 power magnifier, and 4 power binoculars. During review, Ceres Associates looked for evidence of hazardous materials and features that might affect the environmental quality of the Property.

SOURCE:	DATE	SCALE	MEDIUM
United States Department of Agriculture	June 30, 1939	1:20,000	Stereoscopic Aerial Photographs
United States Department of Agriculture	April 1, 1950	1:20,000	Stereoscopic Aerial Photographs
United States Department of Agriculture	July 16, 1963	1:24,000	Stereoscopic Aerial Photographs
USGS	1970	1:24,000	Single-Frame Orthophotograph
WAC	June 17, 1989	1:31,680	Stereoscopic Aerial Photographs

User Supplied Data

- ▶ UBS Warburg provided Property location information in order to conduct the Property survey.

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## 4.0 PHYSICAL SETTING

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### 4.1 SURFACE DESCRIPTION

- Direction of Slope:* Northeast (USGS, Cupertino, California Quadrangle topographic map)
- Degree of Slope:* The Property is relatively flat.
- Nearest Surface Water:* Calabazas Creek is approximately 1,000 feet east/southeast of the Property.
- Area Topography:* The Property and surrounding areas are relatively flat. The slope in the general area is towards the northeast. The Property lies approximately 180 feet above mean sea level.

### 4.2 SOIL AND GROUNDWATER

- Soil Description:* Soils underlying the Property consist of alternating units of silty clays/clayeys silts and silty gravels to a approximately 44 feet below ground surface. Permeability is slow.
- Groundwater Depth:* Groundwater is approximately 120 feet below ground surface (Santa Clara Valley Water District)
- Groundwater Flow Direction:* Groundwater flow direction is estimated to be to the east/southeast. (Santa Clara Valley Water District)
- First Aquifer Use:* Unknown

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## 5.0 LIMITATIONS

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This assessment is not intended to be all inclusive, identify all potential concerns, or eliminate the possibility of the Property having environmental impairments. It is possible that variations in soil or groundwater conditions, or unpermitted, undocumented or concealed improvements or alterations to the Property could exist beyond what was found during this ESA. Changes in observed conditions could also occur in the future due to variations in environmental and physical conditions.

Geologic and hydrogeologic data provided in this report are for drawing conclusions, by Ceres Associates, within the context and timing of this report only. This information is preliminary and should not be used for any subsequent purposes.

In today's technology, no amount of assessment can certify that the Property is completely free of hazardous substances. Ceres Associates cannot offer a certification of a "clean" property.

Much of the information on which the conclusions and recommendations of this ESA are based, comes from data provided by others. Ceres Associates is not responsible for the accuracy or completeness of this information. Inaccurate data, or information that was not found or made available to Ceres Associates, may result in a modification of our conclusions and recommendations.

Any estimates of the scope of recommended additional work are based only on the information gathered for this ESA. Associated costs represent a rough estimate, not a proposal, and should only be used for preliminary planning. Actual cost and scope may vary upon refining during proposal preparation, and with changes in economic conditions, or as additional information becomes available.

### REPORT USE

This report was prepared for the sole use and benefit of UBS Warburg. This report is not a legal opinion and does not offer warranties or guarantees.

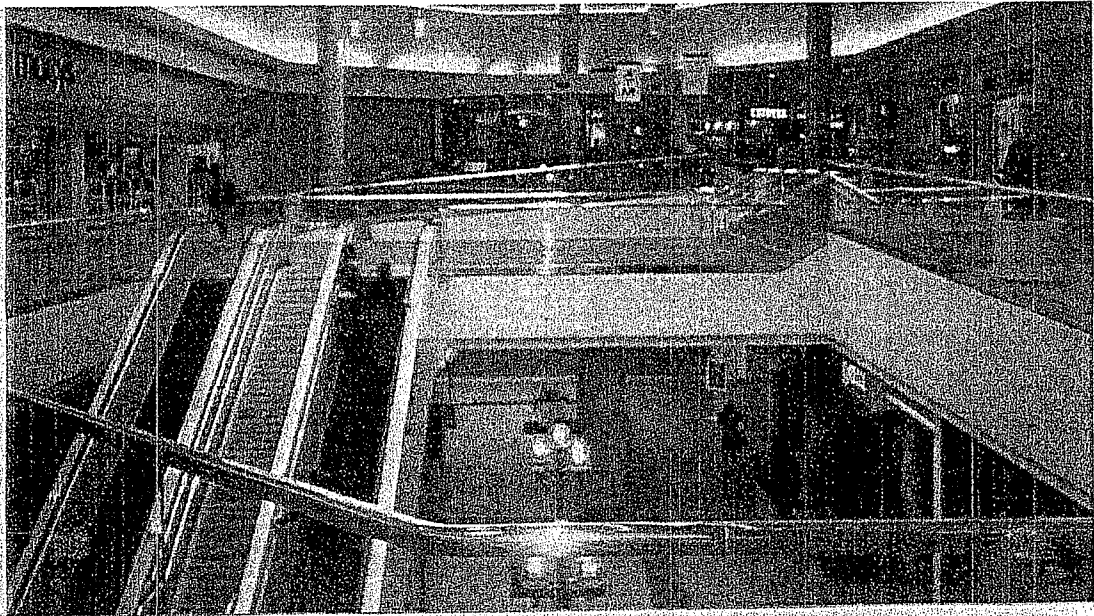
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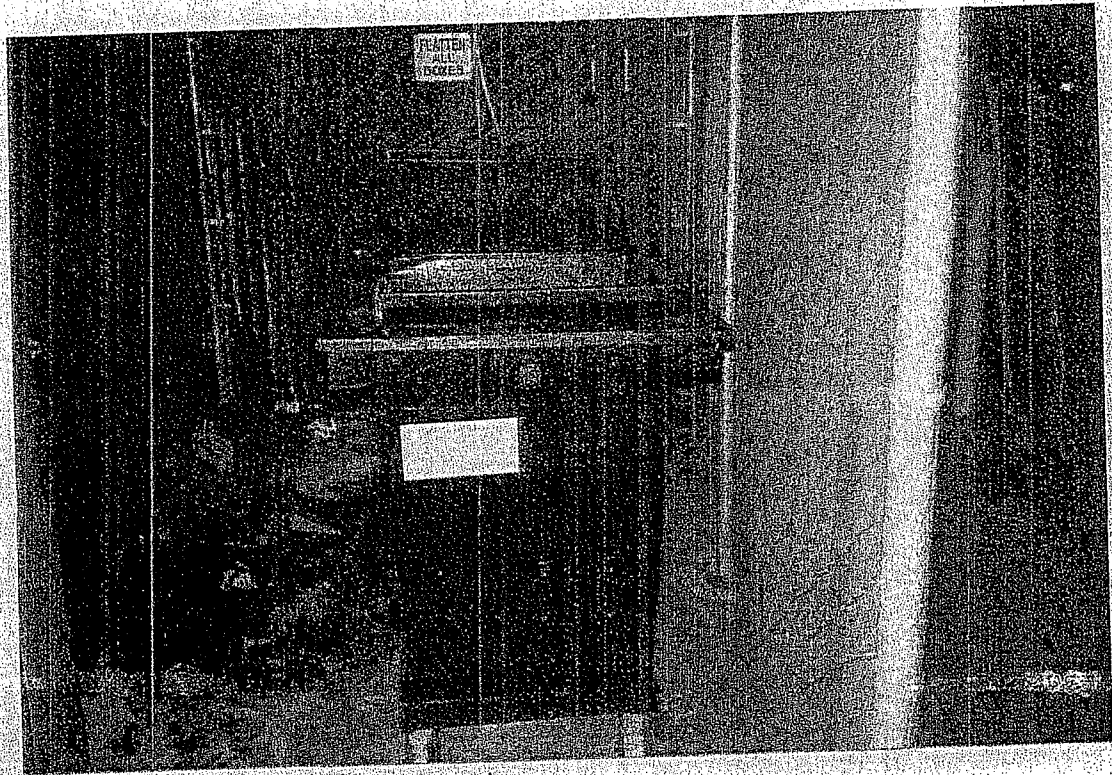
PROPERTY PHOTOGRAPHS

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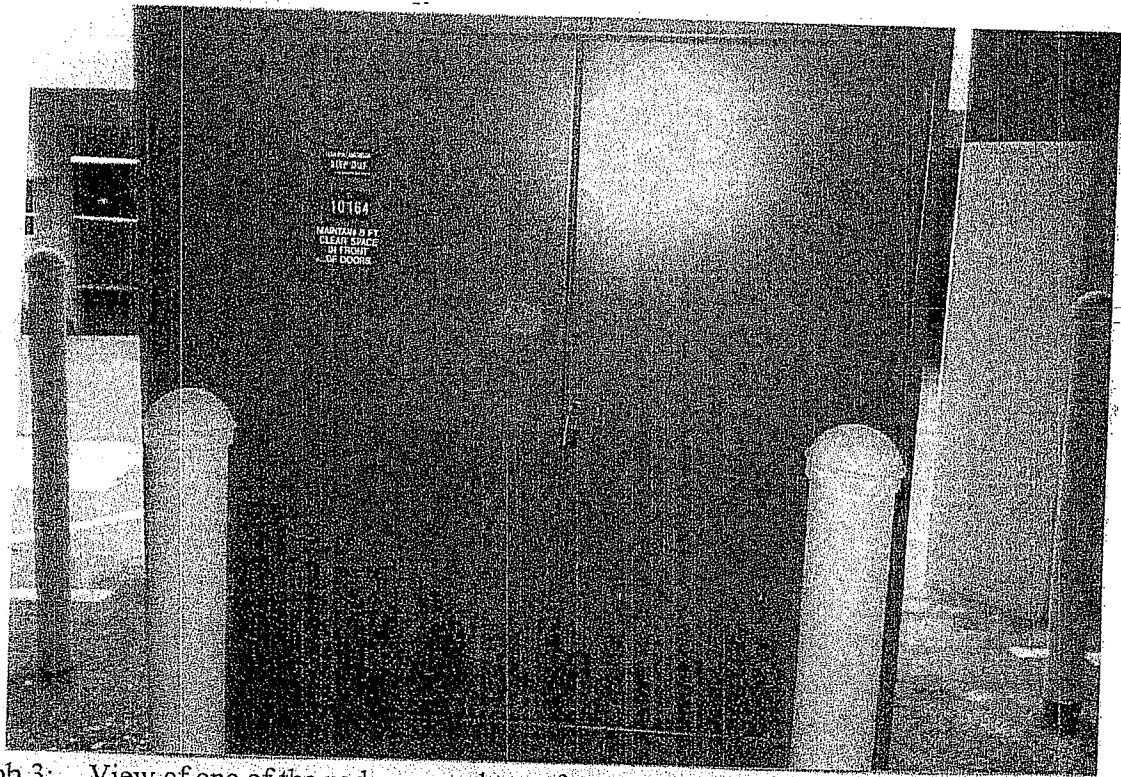
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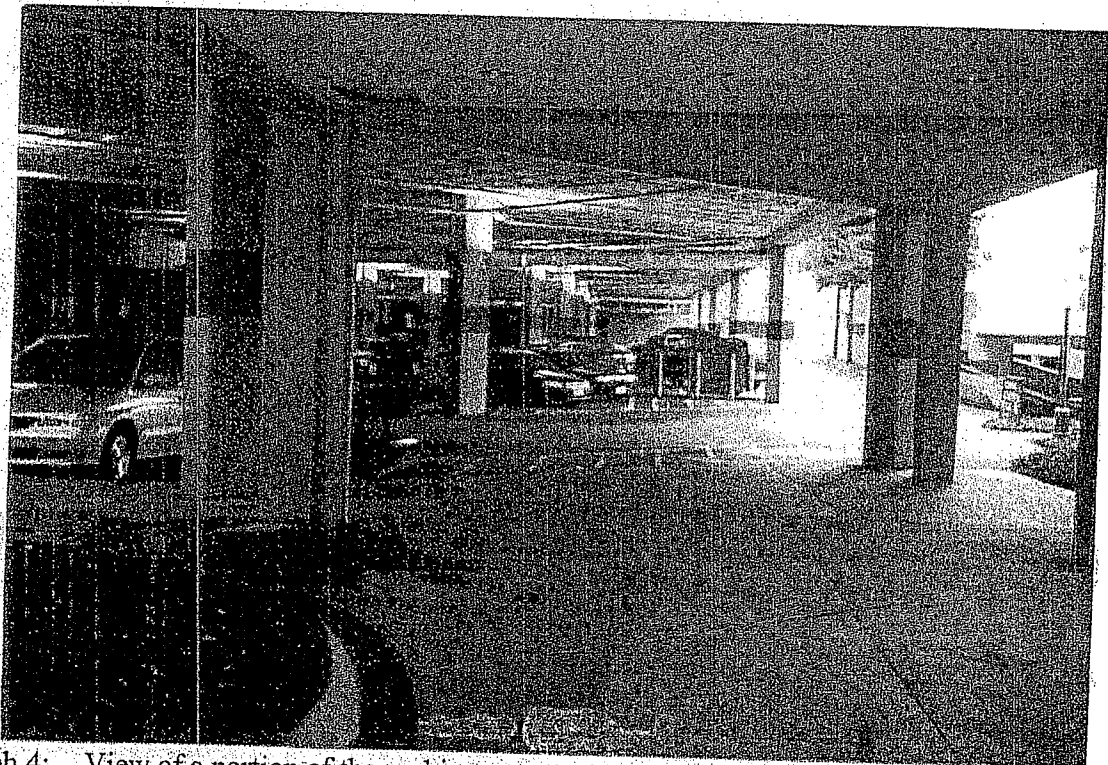
Photograph 1: Interior view of the shopping mall.



Photograph 2: View of a kitchen grease container.

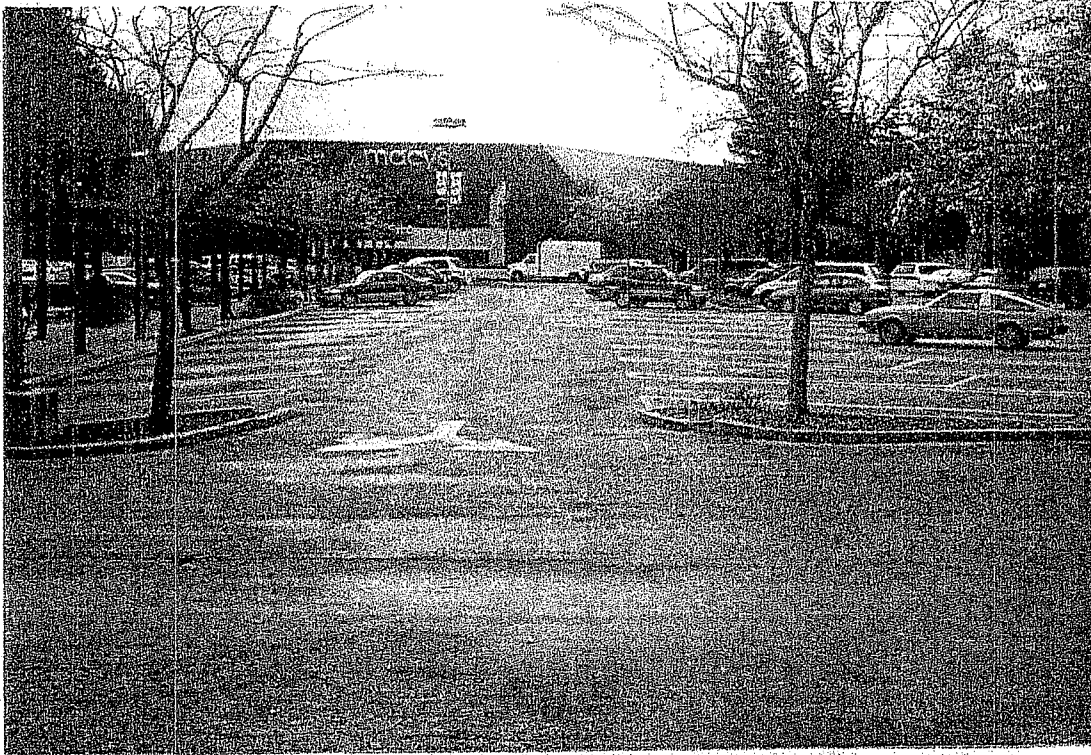


Photograph 3: View of one of the pad-mounted transformers on the Property.

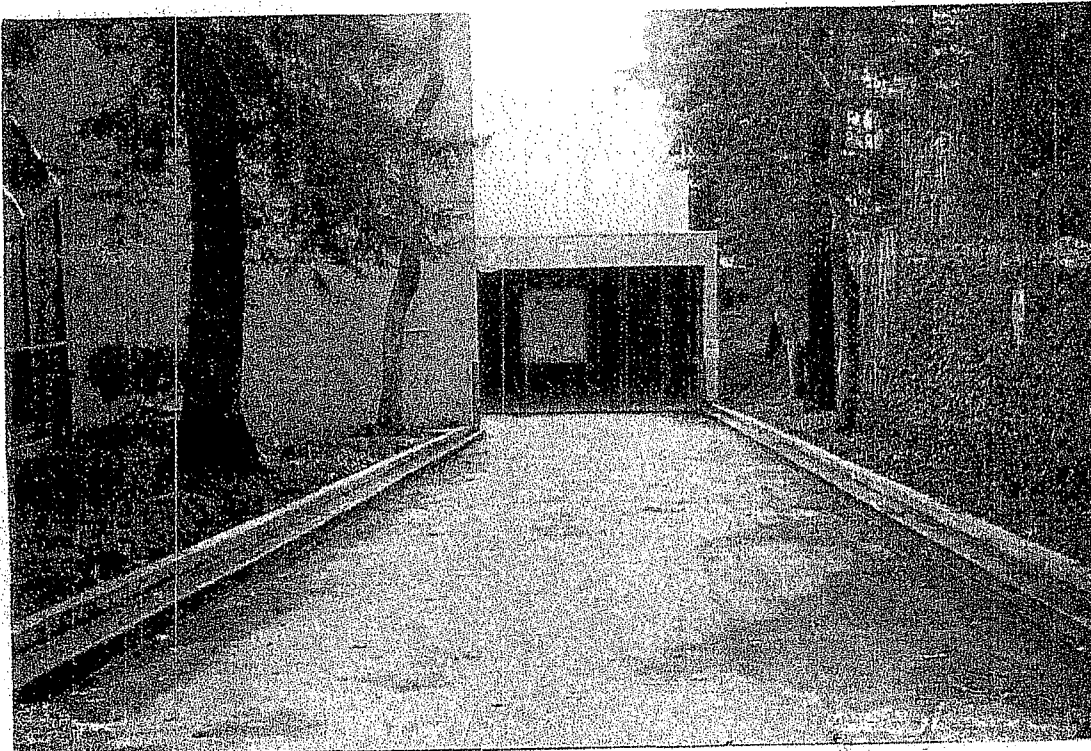


Photograph 4: View of a portion of the parking garage.





Photograph 5: View of the parking lot on the northwestern portion of the Property - photo facing south.



Photograph 6: View of the below grade loading dock adjacent to the west side of Macy's.

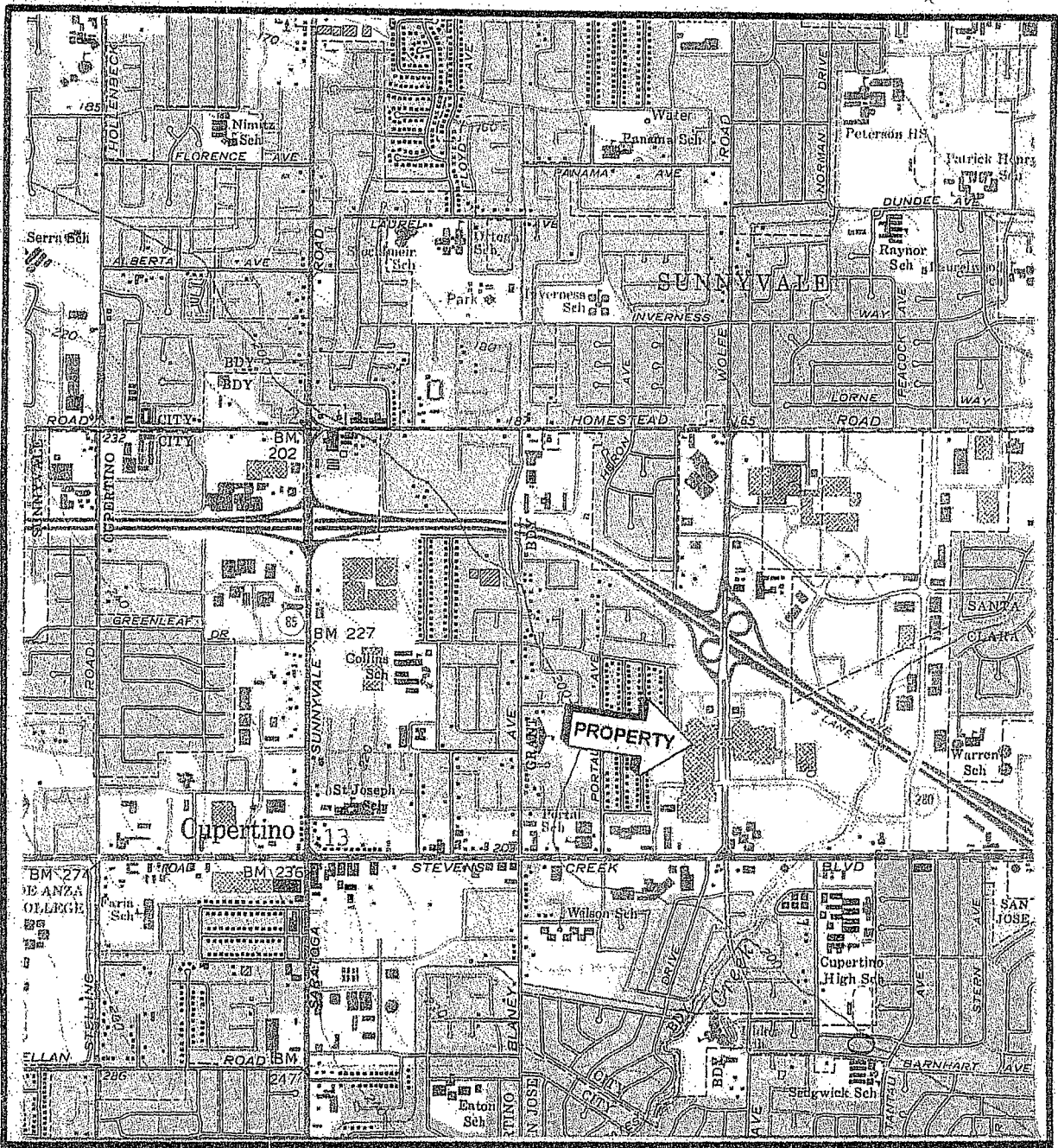
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FIGURES

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Vallco Fashion Park  
 10123 North Wolfe Road  
 Cupertino, California

Project CA989-1



United States Geological Survey  
 7.5 Minute Topographic Series  
 Cupertino (1961, photorevised 1980)  
 California, Quadrangles



1 inch equals 2000 feet

**FIGURE 1 - PROPERTY LOCATION MAP**

