

A PHASE I ENVIRONMENTAL SITE ASSESSMENT

55-Acre Partially-Forested Undeveloped
Campbell Group, LLC Tract Property
North ½ Section 6, Township 4 North, Range 10 West
Clatsop County, Oregon

October 4, 2013

Prepared for:
The City of Cannon Beach, Oregon

AAI Project No. 1338



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TABLE OF CONTENTS

1.0	SUMMARY	1
2.0	INTRODUCTION	3
2.1	Purpose	3
2.2	Detailed Scope of Services	3
2.3	Significant Assumptions	4
2.4	Limitations and Exceptions	4
2.5	Special Terms and Conditions	4
2.6	User Reliance	4
3.0	SITE DESCRIPTION	4
3.1	Location and Legal Description	4
3.2	Site and Vicinity General Characteristics	5
3.3	Current Use of the Property	5
3.4	Detailed Property Description	5
3.5	Current Use of the Adjoining Properties	5
4.0	USER PROVIDED INFORMATION	6
4.1	Title Records	6
4.2	Environmental Liens or Activity and Use Limitations	6
4.3	Specialized Knowledge	6
4.4	Valuation Reduction for Environmental Issues	6
4.5	Owner, Property Manager, and Occupant Information	6
4.6	Reason for Performing Phase I ESA	7
5.0	RECORDS REVIEW	7
5.1	Standard Environmental Records Sources	7
5.2	Additional Environmental Records Sources	11
5.3	Physical Setting Sources	12
5.4	Historical Use Information on the Property and Adjoining Properties	13
5.5	Previous Phase I Environmental Site Assessments	15
6.0	SITE RECONNAISSANCE	15
6.1	Methodology and Limiting Conditions	15
6.2	General Site Setting	16
6.3	Site Observations	16
6.3.1	Water Wells, Natural Springs	16
6.3.2	Underground Storage Tanks	16
6.3.3	Aboveground Storage Tanks	17
6.3.4	Stormwater Catch Basins/Drywells	17
6.3.5	Polychlorinated Biphenyls	17
6.3.6	Septic Systems	17
6.3.7	Hazardous Substances	17
6.3.8	Other Site Features	17
6.4	Adjoining Parcels Survey	18
7.0	INTERVIEWS	18
7.1	Property Owner/Manager Interview	18
8.0	FINDINGS, OPINIONS, AND CONCLUSIONS	19
9.0	ADDITIONAL SERVICES, DEVIATIONS, OR DATA GAPS	19
9.1	Additional Services:	19
9.2	Deviations:	19
9.3	Significant Data Gaps:	19
10.0	SIGNATURE OF ENVIRONMENTAL PROFESSIONAL	20
11.0	LIMITATIONS	21
12.0	GLOSSARY OF ABBREVIATIONS	22
13.0	DEFINITIONS OF TERMS	23
14.0	PROFESSIONAL QUALIFICATIONS	26

TABLE OF CONTENTS, continued

FIGURES / PHOTOGRAPHS

- 1 Site Location Map
- 2 Site and Surrounding Land Use Map
 - Site Photographs
 - Aerial Photographs

APPENDICES

- A Preliminary Title Report for the Property
- B Client Representative-Furnished Information Checklist
- C Oregon Department of Water Resources Water Well Log Report for Nearby Parcel
- D Research Resources
- E List of Interviewees

1.0 SUMMARY

Introduction

Assessment Associates, Inc. has performed a Phase I Environmental Site Assessment of the partially forested 55-acre Campbell Group, LLC Tract Property, consisting of a portion of Tax Lot 800, North ½ of Section 6, Township 4 North, Range 10 West, W.M., and located in the vicinity of US Highway 101, Clatsop County, Oregon, at the request of the City of Cannon Beach, Oregon. The Phase I Environmental Site Assessment consisted of a site inspection, an examination of the surrounding land uses, a historical and physical features evaluation of the Property, and an environmental regulatory review of the Property and of the surrounding land uses.

Site and Vicinity General Characteristics

The 55-acre Property was undeveloped and had been recently logged with the exception of densely forested areas along its northern, western and southern perimeter. A central logging road provided access to the Property, which was crossed by several east-west flowing drainages. The Property was surrounded to the north and west, beyond US Highway 101, by residences, to the east and south by a mixture of timbered and recently logged parcels, and to the southwest by a public works storage building and a municipal water storage reservoir.

Property and Surrounding Area History

According to historical information, the Property was heavily timbered prior to the mid-to-late 1950s when the majority of the Property was originally logged. Permanent structures have never been built on the Property, which remained essentially unchanged until the current owners logged the central/eastern portions of the Property in 2012 following acquisition of the managed timberland from the Weyerhaeuser NR Company in 2009.

The parcels bordering the Property to the west consisted of undeveloped forestland prior to the early-1940s construction of the current alignment of US Highway 101 and an increase in residential development in the Tolovana Park area starting in the 1950s. The adjoining parcels to the north were logged by the late-1930s and were first developed for residential in the mid-1970s. The surrounding parcels to the east and south were heavily timbered prior to being logged in the 1950s and 1960s, and have undergone further logging since the

1980s. The City of Cannon Beach constructed a municipal water storage reservoir and a public works storage building to the southwest of the Property in 1986 and the early-2000s, respectively. No significant changes have occurred to the Property or surrounding parcels since that time.

Underground and Aboveground Storage Tanks

Evidence of underground storage tanks or aboveground storage tanks, such as vent pipes, fill caps, or pump islands was not observed on the Property nor revealed via interviews. In addition, tank records provided by the Oregon Department of Environmental Quality did not reference any such tanks at the Property.

Water Rights / Natural Spring

A water right was granted to the former Property owners in the early-1900s. Reportedly, water from a natural spring on the northern portion of the Property was piped to a residence formerly located west of US Highway 101 at that time. AAI did not visually observe the water containment system, which was reported to consist of an iron pipe and an earthen diversion point/dam. This water source is reportedly not in active use at this time, and should be properly decommissioned if it is not to be used in the future.

Environmental Permits, Notices, or Liens

Research and interviews did not identify environmental permits or notices, significantly lower-than-comparable property purchase or lease price, or environmental liens associated the Property.

Regulatory Review

A review of state and Federal environmental records did not disclose any sites on the Property or within the standard specified search distances of the Property that have undergone agency review for environmental issues.

Findings, Conclusions, and Recommendations

This Phase I Environmental Site Assessment has not revealed evidence of Recognized Environmental Conditions (RECs) in connection with the Property. It is our opinion that further investigation in the form of a Phase II Environmental Site Assessment does not appear to be warranted at this time.

2.0 INTRODUCTION

2.1 Purpose

Assessment Associates, Inc. (AAI) was contracted by the City of Cannon Beach, Oregon to conduct this Phase I ESA for the purpose of identifying Recognized Environmental Conditions (RECs) at the Property prior to a property transaction. RECs are defined as *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, groundwater, or surface water of the Property*. Although the term includes hazardous substances and petroleum products even under conditions in compliance with laws, the term is not intended to include *de minimis* conditions, that is, conditions that generally do not present a threat to human health and the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies.

2.2 Detailed Scope of Services

The task items included in this assessment include a site inspection of the Property, a review of client-furnished and agency-furnished historical records, interviews of the client and knowledgeable persons, a review of the geology and geography of the area, a review of agency environmental files, and a review of other historical sources including maps, aerial photographs, and city directories. The scope of work followed the American Society for Testing and Materials (ASTM) *Standard Practices for Environmental Site Assessments: Phase I Environmental Site Assessment Process*, (E 1527-05), *ASTM Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process for Forestland or Rural Property* (E 2247-08), and the standard of “all appropriate inquiry” under the Oregon Revised Statutes (ORS) § 465.255(6), and 40 CFR Part 312 *Standard Practices for All Appropriate Inquiries*. Non-scope ASTM considerations, such as the identification, sampling, and analysis of asbestos, radon, lead paint, lead in drinking water, and/or wetlands are not included in this scope of work. Any additional deviations to or from ASTM E 1527-05 and E 2247-08 are described in *Section 9 Additional Services or Deviations*.

2.3 Significant Assumptions

It is assumed that all interviews and agency records obtained for this report were provided in good faith, and that conditions observed at the Property had not been altered in anticipation of the Property inspection.

2.4 Limitations and Exceptions

This assessment represents a “snapshot in time” and was limited by the constraints of time, budget, and practicality. It does not include any environmental sampling or characterization of any contamination that may exist at the Property. A *Statement of Limitations* is provided in *Section 11*.

2.5 Special Terms and Conditions

There are no additional Terms and Conditions beyond those specified in the AAI Services Agreement.

2.6 User Reliance

This assessment was conducted for the use of the City of Cannon Beach, Oregon. Reliance by others is prohibited without the permission of Assessment Associates, Inc. and the City of Cannon Beach, Oregon.

3.0 SITE DESCRIPTION

3.1 Location and Legal Description

Address: A site address has not been assigned to this parcel

Abbreviated Legal Description: An approximately 55-acre portion of the larger 411.21-acre Tax Lot 800, North ½ of Section 6, Township 4 North, Range 10 West, Willamette Meridian. According to the client, the Clatsop County Tax Assessor’s Office will be creating a unique tax lot for the Property once the 2013 survey and deed documents are formally recorded.

Total Acreage: Approximately 55 acres (2,395,800 square feet)

3.2 Site and Vicinity General Characteristics

The 55-acre Property was undeveloped and had been recently logged with the exception of forested areas along its northern, western and southern perimeter. The Property was surrounded to the north and west beyond US Highway 101 by residential developments within the incorporated City of Cannon Beach, to the east and south by a mixture of timbered and recently logged parcels along the Tolovana Mainline Road, and to the southwest by a city public works building and a water storage reservoir.

3.3 Current Use of the Property

The Property is undeveloped and being used as industrial timberland.

3.4 Detailed Property Description

The roughly rectangular-shaped 55-acre Property was undeveloped, and the central-eastern portions had been clear-cut logged in 2012 with the exception of the forested areas along its northern, western and southern perimeter. A gated gravel logging road that entered the Property from the southwestern boundary provided access to the south-central portions of the Property. The Property sloped moderately downward to the west-northwest and was crossed by several east-west flowing drainages.

3.5 Current Use of the Adjoining Properties

The Property was bounded to the east and south by a tract of industrial timberland, portions of which had been recently logged. A gated gravel highway access driveway/turnaround and the Tolovana Mainline Road (a logging road), along with a City of Cannon Beach public works storage building and a municipal water storage reservoir bordered the Property to the southwest. Residences bordered the Property to north, and to the west, beyond US Highway 101.

4.0 USER PROVIDED INFORMATION

4.1 Title Records

According to Clatsop County tax records, along with the document entitled *Preliminary Report, Order No. 360413013245-TTAST04*, prepared by the Ticor Title Company and dated August 16, 2013, the title to the Property is vested in Lewis & Clark Oregon Timber, LLC, who acquired title of the Property from the Weyerhaeuser NR Company in 2009 as Lewis & Clark Oregon Buyer, LLC, a Delaware limited liability company (Appendix A).

4.2 Environmental Liens or Activity and Use Limitations

Mr. Mark Barnes, city planner for the City of Cannon Beach, Oregon, the Client, completed a Phase I Environmental Site Assessment Client-Furnished Information Checklist (Appendix B) for the Property, and indicated that he was unaware of the existence of Environmental Liens or Activity and Use Limitations associated with the Property. In addition, the above-referenced Clatsop County Tax Assessment records and Preliminary Title Report did not reference any such encumbrances.

4.3 Specialized Knowledge

Mr. Barnes indicated that he did not possess any *specialized knowledge* regarding the environmental conditions at the Property.

4.4 Valuation Reduction for Environmental Issues

Mr. Barnes also indicated that he was not aware of any value reduction of the Property for environmental considerations.

4.5 Owner, Property Manager, and Occupant Information

The Property is owned by the entities indicated in *Section 4.1 Title Records*, above. It is currently unoccupied and is being managed as a tract of industrial timberland.

4.6 Reason for Performing Phase I ESA

The City of Cannon Beach is in the process of acquiring the Property to construct and/or relocate its essential services (e.g. schools, emergency shelter, public works building, police department and emergency services) to the Property, which is located at an elevation above the mapped tsunami hazard zone. Assessment Associates, Inc. (AAI) was contracted by the City of Cannon Beach, Oregon to conduct this Phase I ESA to satisfy their environmental due diligence requirements pursuant to this property transaction.

5.0 RECORDS REVIEW

5.1 Standard Environmental Records Sources

As a part of this Phase I ESA, federal, state, and county, and/or city governmental agencies were contacted regarding any relevant Property environmental records. When available and as necessary, files on surrounding properties were also reviewed and knowledgeable agency personnel were interviewed. In addition, per ASTM E 1527-05, a prescribed list of federal and state databases were reviewed at prescribed distances from the Property. ASTM E1527-05 allows a reduction in distance for technical reasons of all but two of the databases. As allowed by the ASTM standard, the minimum search distance for the ODEQ ECSI database and AUL lists was reduced from 1.0 miles to 0.5 miles and the LUST database minimum search distance was reduced from 0.5 miles to 0.25 miles due to technical and practical considerations. The databases were sorted by zip code, and the 97102, 97110, and 97145 zip codes were reviewed for all of the search distances. Due to inherent inaccuracies in the zip code information for these lists, it is possible that one or more sites within the 1.0-mile radius of the Property were missed during the records search.

EPA NPL Site List

Search Distance: 1.0-Mile

Date: September 30, 2013

The EPA National Priority List (NPL) is a list of the worst hazardous waste sites that have been identified by *Superfund*, the federal government's program to clean up uncontrolled hazardous waste sites. The Property and sites within a 1.0-mile radius of the Property did not appear on the EPA NPL list.

EPA Delisted NPL Site List

Search Distance: 0.5-Mile

Date: September 30, 2013

The EPA De-listed NPL is a list of sites where no further response is required due to the fact that the EPA, in conjunction with the state, has either determined that responsible or other parties have implemented all appropriate response action required; or the EPA, in consultation with the state, has determined that all appropriate Superfund-financed responses under CERCLA have been implemented and that no further response by responsible parties is appropriate; or a Remedial Investigation/Feasibility Study (RI/FS) has shown that the release poses no significant threat to public health or the environment and, therefore, remedial measures are not appropriate. The Property or sites located within a 0.5-mile radius of the Property did not appear on the De-listed NPL list.

EPA CERCLIS List

Search Distance: 0.5-Mile

Date: September 30, 2013

The Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) list is the national database and management system EPA uses to track activities at hazardous waste sites considered for cleanup under the Superfund. CERCLIS contains the official inventory of Superfund sites and supports EPA's site planning and tracking functions. The Property or sites within a 0.5-mile radius of the Property did not appear on the CERCLIS list.

EPA CERCLIS NFRAP List

Search Distance: 0.5-Mile

Date: September 30, 2013

Sites on the CERCLIS NFRAP List have been *archived*, or removed from the CERCLIS inventory. Archived status indicates that to the best of the EPA's knowledge, Superfund has completed its assessment of the site and has determined that no further steps will be taken to list that site on the National Priorities List (NPL). Archive candidates include sites where no contamination was found, or any contamination was removed quickly without requiring placement on the NPL; and sites where the contamination was not serious enough to warrant federal Superfund attention. The archive decision does not necessarily mean that there is no hazard associated with a given site; it only

means that based upon available information, the location is not judged to be a potential NPL site. The Property or sites located within a 0.5-mile radius of the Property did not appear on the CERCLIS NFRAP list.

EPA RCRA TSD Facilities List

Search Distance: 0.5-Mile

Date: September 30, 2013

RCRA TSD (Resource Conservation and Recovery Act Treatment, Storage and Disposal) facilities are those permitted to treat, store and dispose of hazardous wastes. The Property or sites within a 0.5-mile radius of the Property did not appear on the RCRA TSD list.

EPA RCRA Handlers List

Search Distance: Property and adjoining properties

Date: Month Day, 2013

The EPA RCRA Handlers list identifies facilities which have given notification as Large Quantity Generators (LQG), Small Quantity Generators (SQG), or Conditionally Exempt Generators (CEGs) of hazardous waste. The Property or adjoining sites did not appear on the RCRA Generators list reviewed for this report.

EPA CORRACTS List

Search Distance: 1.0-Mile

Date: September 30, 2013

The Corrective Action Report (CORRACTS) list identifies sites at which contamination has been discovered and where some level of corrective clean-up activity has been undertaken. The Property or sites within a 1.0-mile radius of the Property did not appear on the CORRACTS list.

EPA ERNS List

Search Distance: Property only

Date: September 30, 2013

The Property did not appear on the EPA Emergency Response Notification System (ERNS) list.

ODEQ ECSI List

Search Distance: 0.5-Mile

Date: September 30, 2013

The ODEQ Environmental Cleanup Site Information (ECSI) database lists hazardous substance sites undergoing ODEQ investigations. Neither the Property nor any sites within a 0.5-mile radius of the Property appeared on the ODEQ ECSI list reviewed for the Property.

ODEQ SWDS and SWDF List

Search Distance: 0.5-Mile

Dates: October 2, 2006 (SWDF) and June 28, 2006 (SWDS)

The Property or sites within a 0.5-mile radius of the Property did not appear on the ODEQ Solid Waste Disposal Facilities (SWDF) list or Closed Solid Waste Disposal Sites (SWDS) list.

ODEQ LUST Database List

Search Distance: 0.25-Mile

Date: September 30, 2013

The ODEQ LUST Database List is a compilation of all regulated (commercial underground gas and diesel tanks) and unregulated underground tanks (heating oil tanks) that have been reported as leaking to the ODEQ. The sites remain on the list even after they are remediated.

The Property or sites located within a 0.25-mile radius of the Property did not appear on the ODEQ Leaking Underground Storage Tank (LUST) Database list.

ODEQ UST Database List

Search Distance: Property and adjoining sites

Date: September 30, 2013

The ODEQ UST Database List is a compilation of all regulated (commercial underground petroleum tanks) that are registered with the ODEQ.

The Property or adjoining sites did not appear on the ODEQ UST Database List.

5.2 Additional Environmental Records Sources

To enhance and supplement the standard environmental record sources the following local and additional federal, state, and tribal records were also reviewed at prescribed search distances:

Oregon Building Codes Division Drug Lab Cleanup Program List

Search Distance: Property Only

Date: September 30, 2013

The Building Codes Division of the Oregon Department of Consumer & Business Services maintains a list of properties declared by law enforcement agencies to be unfit for use due to methamphetamine manufacturing and/or storage activities. The properties are considered unfit for habitation until they are certified clean in accordance with the Oregon Department of Human Services' Clandestine Drug Lab Cleanup Program, at which time they are removed from the list. The Property did not appear on the Drug Lab Cleanup Program list of uninhabitable properties reviewed for this report.

Oregon Emergency Response Information System (ERIS) Spills List

Search Distance: Property and Adjoining

Date: December 26, 1994 through April 1, 2013

The Oregon ERIS list identifies reported releases of petroleum and/or hazardous materials to land or water. The ERIS list did not indicate that releases to the soil of hazardous substances had occurred at the Property or adjoining sites.

Oregon Activity and Use Limitations (AUL) list

Search Distance: 0.5-Mile

Date: September 30, 2013

The Oregon AUL list is a subset of the ECSI list, and identifies sites for which engineering or institutional controls have been imposed. The Property or sites located within a 0.5-mile radius of the Property did not appear on the ODEQ AUL list reviewed for this report.

Oregon State Fire Marshal's Office HSIS Incident list

Search Distance: Property and Adjoining

Date: September 30, 2013

The Oregon State Fire Marshal's Office Hazardous Substance Information System (HSIS) Incident List identifies hazardous substance emergency response incidents in Oregon dating back to 1986. The Property or adjoining sites did not appear on the HSIS list.

Federal Brownfields Program Sites List

Search Distance: Property Only

Date: September 30, 2013

A brownfield site is 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. The EPA's Brownfields Program provides grants and technical assistance to help states, communities, and other stakeholders assess, clean up, and reuse brownfields. The Property did not appear on the Federal Brownfields Program Sites List.

5.3 Physical Setting Sources

Geographic Setting

The Property is located on the USGS 7.5-Minute Quadrangle, Arch Cape, Oregon, 1985. The Property topography sloped moderately downward toward the west-northwest with an elevation range of approximately 62 feet (northwest boundary) to 320 feet above mean sea level (msl) on the southeastern boundary.

Hydrogeologic Setting

The Property was not indicated to be served by a water well. According to the client, Property owner, and the preliminary title report for the Property, a water right was granted to the former Property owners in the early-1900s, allowing them to convey spring water from the northern portion of the Property to a residence formerly located west of US Highway 101. AAI did not visually observe any piping or other structures on the Property during the site inspection, although Mr. Barnes indicated that previous inspections had identified an iron pipe that routed water to an earthen diversion point on the northwestern portion of the Property.

A search of the Oregon Water Resources Department (OWRD) online water well log database identified a well log report for a water well serving a residence in the Silver Point/Tolovana Park neighborhood, approximately 400 feet to the west of the Property (Appendix C). According to the 2001 well log report, the

total depth of the well was 80 feet below ground surface (bgs). First groundwater was indicated in this well to be at 24 feet bgs, however the depth to the static water level at the time of installation was recorded as 53 feet bgs. Clay with gravel was apparently encountered from 10 to 21 feet bgs with water-bearing gravels at 56 to 80 feet bgs. AAI did not conduct a hydrogeological evaluation as part of this assessment. The depth to groundwater at the Property may vary.

Geologic Setting

According to the Oregon Department of Geology and Mineral Industries (DOGAMI) *Geologic Map of Oregon* (1991) and the City of Cannon Beach GIS website, the soils on the Property are underlain by middle- and lower-Miocene-aged marine sedimentary rocks of the Astoria Formation consisting of fine- to medium-grained marine siltstone and sandstone with inter-bedded volcanic tuffs. In addition, late-Pleistocene-aged alluvial fan deposits are present along the western edge of the drainages that cross the western boundary of the Property.

5.4 Historical Use Information on the Property and Adjoining Properties

ASTM E 1527-05 and E 2247-08 requires the review of a prescribed set of historical information sources, if *practically reviewable*, to determine the history of the Property and surrounding area. These include historical aerial photographs, fire insurance maps, property tax files, recorded land title records, topographic maps, city directories, building department records, and other historical sources at the discretion of the environmental professional preparing the report. The following resources were reviewed in an effort to establish the history of the Property and surrounding land use:

Tax Assessment Records:

Agency Contacted: Clatsop County Department of Assessment and Taxation.

Building Plans and Permits:

Agency Contacted: Clatsop County Community Development (no permits found, based upon lack of a physical address).

Reverse City Directories:

Based upon professional knowledge and the lack of a situs address, historical reverse city directories are not available for the Property.

Sanborn Fire Insurance Maps:

Based on professional knowledge, Sanborn Fire Insurance Maps (SFIMs) for Cannon Beach, Oregon, have not been published.

Historical Topographic Maps:

Historical topographic maps for the years 1940, 1955, 1963, and 1985 were obtained from the USGS website.

Search of Newspaper Articles Regarding Environmental Incidents at the Property:

A search was performed of the Oregonian Newspaper online archives at <http://infoweb.newsbank.com>, The Daily Astorian Newspaper, and the Cannon Beach Gazette Newspaper for articles pertaining to the environmental conditions at the Property. No such articles were found.

Aerial Photographs:

Aerial photographs for the years 1939, 1958, 1962, 1966, 1967, 1976, and 1987 were obtained from the City of Cannon Beach GIS website (<http://ci.cannon-beach.or.us/GIS> 2013). In addition, aerial photographs for the years 1994, 2000, 2004, and 2012 were obtained from GoogleEarth, an online aerial photography provider. The aerial photographs are included in the Aerial Photographs section of this report.

A complete listing of all references, including sources and dates of review, is included in Appendix D of this report. Based upon the interviews and the resources that were reviewed, the history of the Property was as follows:

Property and Surrounding Area History

According to historical information and aerial photographs, the Property was undeveloped and heavily timbered from at least 1939 through the mid-to-late 1950s when the majority of the Property was first logged. Permanent structures have never been built on the Property, which remained essentially unchanged until the current owners logged the central/eastern portions of the Property in 2012 following acquisition of the Property from the Weyerhaeuser NR Company in 2009.

The parcels bordering the Property to the west were undeveloped forestland until the present-day US Highway 101 was constructed by the early-1940s. Increased residential development followed in the 1950s along S Hemlock Street in the Tolovana Park area to the west. The adjoining parcels to the north

were logged by the late-1930s and were gradually developed with residences between the mid-1970s and the mid-1990s. The surrounding parcels to the east and south were heavily timbered prior to being logged in the 1950s and 1960s, and have undergone further logging since the 1980s. A municipal water storage reservoir for the City of Cannon Beach was built just beyond the southwestern corner of the Property in 1986 and a public works storage building was constructed on the City of Cannon Beach parcel that borders the Property to the southwest by the early-2000s. No significant changes appeared to have occurred to the Property or surrounding parcels since that time.

5.5 Previous Phase I Environmental Site Assessments

Previous ESAs were not available from the Client or Property owner.

6.0 SITE RECONNAISSANCE

6.1 Methodology and Limiting Conditions

An inspection of the Property was conducted on March 26, 2013 by Mr. Brian J. Haug, AAI project manager, and Mr. Michael O'Connor, Principal Geologist of AAI. The Property was inspected for visual evidence of contamination, for improper waste disposal, and for the potential presence of polychlorinated biphenyls (PCBs), and underground storage tanks (USTs). Access to the Property was granted by Mr. Mark Barnes, planner for the City of Cannon Beach, who contacted the Property owners for permission to enter the Property.

Due to the dense forest cover and rugged terrain on portions of the Property, AAI limited its reconnaissance to logging roads, recently logged areas, and forested areas relatively free of underbrush. AAI traversed the Property on foot from the turnout off of US Highway 101, proceeding in a general southwest-to-northeast direction, then in a general north-to-south direction to finish the inspection. For inaccessible areas, AAI sought out higher-elevation lookout points that provided visual access of to those areas. AAI employed the use of a global positioning system (GPS) device to record the route of the inspection, along with the location of any features of interest. The GPS path of travel is shown in blue on Figure 2. AAI did not encounter any limiting conditions to the inspection, with the exception of the fact that some areas of the Property were obscured by dense, impenetrable vegetation.

6.2 General Site Setting

The 55-acre Property was undeveloped and had been recently logged with the exception of forested areas along its northern, western and southern perimeter. The only man-made features noted on the Property were several maintained and abandoned logging roads that provided a southwestern access point to the Property from US Highway 101. The Property sloped moderately downward to the northwest and was crossed by several east-west flowing drainages. The Property was surrounded to the north and west, beyond US Highway 101, by residential developments located within the Cannon Beach city limits, to the east and south by a mixture of timbered and recently logged parcels along the Tolovana Mainline Road, and to the southwest by a city public works building and a water storage reservoir.

6.3 Site Observations

6.3.1 *Water Wells, Natural Springs*

Water wells were not observed on the Property nor indicated via Oregon Water Resources Department (OWRD) records to be located on the Property. According to the client, Property owner, and the preliminary title report for the Property, a water right was granted to the former Property owners in the early-1900s. Reportedly, water from a natural spring on the northern portion of the Property was piped to a residence formerly located west of US Highway 101 at that time. AAI did not visually observe the water containment system, which was reported to consist of an iron pipe and an earthen diversion point/dam. This water source is reportedly not in active use at this time, and should be properly decommissioned if it is not to be used in the future.

6.3.2 *Underground Storage Tanks*

Evidence of underground storage tanks (USTs), such as vent pipes, fill caps, or pump islands was not observed on the Property nor revealed via interviews or other research. The Cannon Beach Fire Department does not maintain UST records for undeveloped or private timberland properties. Furthermore, the ODEQ did not have records of USTs at the Property. Finally, Mr. Mark Morgans of the Campbell Group LLC (Property owner) indicated that he was unaware of the presence of USTs at the Property.

6.3.3 Aboveground Storage Tanks

Aboveground storage tanks (ASTs) were not observed on the Property or indicated by interviewees to have ever been located on the Property.

6.3.4 Stormwater Catch Basins/Drywells

Stormwater catch basins or drywells were not observed on the Property.

6.3.5 Polychlorinated Biphenyls

Polychlorinated Biphenyls (PCBs) are a class of EPA-regulated suspect carcinogenic insulating oils that were banned from most applications in 1980. They may appear in electrical equipment manufactured prior to 1980, such as pole and pad-mounted fluid-filled electrical transformers, fluorescent light ballasts, and older submersible water well pumps and hydraulic equipment.

Pole- or pad-mounted fluid-filled transformers, hydraulic equipment, fluorescent lights, or any other potentially PCB-containing equipment were not observed on or adjacent to the Property.

6.3.6 Septic Systems

Septic systems were not observed or otherwise indicated to be located on the Property.

6.3.7 Hazardous Substances

No potentially hazardous substance containers were observed on the Property.

6.3.8 Other Site Features

The Property was noted to be devoid of any significant trash, debris, or discarded items. Pits, ponds, sumps, lagoons, surface impoundments, groundwater monitoring wells, unusual odors, or stressed vegetation were not observed on the Property. The general condition appeared to be excellent.

6.4 Adjoining Parcels Survey

A visual survey was made of the adjoining parcels from the Property perimeter and surrounding streets. Visual indications of conditions that could represent a REC for the Property, such as leaking waste containers, ASTs, or poorly managed industrial sites, were not observed on the immediately adjacent parcels.

7.0 INTERVIEWS

7.1 Property Owner/Manager Interview

Mr. Mark Morgans, area timberland manager for Lewis & Clark Oregon Timber, LLC (aka Campbell Group, LLC; Property owner), was interviewed regarding the current and historic environmental conditions at the Property, at the suggestion of Mr. Barnes of the City of Cannon Beach (the Client). Mr. Morgans indicated that the Property has always been forestland and that the majority of the Property was originally logged approximately 60 years ago. The Campbell Group (current owners) logged the second-growth timber on the Property in 2012. He mentioned that there had never been structures on the Property to his knowledge and that there was at least one water right associated with a spring on the northern portion of the parcel that was established in approximately the 1930s. The spring apparently had an iron pipe that was routed to a diversion point/dam, which was historically used to supply water via a pipe to a residence located on the western side US Highway 101.

Mr. Morgans was unaware of the presence of underground or aboveground tanks, groundwater monitoring wells, pits, sumps, spills, releases, dump sites, discharges of petroleum or hazardous substances to the ground surface, environmental permits or notices, significantly lower-than-comparable property purchase or lease price, or environmental liens on the Property. Furthermore, he was not aware of any pending, threatened or past litigation or administrative proceedings relevant to hazardous substances or petroleum products in, on, or from the Property, nor was he aware of any notices from any government entity regarding possible violation of environmental laws or possible liability relating to hazardous substances or petroleum products.

8.0 FINDINGS, OPINIONS, AND CONCLUSIONS

AAI has performed a Phase I Environmental Site Assessment of the partially forested 55-acre Campbell Group, LLC Tract Property, consisting of a portion of Tax Lot 800, North ½ of Section 6, Township 4 North, Range 10 West, W.M., and located in the vicinity of US Highway 101, Clatsop County, Oregon. The ESA was conducted in conformance with the scope and limitations of the American Society for Testing and Materials (ASTM) Standard Practices for Environmental Site Assessments: Phase I Environmental Site Assessment Process, E 1527-05, ASTM E 2247-08, and the standard of “all appropriate inquiry” under 40 CFR Part 312 Standard Practices for All Appropriate Inquiries. Any exceptions to, or deletions from, this practice are described in Section 9 of this report.

This Phase I Environmental Site Assessment has not revealed evidence of Recognized Environmental Conditions (RECs) in connection with the Property. It is our opinion that further investigation in the form of a Phase II Environmental Site Assessment does not appear to be warranted at this time.

9.0 ADDITIONAL SERVICES, DEVIATIONS, OR DATA GAPS

9.1 Additional Services:

- No additional services were conducted during this assessment.

9.2 Deviations:

This Phase I Environmental Site Assessment deviates from ASTM E 1527-05 and E 2247-08 as follows:

- No deviations.

9.3 Significant Data Gaps:

- No significant data gaps were encountered during this assessment.

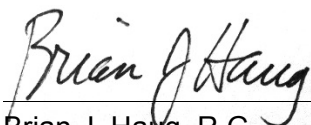
10.0 SIGNATURE OF ENVIRONMENTAL PROFESSIONAL

The undersigned declares that, to the best of his professional knowledge and belief, he meets the definition of *Environmental professional* as defined in § 312.10 of 40 CFR Part 312, and that he has the specific qualifications based on education, training, and experience to assess a *property* of the nature, history, and setting of the subject *property*. He has developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

Any comments or questions regarding this report are welcome. Thank you for the opportunity to be of service.

Assessment Associates, Inc.

Prepared by:



Brian J. Haug, R.G.
Project Geologist



Date: October 4, 2013

Reviewed by:



Michael T. O'Connor, R.G., R.E.A.
President



Date: October 4, 2013

11.0 LIMITATIONS

The purpose of this environmental assessment is to evaluate the possibility that conditions observed at the Property may constitute one or more *recognized environmental conditions* (RECs), as defined by the American Society for Testing and Materials (ASTM) guideline (E 1527-05). One of the purposes of this practice is to strike a balance between the competing goals of limiting the costs and time demands inherent in performing an environmental site assessment and the reduction of uncertainty regarding unknown conditions resulting from additional information. This report represents AAI's evaluation of the possibility of RECs at the Property based on the scope of work agreed to by the client and within the client's schedule and budget.

It is impossible to ensure that no hazardous substances are present on a particular property. Even if RECs have not been identified in this report, it is possible that hidden contamination or other RECs are present. If physical samples have been obtained in connection with this assessment, those samples may not represent the conditions at unsampled locations. It is beyond the scope of this assessment to assess the risks associated with regional contamination problems, such as the possibility of area-wide groundwater contamination from unknown, off-site sources.

All findings, opinions, and conclusions presented in this report are based on the conditions as observed at the time of the assessment and in accordance the laws, standards, and technology in effect and in common use at that time. Future events or laws beyond AAI's control may impact the conditions or alter the regulatory status of the Property.

Unless specified otherwise in this report, AAI has not conducted environmental sampling or the removal or destruction of any Property features or structures on the Property in order to identify any hazardous substances incorporated into structures, machinery, or other Property improvements. AAI has not investigated conditions in any area of the Property not readily accessible or intended for continuous human habitation. Unless specified otherwise, AAI also has not investigated the possible presence of hazardous substances that may occur naturally in soils or other media on the Property. AAI has assumed that the information provided by the client and other individuals and records were provided in good faith and that the conditions at the Property were not altered in anticipation of the site inspection and assessment activities.

Unless otherwise specified in writing, this report has been prepared solely for the use by the Client with regard to the described Property, and subject to the limitations and conditions in AAI's services agreement with its client. Any other use by the client or others is at user's risk, and AAI shall have neither responsibility nor liability regarding such use.

(06/06)

12.0 GLOSSARY OF ABBREVIATIONS

AAI	Assessment Associates, Inc.
AST	Aboveground Storage Tank
ASTM	American Society for Testing and Materials
bgs	below ground surface
CCDs	Cole City Directories
CDL	Clandestine Drug Laboratory
CEG	Conditionally Exempt Generator
CERCLIS	Comprehensive Environmental Response Compensation and Liability Information System
CFR	Code of Federal Regulations
CORRACTS	RCRA Corrective Action Report
CSCS	Confirmed and Suspected Contamination Sites
DOD	Department of Defense
EPA	U.S. Environmental Protection Agency
ERNS	EPA Emergency Response Notification System
FUDS	Federal Formerly Used Defense Sites
HSIS	Hazardous Substance Information Survey
LQG	Large Quantity Generator
LUST	Leaking Underground Storage Tank
MSL	Mean Sea Level
NFA	No Further Action
NFRAP	No Further Remedial Action Planned
NPL	National Priority List
ODI	Federal Open Dump Inventory
ODEQ	Oregon Department of Environmental Quality
PCB	Polychlorinated Biphenyls
ppm	parts per million
RCRA	Resource Conservation and Recovery Act
REC	Recognized Environmental Condition
SFIM	Sanborn Fire Insurance Map
SQG	Small Quantity Generator of Hazardous Waste
SWDF	Solid Waste Disposal Facility
SWDS	Solid Waste Disposal Site
TSD	Treatment, Storage and Disposal
UMTRA	Federal Uranium Mill Tailings Sites
USGS	U.S. Geological Survey
UST	Underground Storage Tank
VOCs	Volatile Organic Compounds
W.M.	Willamette Meridian

13.0 DEFINITIONS OF TERMS

adjoining properties — any real property or properties the border of which is contiguous or partially contiguous with that of the Property, or that would be contiguous or partially contiguous with that of the Property but for a street, road, or other public thoroughfare separating them.

appropriate inquiry — that inquiry constituting “all appropriate inquiry into the previous ownership and uses of the property consistent with good commercial or customary practice” as defined in CERCLA, 42 USC § 9601 (35)(B), that will give a party to a commercial real estate transaction the innocent landowner defense to CERCLA liability (42 USC § 9601 (A) and (B) and § 9607 (b)(3)), assuming compliance with other elements of the defense.

de minimis condition — a condition that generally does 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.

drywell — an underground area where soil has been removed and replaced with pea gravel, coarse sand, or large rocks. Dry wells are used for drainage, to control storm runoff, for the collection of spilled liquids (intentional and non-intentional) and wastewater disposal (often illegal).

environmental audit — the investigative process to determine if the operations of an existing facility are in compliance with applicable environmental laws and regulations. This term should not be used to describe an ASTM Phase I Environmental Site Assessment (ESA) (Practice E 1527) or an ASTM Transaction Screen Assessment (TSA) (Practice E 1528), although an environmental audit may include an environmental site assessment or, if prior audits are available, may be part of an environmental site assessment.

environmental site assessment (ESA) — the process by which a person or entity seeks to determine if a particular parcel of real property (including improvements) is subject to recognized environmental conditions. At the option of the user an environmental site assessment may include more inquiry than that constituting appropriate inquiry or, if the user is not concerned about qualifying for the innocent landowner defense, less inquiry than that constituting appropriate inquiry. An environmental site assessment is both different from and less rigorous than an environmental audit.

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, including (but not limited to) liens imposed pursuant to CERCLA, 42 USC § 9607 (1) and similar state or local laws.

fill dirt — dirt, soil, sand, or other earth, that is obtained off-site, that is used to fill holes or depressions, create mounds, or otherwise artificially change the grade or

elevation of real property. It does not include material that is used in limited quantities for normal landscaping activities.

hazardous substance — a substance defined as a hazardous substance pursuant to CERCLA 42 USC § 9601 (14), as interpreted by EPA regulations and the courts: “(A) any substance designated pursuant to section 1321 (b)(2)(A) of Title 33, (B) any element, compound, mixture, solution, or substance designated pursuant to section 9602 of this title, (C) any hazardous waste having the characteristics identified under or listed pursuant to section 3001 of the Solid Waste Disposal Act (42 USC § 6921) (but not including any waste the regulation of which under the Solid Waste Disposal Act (42 USC § 6901 et seq.) has been suspended by Act of Congress), (D) any toxic pollutant listed under section 1317 (a) of Title 33, (E) any hazardous air pollutant listed under section 112 of the Clean Air Act (42 USC § 7412), and (F) any imminently hazardous chemical substance or mixture with respect to which the Administrator (of EPA) has taken action pursuant to section 2606 of Title 15.”

Note: the term hazardous substance, as it is used in this report, is used to describe both hazardous substances and petroleum products.

hazardous waste — any hazardous waste having the characteristics identified under or listed pursuant to section 3001 of the Solid Waste Disposal Act (42 USC § 6921) (but not including any waste the regulation of which under the Solid Waste Disposal Act (42 USC § 6901 et seq.) has been suspended by Act of Congress). The Solid Waste Disposal Act of 1980 amended RCRA. RCRA defines a hazardous waste in 42 USC § 6903, as: “a solid waste, or combination of solid wastes, which because of its quantity, concentration, or physical, chemical, or infectious characteristics may — (A) cause, or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness; or (B) pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, or disposed of, or otherwise managed.”

historical recognized environmental condition (HREC) — a condition which in the past would have been considered a recognized environmental condition, but which may or may not be considered a recognized environmental condition currently.

innocent landowner defense — that defense to CERCLA liability provided in 42 USC § 9601 (35) and § 9607 (b)(3). One of the requirements to qualify for this defense is that the party make “all appropriate inquiry into the previous ownership and uses of the property consistent with good commercial or customary practice.” There are additional requirements to qualify for this defense.

major occupants — those tenants, subtenants, or other persons or entities each of which uses at least 40% of the leasable area of the property or any anchor tenant when the property is a shopping center.

material threat — a physically observable or obvious threat which is reasonably likely to lead to a release that, in the opinion of the environmental professional, is threatening and might result in impact to public health or the environment.

pits, ponds, or lagoons — man-made or natural depressions in a ground surface that are likely to hold liquids or sludge containing hazardous substances or petroleum products.

practicably reviewable — information that is practicably reviewable means that the information is provided by the source in a manner and in a form that, upon examination, yields information relevant to the property without the need for extraordinary analysis of irrelevant data. The form of the information shall be such that the user can review the records for a limited geographic area. Records that cannot be feasibly retrieved by reference to the location of the property or a geographic area (such as county, city, or zip code) in which the property is located are not generally practicably reviewable. Records which are organized solely by chronological order, which do not have adequate address information, or which contain an unmanageable quantity of data are not practicably reviewable.

publicly available — information that is publicly available means that the source of the information allows access to the information by anyone upon request.

reasonably ascertainable — for purposes of both the ASTM Phase I ESA (Practice E 1527) and the TSA (Practice E 1528) standards, information that is (1) publicly available, (2) obtainable from its source within reasonable time and cost constraints, and (3) practicably reviewable.

recognized environmental condition (REC) — 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.

sump — a pit, cistern, cesspool, or similar receptacle where liquids drain, collect, or are stored.

underground storage tank (UST) — any tank, including underground piping connected to the tank, that is or has been used to contain hazardous substances or petroleum products and the volume of which is 10% or more beneath the surface of the ground.

user — the party seeking to use ASTM Phase I ESA (Practice E 1527) or TSA (Practice E 1528) standards to perform an environmental site assessment of the property. Generally, a contractual relationship exists between the user (i.e. the client) and the environmental professional performing the environmental site assessment of the property.

wastewater — water that (1) is or has been used in an industrial or manufacturing process, (2) conveys or has conveyed sewage, or (3) is directly related to manufacturing, processing, or raw materials storage areas at an industrial plant. Waste water does not include water originating on or passing through or adjacent to a site, such as stormwater flows, that has not been used in industrial or manufacturing processes, has not been combined with sewage, or is not directly related to manufacturing, processing, or raw materials storage areas at an industrial plant.

(6/06)

14.0 PROFESSIONAL QUALIFICATIONS

BRIAN J. HAUG, L.G., R.G.

Project Geologist, Assessment Associates, Inc.

Technical Expertise and Experience Summary

Mr. Haug's experience spans over seventeen years and includes conducting numerous Phase I and Phase II Environmental Assessment projects, along with managing a wide variety of environmental investigation, remediation, and compliance projects, including underground tank closures, storm water underground injection control registrations, stormwater monitoring/compliance assessments, contaminated soil cleanups, and AASHTO reports. Brian is conversant with ASTM E1527-05, which incorporates EPA's recent *All Appropriate Inquiry* ruling for Phase I ESAs.

Credentials

B.S. Geology / Oceanography, University of Washington, Seattle, Washington (1994)

M.S. Geology, Portland State University, Portland, Oregon (1998)

Professional Titles and Affiliations

Oregon Registered Professional Geologist No. G1887

State of Washington Licensed Geologist No. 2305

Professional Training

OSHA 40-Hour Health & Safety Training for Hazardous Waste (HW) Workers

OSHA 8-Hour HW Refresher & Operations Supervisor Course

AHERA-accredited Asbestos Inspector (Certification No. IR-03-2508)

Employment History

Assessment Associates, Inc.	Project Geologist	2013-Present
PBS Engineering + Environmental	Staff Geologist	1999-2013
NW Underwater Const., LLC	Operations Manager	2011-2012
Terracon Consultants	Senior Staff Geologist	2010-2011
David Evans & Associates, Inc.	Hydrographic Survey Technician	1994-1996

MICHAEL T. O'CONNOR, L.G., R.G., R.E.A.
President, Assessment Associates, Inc.

Technical Expertise and Experience Summary

Mr. O'Connor's experience spans over ten years and includes over 700 Phase I and Phase II Environmental Assessment projects on almost every kind of property or facility imaginable. Past projects have included retail outlets, dry cleaners, greenspaces, industrial facilities, residential construction sites, gas stations, farmlands, cattle ranches, historic buildings, sawmills, and mining facilities, to name a few. Mike is conversant with ASTM E1527-05, which incorporates EPA's recent *All Appropriate Inquiry* ruling for Phase I ESAs.

Credentials

B.A. Geology, University of Massachusetts, Amherst, Massachusetts

Professional Titles and Affiliations

Registered Environmental Assessor (R.E.A.), Class I, California, No. 07332

Oregon Registered Professional Geologist No. G1998

State of Washington Licensed Geologist No. 2398

Professional Training

OSHA 40-Hour Health & Safety Training for Hazardous Waste (HW) Workers

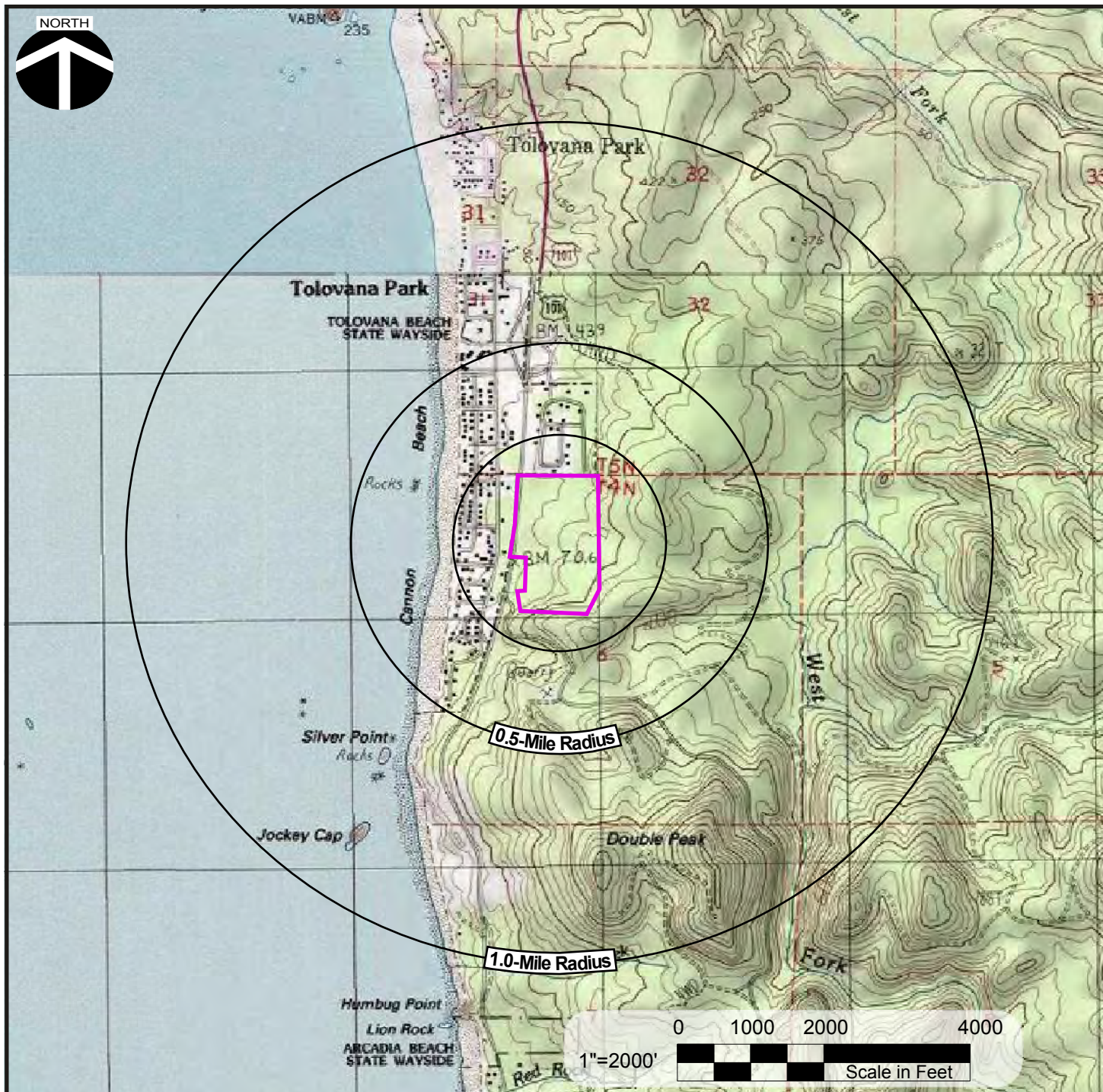
OSHA 8-Hour HW Refresher & Operations Supervisor Course

ASTM: Environmental Site Assessments for Commercial Real Estate

Environmental Data Resources, Inc. Due Diligence at Dawn Seminars

Employment History

Assessment Associates, Inc.	President	2006-Present
Hahn and Associates, Inc.	Senior Project Manager	1995 to 2006
Century West Engineering	Engineering Technician	1995



Base Map: USGS 7.5-Minute Quadrangle, Arch Cape, Oregon, 1985

——— Property Boundary

FIGURE 1

Site Location Map

Phase I Environmental Site Assessment
Approximately 55-Acre Partially-Forested Vacant Campbell
Group Tract, Vicinity of Oregon Coast Highway 101 and
Tolovana Mainline Road, Cannon Beach, Oregon

AAI Project No. 1338

October 2013



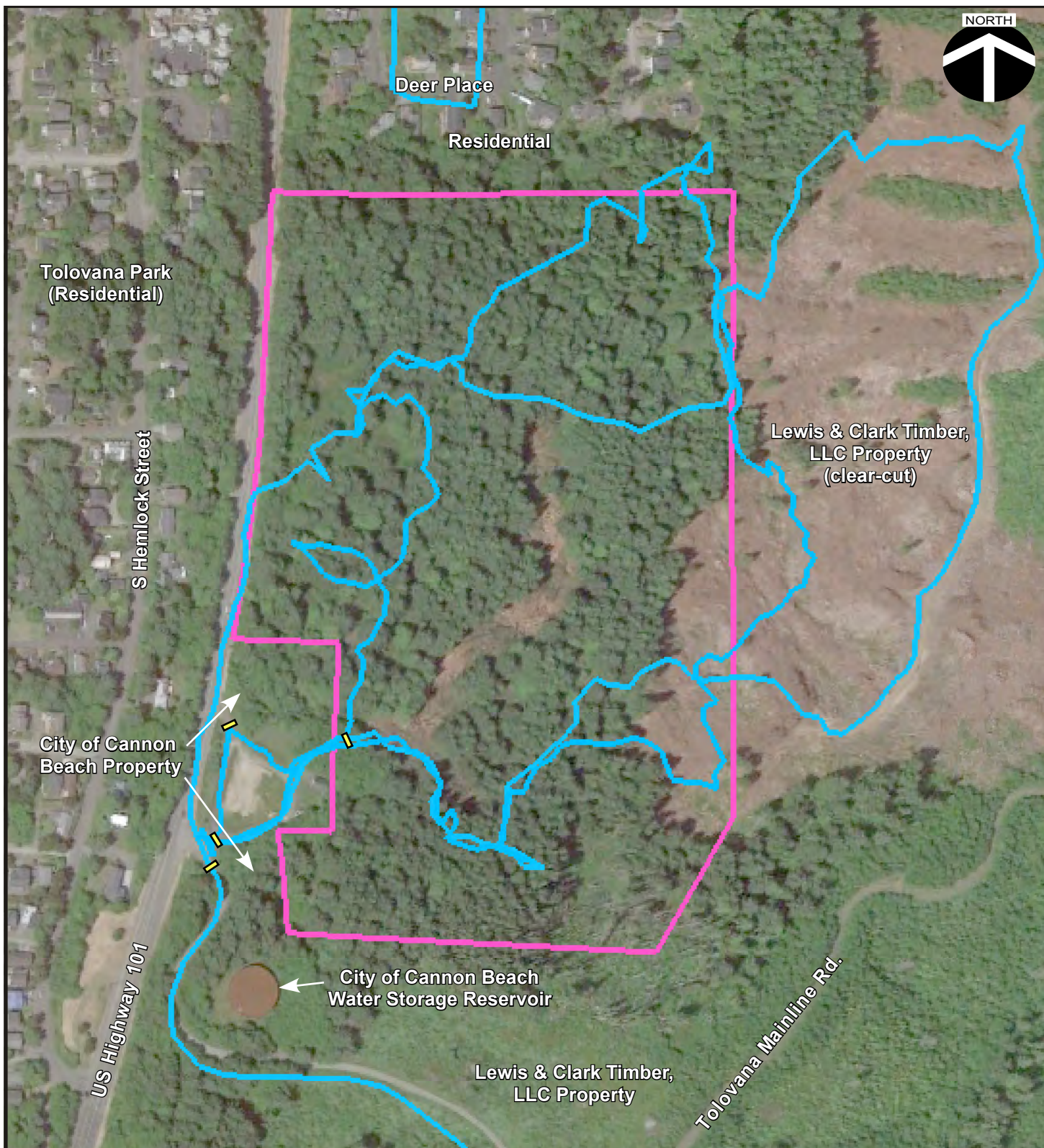
Assessment Associates, Inc.

Environmental Consulting

1735 SE Morrison Street, Suite 1

Portland, Oregon 97214

Phone 503.233.8565 • Fax 503.296.2638



2012 Aerial Photograph Source: Google Earth

LEGEND

- **Property Boundary**
- **AAI GPS Tracks**
- ▭ **Metal / Cable Gate**

FIGURE 2:

Site and Surrounding Land Use Map

Phase I Environmental Site Assessment
 Approximately 55-Acre Partially-Forested Vacant Campbell
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Photo #1 View looking north along the west Property boundary and US Highway 101.



Photo #2 View looking to the southwest from the central logging road on the Property toward the City of Cannon Beach parcel.



Photo #3 Logging road access gate for the Property. View of the photograph is to the northeast.



Photo #4 View of old logging road overgrown with vegetation located on the south portion of the Property.



Photo #5 Photograph of recently logged areas on the central portion of the Property.



Photo #6 View of one of several drainages crossing the Property bordered by dense forestland .



Photo #7 View of the City of Cannon Beach public works building that adjoined the southwest Property boundary.



Photo #8 Photograph of the main entry gate to the Tolovana Mainline Road located south of the Property.

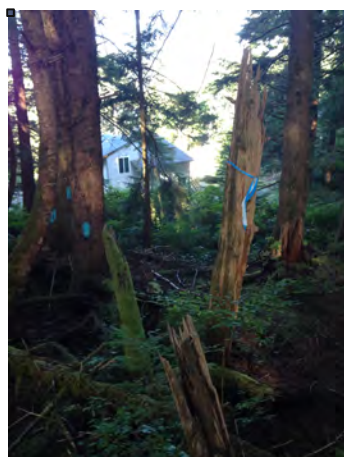


Photo #9 View of residences adjoining the Property boundary to the north.



Photo #10 View of the trees marking the western logging limits on the central portions of the Property.



Photo #11 Photograph of another drainage crossing the central portion of the Property.




Photo #12 View looking toward the higher elevation areas surrounding the Property to the east-northeast.



1939

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

October 2013

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1958

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

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1966

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

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1976

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

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1987

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

October 2013

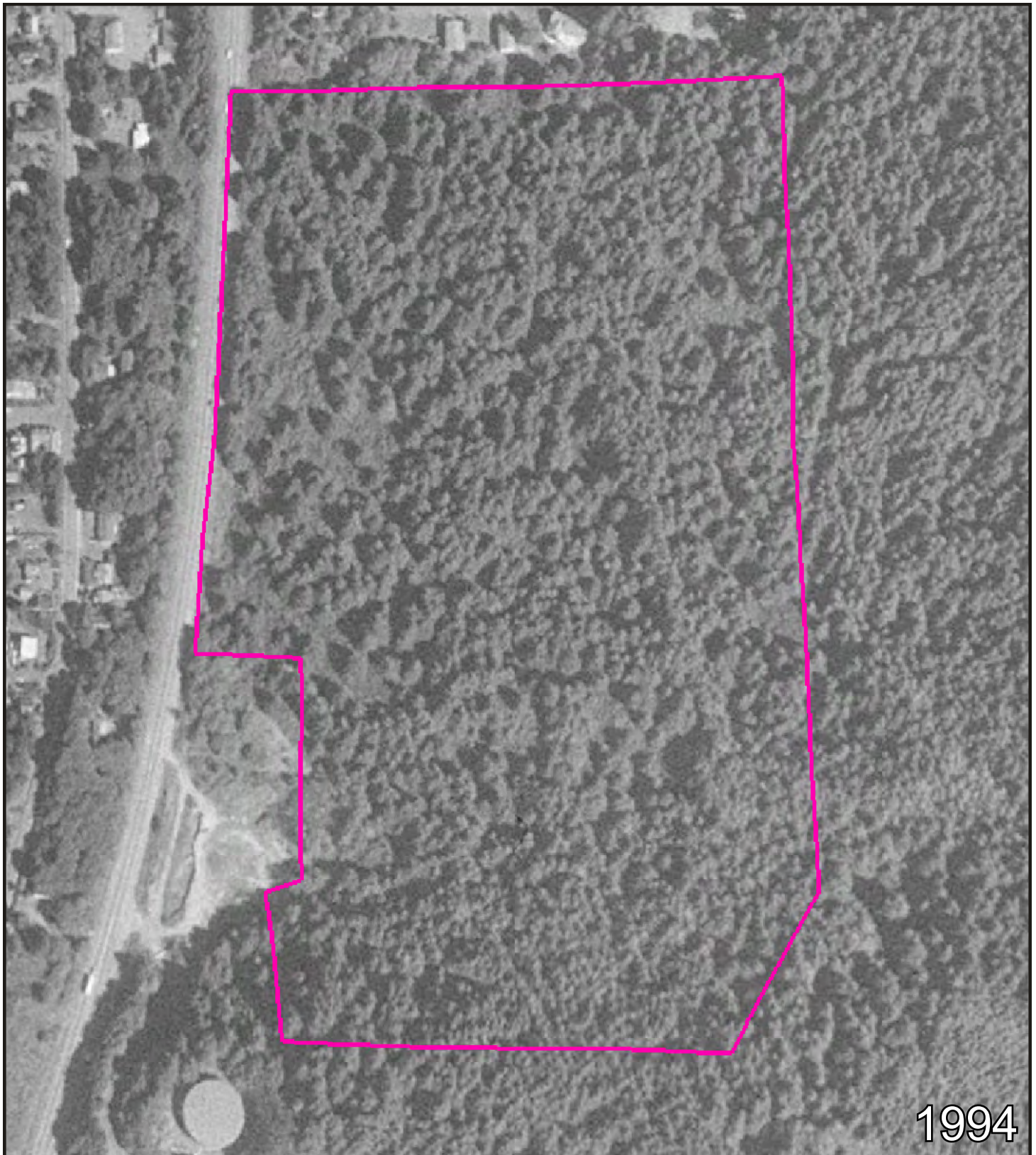
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1994

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

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2000

Image U.S. Geological Survey

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

October 2013

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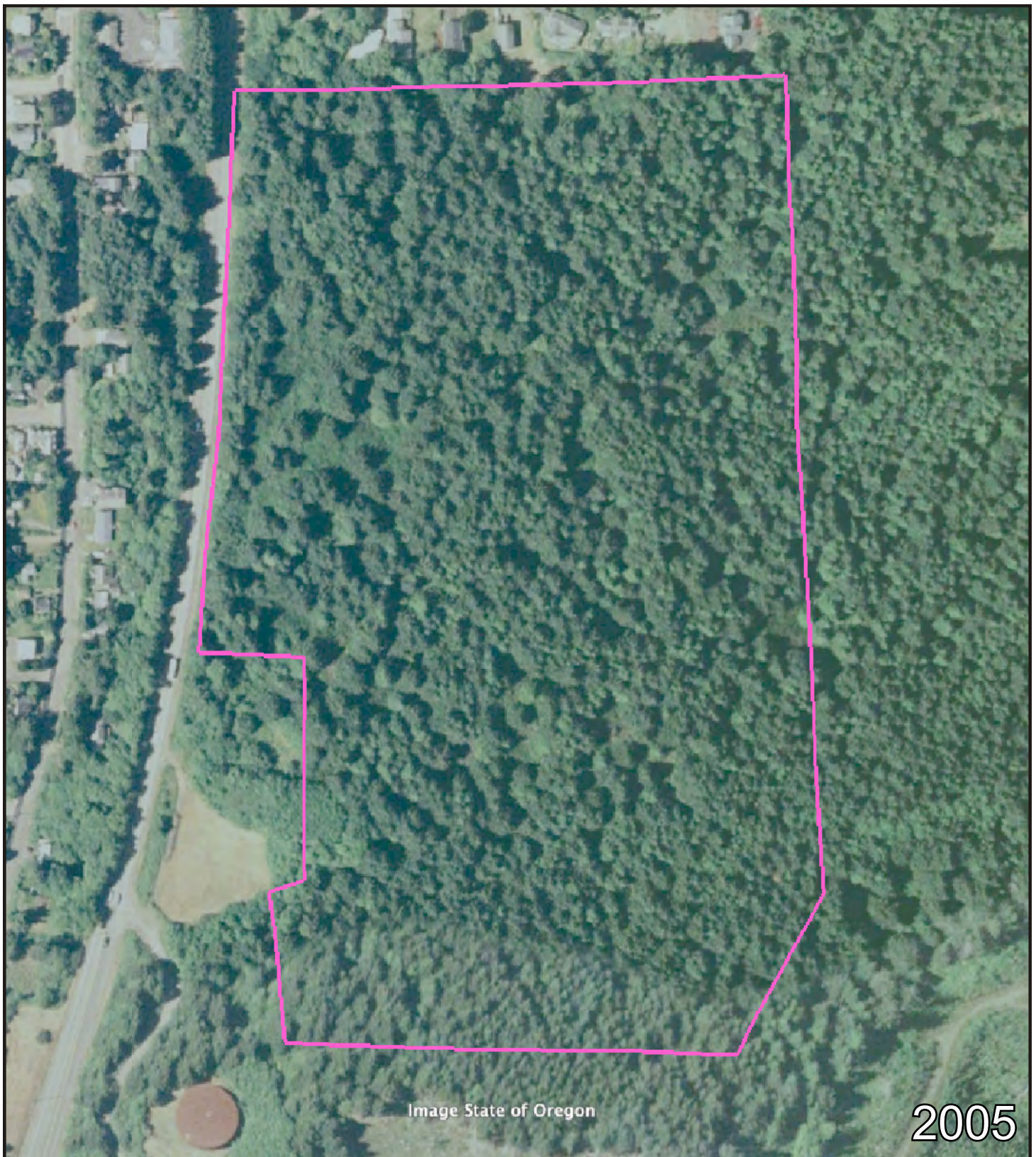



Image State of Oregon

2005

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

October 2013

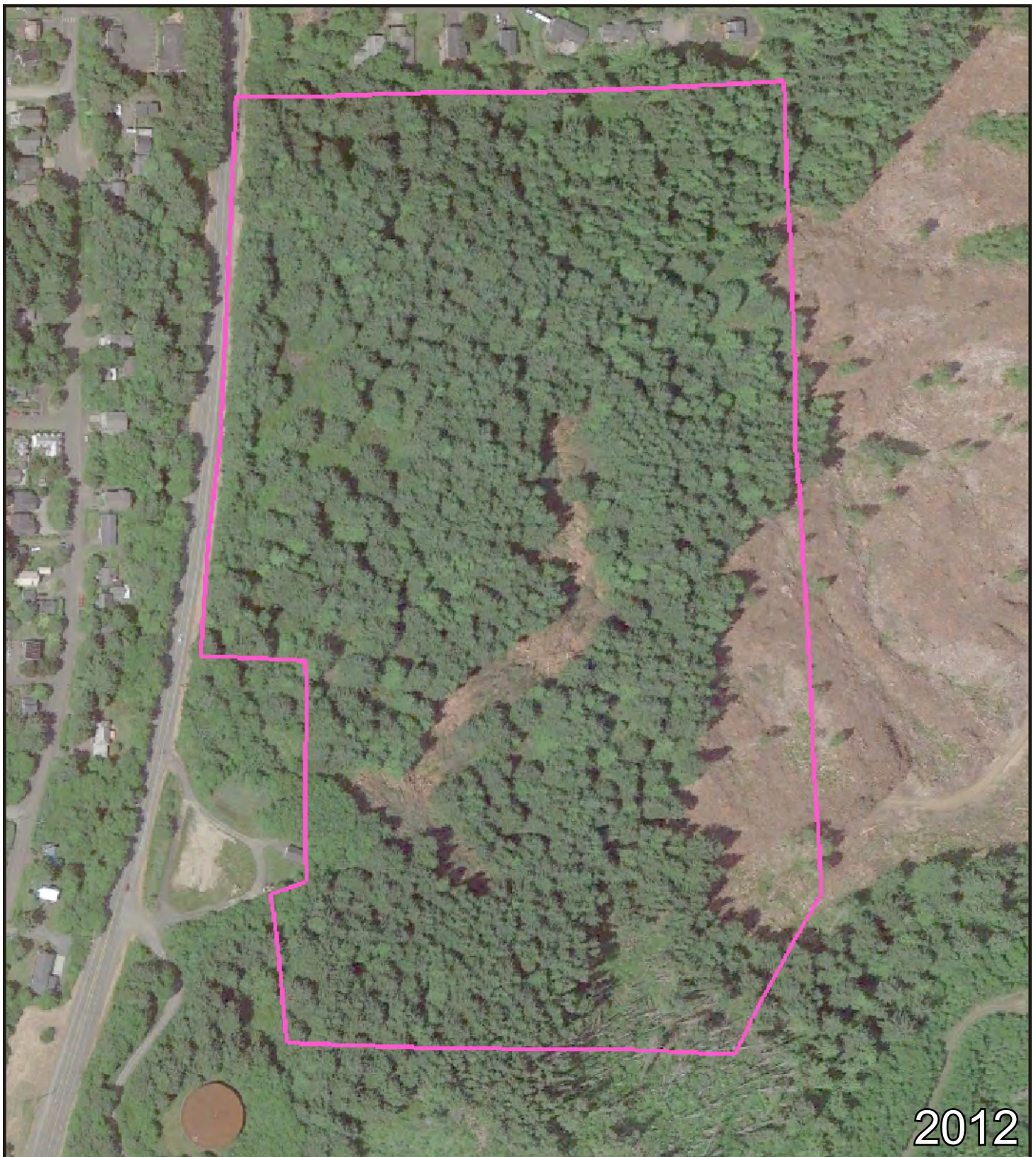
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2012

1939-1987 Aerial Photographs Source: City of Cannon Beach, Oregon
1994-2012 Aerial Photographs: Google Earth

 Project Area Boundary



AAI Project 1338

Aerial Photograph

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ASSESSMENT ASSOCIATES, INC.
ENVIRONMENTAL CONSULTING
1735 SE Morrison Street Suite 1, Portland, Oregon 97214
Phone 503.233.8565 • Fax 503.296.2638

Appendix A

Preliminary Title Report for the Property



Ticor Title Company

630 Bond Street, Astoria, OR 97103
(503)325-2144 FAX (503)325-0369
Email: tami.malcolm@ticortitle.com

PRELIMINARY REPORT

ESCROW OFFICER: Erin Goodman
TITLE OFFICER: Tami Malcolm

ORDER NO.: 360413013245-TTAST04

TO: Ticor Title Company
Attn: Erin Goodman
630 Bond Street
Astoria, OR 97103

OWNER/SELLER: Lewis & Clark Oregon Timber, LLC

BUYER/BORROWER: City of Cannon Beach

PROPERTY ADDRESS: Vacant Land near Highway 101
Cannon Beach, Oregon 97110

EFFECTIVE DATE: August 16, 2013, 08:00 AM

1. THE POLICY AND ENDORSEMENTS TO BE ISSUED AND THE RELATED CHARGES ARE:

AMOUNT

PREMIUM

Owner's Standard ALTA 2006 Form

2. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

Fee Simple

3. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

Lewis & Clark Oregon Timber, LLC,
who acquired title as Lewis & Clark Oregon Buyer, LLC, a Delaware limited liability company

4. THE LAND REFERRED TO IN THIS REPORT IS SITUATED IN THE COUNTY OF CLATSOP, STATE OF OREGON, AND IS DESCRIBED AS FOLLOWS:

SEE EXHIBIT "ONE" ATTACHED HERETO AND MADE A PART HEREOF

PRELIMINARY REPORT

(Continued)

Order No.: 360413013245-TTAST04

EXHIBIT "ONE"

A tract of land in the County of Clatsop, State of Oregon, described as follows:

Beginning at a 5/8" rebar on the North boundary of Section 6, Township 4 North, Range 10 West, Willamette Meridian; said rebar bears North 89° 30' 52" East 198.73 feet East of the North quarter corner to said Section 6;
thence South 89° 30' 52" West along said North boundary 1260.05 feet to the East boundary of U.S. Highway 101, also known as the Oregon Coast Highway;
thence South 03° 32' 44" West along said East boundary 242.83 feet to a 3/4" iron rod at right of way station 348+79.46 P.O.T Back = 348+80.01 P.S. Ahead;
thence continuing Southerly along said right of way on a spiral curve to the right, the long chord of which bears South 04° 12' 12" West 402.41 feet, an arc distance of 402.44 feet to a 3/4" iron pipe at right of way station 352+80.01 P.S.C.;
thence Southerly along said right of way on a 5799.58 foot radius curve to the right, the long chord of which bears South 08° 09' 47" West 524.26 feet, an arc distance of 524.44 feet to the North boundary of that tract of land conveyed to the City of Cannon Beach by Deed recorded in Book 742, page 935, Clatsop County Records;
thence South 89° 23' 35" East 244.28 feet to the Northeast corner of said tract of land;
thence South 00° 27' 00" East 480.00 feet to the Southeast corner of said tract of land;
thence North 89° 23' 35" West along the South boundary of said tract of land 111.43 feet to the Northeast corner of that tract of land conveyed to the City of Cannon Beach by Deed recorded in Book 661, page 475, Clatsop County Records;
thence South 07° 50' 23" East along the East boundary of said tract conveyed by Deed recorded in Book 661, page 475 a distance of 274.13 feet to a 5/8" rebar on the East-West centerline of Section 6;
thence South 87° 48' 06" East 1006.14 feet to a 5/8" rebar at the center quarter corner of said Section 6;
thence North 30° 26' 00" East 392.60 feet to a 5/8" rebar;
thence North 00° 01' 28" East 1626.37 feet to the point of beginning.

AS OF THE DATE OF THIS REPORT, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN THE POLICY FORM WOULD BE AS FOLLOWS:

GENERAL EXCEPTIONS:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Facts, rights, interests or claims which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.
3. Easements, or claims of easement, not shown by the Public Records; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
4. Any encroachment (of existing improvements located on the subject land onto adjoining land or of existing improvements located on adjoining land onto the subject land), encumbrance, violation, variation or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the subject land.
5. Any lien or right to a lien for services, labor, material, equipment rental or workers compensation heretofore or hereafter furnished, imposed by law and not shown by the public records.

SPECIFIC ITEMS AND EXCEPTIONS:

6. Property taxes in an undetermined amount, which are a lien but not yet payable, including any assessments collected with taxes to be levied for the fiscal year 2013/14.
7. Personal Property taxes, if any.
8. The Land has been classified as Forest Land, as disclosed by the tax roll. If the Land becomes disqualified, said Land may be subject to additional taxes and/or penalties.
9. Regulations, levies, liens, assessments, rights of way and easements of Sunset Empire Parks and Recreation District.
10. Rights of the public to any portion of the Land lying within the area commonly known as streets, roads, and highways.
11. Reservation in Warranty Deed regarding rights to take water, including the terms and provisions thereof

Grantor: Frank E. Brallier and Adela E. Brallier
Grantee: T. H. Curtis
Recording Date: February 2, 1907
Recording No.: Book 59, page 100

Transfer of water rights, including the terms and provisions thereof, contained in Quitclaim Deed,

Recording Date: April 1, 1919
Recording No.: Book 152, page 165

12. Memorandum of Road Use Agreement, including the terms and provisions thereof,

Between: Crown Zellerbach Corporation
And: Boise-Cascade Corporation
Recording Date: July 15, 1968
Recording No.: Book 307, page 841
13. Limited access to and from the Land as set forth in Deed shown below, which provides that there shall be no right of easement or right of access to, from or across the State Highway other than as expressly provided for in said Deed:

Grantor: Crown Zellerbach Corporation
Grantee: State of Oregon, by and through its State Highway Commission
Recording Date: November 25, 1970
Recording No.: Book 341, page 295
14. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: PacifiCorp
Purpose: Public utilities
Recording Date: December 12, 1995
Recording No: Book 888, page 567
15. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: PacifiCorp
Purpose: Public utilities
Recording Date: November 11, 2003
Recording No: 200317298
16. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Cannon Beach
Purpose: Storm drainage pipe
Recording Date: April 27, 2005
Recording No: 200504870
17. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$269,000,000.00
Dated: August 20, 2009
Trustor/Grantor: Lewis & Clark Oregon Buyer, LLC
Trustee: Ticor Title Insurance Company
Beneficiary: Teachers Insurance and Annuity Association of America, a New York corporation
Recording Date: August 20, 2009
Recording No: 200908128
Affects: other property also

and Re-Recording Date: September 25, 2009
and Re-Recording No: 200909389
Reason: Correct legal description

18. A financing statement as follows:

Debtor: Lewis & Clark Oregon Buyer, LLC
Secured Party: Teachers Insurance and Annuity Association of America
Recording Date: August 20, 2009
Recording No: 200908129
Affects: other property also

and Re-Recording Date: September 25, 2009
and Re-Recording No: 200909390
Reason: Correct legal description

A change to the above financing statement was filed

Nature of Change: Amendment
Recording Date: November 12, 2010
Recording No: 201009813

A change to the above financing statement was filed

Nature of Change: Amendment
Recording Date: December 27, 2010
Recording No: 201011003

A change to the above financing statement was filed

Nature of Change: Amendment
Recording Date: January 31, 2011
Recording No: 201101153

19. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: New Cingular Wireless PCS, LLC
Purpose: Underground utility line
Recording Date: April 17, 2013
Recording No: 201303382

20. If requested to issue an extended coverage ALTA loan policy, the following matters must be addressed:

- a) The rights of tenants holding under unrecorded leases or tenancies
- b) Any facts which would be disclosed by an accurate survey of the Land
- c) Matters disclosed by a statement as to parties in possession and as to any construction, alterations or repairs to the Land within the last 75 days. The Company must be notified in the event that any funds are to be used for construction, alterations or repairs.

ADDITIONAL REQUIREMENTS/NOTES:

- A. Note: Property taxes for the fiscal year shown below are paid in full.

Fiscal Year: 2012/13
Amount: \$1,578.14
Levy Code: 1010
Account No.: 54521
Map No.: 410 00800

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

- B. Note: Property taxes for the fiscal year shown below are paid in full.

Fiscal Year: 2012/13
Amount: \$1,578.14
Levy Code: 1010
Account No.: 54522
Map No.: 410 00800

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

- C. Note: Property taxes for the fiscal year shown below are paid in full.

Fiscal Year: 2012/13
Amount: \$1,900.15
Levy Code: 1002
Account No.: 54523
Map No.: 410 00800

Prior to close of escrow, please contact the Tax Collector's Office to confirm all amounts owing, including current fiscal year taxes, supplemental taxes, escaped assessments and any delinquencies.

- D. Existing leases and tenancies, if any, and any interests that may appear upon examination of such leases.

- E. No search has been made for Financing Statements filed in the Office of the Secretary of State, or in any County other than the County in which the herein described land is located. No liability is assumed for any Financing Statement filed in the Office of the County Clerk (Recorder) covering timber, crops, fixtures, or contracts affecting said land if said land is not described by metes and bounds, recorded Lot and Block, or under the rectangular survey system.

- F. A copy of the terms and provisions for the limited liability company set forth below should be furnished for our examination prior to closing. Any conveyance or encumbrance of said company's property must be executed by all of the members unless otherwise provided for in the operating agreement. In addition, if there have been any changes in membership from the date of original creation of the limited liability company to the present date, copies of approval of withdrawal and/or acceptance such member should be furnished for our examination.

Limited Liability Company: Lewis & Clark Oregon Timber, LLC

- G. The following information is required by Ticor Title Company to insure sale to the prospective Purchaser:
Copy of the Resolution signed by the Commission or Council of the City of Cannon Beach authorizing the proposed purchase of the subject property.
- H. Note: There are no matters against the party(ies) shown below which would appear as exceptions to coverage in a title insurance product:

Parties: City of Cannon Beach
- I. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
- J. Note: No utility search has been made or will be made for water, sewer or storm drainage charges unless the City/Service District claims them as liens (i.e. foreclosable) and reflects them on its lien docket as of the date of closing. Buyers should check with the appropriate city bureau or water service district and obtain a billing cutoff. Such charges must be adjusted outside of escrow.

- K. Recording charge for a RESPA transaction (all transfer and loan documents):
RESPA Residential Sale and Purchase \$176.00
RESPA Residential Loan/Refinance \$135.00
RECORDING CHARGES ARE SUBJECT TO CHANGE WITHOUT NOTICE.
ANY ADDITIONAL FEES CHARGED BY THE CLATSOP COUNTY RECORDING CLERK FOR
NON-CONFORMING DOCUMENTS WILL BE BILLED SEPARATE FROM THE ABOVE
DESCRIBED RESPA AVERAGE RECORDING FEES.

DOCUMENTS IN WHICH REAL PROPERTY IS TRANSFERRED OR CONVEYED MUST HAVE
NOTED ON SAID DOCUMENTS THE CLATSOP COUNTY ASSESSOR'S ACCOUNT NUMBER,
I.D. NUMBER AND SITUS ADDRESS OF THE SUBJECT PROPERTY. FAILURE TO COMPLY
WILL INCUR AN ADDITIONAL \$20.00 RECORDING FEE.

All recording packets for Clatsop County property should be sent to:

Ticor Title Company
Attention: Jodi Carlson
630 Bond Street
Astoria, OR 97103

For many real estate transactions, Federal law requires that a settlement statement show the
allocation of title insurance charges between title insurer and title insurance agent. For the
transaction that is the subject of this report, the allocation is as follows:

Ticor Title Company of Oregon (Agent) 88%
Chicago Title Insurance Company, a Nebraska corporation (Insurer) 12%

NOTE: The policy to be issued may contain an arbitration clause. When the Amount of Insurance
is less than the amount, if any, set forth in the arbitration clause, all arbitratable matters shall be
arbitrated at the option of either the company or the insured as to the exclusive remedy of the
parties.

THE FOLLOWING NOTICE IS REQUIRED BY STATE LAW: YOU WILL BE REVIEWING,
APPROVING AND SIGNING IMPORTANT DOCUMENTS AT CLOSING. LEGAL
CONSEQUENCES FOLLOW FROM THE SELECTION AND USE OF THESE DOCUMENTS.
THESE CONSEQUENCES AFFECT YOUR RIGHTS AND OBLIGATIONS. YOU MAY CONSULT
AN ATTORNEY ABOUT THESE DOCUMENTS. YOU SHOULD CONSULT AN ATTORNEY IF
YOU HAVE QUESTIONS OR CONCERNS ABOUT THE TRANSACTION OR ABOUT THE
DOCUMENTS. IF YOU WISH TO REVIEW TRANSACTION DOCUMENTS THAT YOU HAVE
NOT YET SEEN, PLEASE CONTACT THE ESCROW AGENT.

The following item pertains to Sale transactions only:

Note: Effective January 1, 2008, Oregon law (ORS 314.258) mandates withholding of Oregon
income taxes from sellers who do not continue to be Oregon residents or qualify for an exemption.
Please contact your Escrow Closer for further information.

Fidelity National Financial, Inc. Privacy Statement

Fidelity National Financial, Inc. and its subsidiaries ("FNF") respect the privacy and security of your non-public personal information ("Personal Information") and protecting your Personal Information is one of our top priorities. This Privacy Statement explains FNF's privacy practices, including how we use the Personal Information we receive from you and from other specified sources, and to whom it may be disclosed. FNF follows the privacy practices described in this Privacy Statement and, depending on the business performed, FNF companies may share information as described herein.

Personal Information Collected

We may collect Personal Information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number, tax identification number, asset information, and income information;
- Information we receive from you through our Internet websites, such as your name, address, email address, Internet Protocol address, the website links you used to get to our websites, and your activity while using or reviewing our websites;
- Information about your transactions with or services performed by us, our affiliates, or others, such as information concerning your policy, premiums, payment history, information about your home or other real property, information from lenders and other third parties involved in such transaction, account balances, and credit card information; and
- Information we receive from consumer or other reporting agencies and publicly recorded documents.

Disclosure of Personal Information

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To insurance agents, brokers, representatives, support organizations, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers for the purpose of determining your eligibility for an insurance benefit or payment and/or providing you with services you have requested;
- To an insurance regulatory authority, or a law enforcement or other governmental authority, in a civil action, in connection with a subpoena or a governmental investigation;
- To companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

We may also disclose your Personal Information to others when we believe, in good faith, that such disclosure is reasonably necessary to comply with the law or to protect the safety of our customers, employees, or property and/or to comply with a judicial proceeding, court order or legal process.

DISCLOSURE TO AFFILIATED COMPANIES - We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

DISCLOSURE TO NONAFFILIATED THIRD PARTIES - We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information

Fidelity National Financial, Inc.
Privacy Statement
(continued)

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access to Personal Information/

Requests for Correction, Amendment, or Deletion of Personal Information

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF'S CURRENT POLICY IS TO MAINTAIN CUSTOMERS' PERSONAL INFORMATION FOR NO LESS THAN YOUR STATE'S REQUIRED RECORD RETENTION REQUIREMENTS FOR THE PURPOSE OF HANDLING FUTURE COVERAGE CLAIMS.

For your protection, ALL REQUESTS MADE UNDER THIS SECTION MUST BE IN WRITING AND MUST INCLUDE YOUR NOTARIZED SIGNATURE TO ESTABLISH YOUR IDENTITY. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement

This Privacy Statement may be amended from time to time consistent with applicable privacy laws. When we amend this Privacy Statement, we will post a notice of such changes on our website. The effective date of this Privacy Statement, as stated above, indicates the last time this Privacy Statement was revised or materially changed.

Disclosure to Affiliated Companies – We are permitted by law to share your name, address and facts about your transaction with other FNF companies, such as insurance companies, agents, and other real estate service providers to provide you with services you have requested, for marketing or product development research, or to market products or services to you. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

Disclosure to Nonaffiliated Third Parties – We do not disclose Personal Information about our customers or former customers to nonaffiliated third parties, except as outlined herein or as otherwise permitted by law.

Confidentiality and Security of Personal Information

We restrict access to Personal Information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard Personal Information.

Access to Personal Information/

Requests for Correction, Amendment, or Deletion of Personal Information

As required by applicable law, we will afford you the right to access your Personal Information, under certain circumstances to find out to whom your Personal Information has been disclosed, and request correction or deletion of your Personal Information. However, FNF's current policy is to maintain customers' Personal Information for no less than your state's required record retention requirements for the purpose of handling future coverage claims.

For your protection, all requests made under this section must be in writing and must include your notarized signature to establish your identity. Where permitted by law, we may charge a reasonable fee to cover the costs incurred in responding to such requests. Please send requests to:

Chief Privacy Officer
Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, FL 32204

Changes to this Privacy Statement

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Ticor Title Company PRELIMINARY REPORT

In response to the application for a policy of title insurance referenced herein Ticor Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the specified date, a policy or policies of title insurance describing the land and the estate or interest hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage of said policy or policies are set forth in Exhibit A. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company, a/an Nebraska corporation.

Please read the exceptions shown or referred to herein and the Exceptions and Exclusions set forth in Exhibit A of this report carefully. The Exceptions and Exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

This preliminary report is for the exclusive use of the parties to the contemplated transaction, and the Company does not have any liability to any third parties nor any liability until the full premium is paid and a policy is issued. Until all necessary documents are placed of record, the Company reserves the right to amend or supplement this preliminary report.

Countersigned

Jami Malachuk



ASSESSMENT ASSOCIATES, INC.
ENVIRONMENTAL CONSULTING
1735 SE Morrison Street Suite 1, Portland, Oregon 97214
Phone 503.233.8565 • Fax 503.296.2638

Appendix B

Client Representative-Furnished Information Checklist

ASTM E 1527-05/E 2247-08 Phase I Environmental Site Assessment Pre-Survey Questionnaire and Disclosure Statement

In accordance with the American Society of Testing Materials (ASTM) 1527-05 / 2247-08 (Appendix X.3), the user of the Phase I ESA herein must provide information as answered in good faith to the extent of his or her actual knowledge to Assessment Associates, Inc. (the Environmental Professional). Failure to provide complete information could result in a determination that "all appropriate inquiry" has not been met under ASTM 1527-05 / 2247-08.

Please complete this questionnaire before Assessment Associates, Inc.'s site visit. For those questions that are not applicable please respond with an "N/A" entry so as to ensure we understand the question has not been missed. If you have any questions about an entry please call the designated Assessment Associates, Inc. project manager at 503.233-8565. If additional pages for response are necessary, please attach them to this form; a blank page is attached to the end of this questionnaire. This document and your written responses will be used as an exhibit in the Phase I Environmental Site Assessment (ESA) report, and as such, please ensure that it is signed under Section 1 (below).

Please Return The Completed Form To:

Assessment Associates, Inc.
1735 SE Morrison Street, Suite 1
Portland, Oregon 97214
phone 503.233.8565 • fax: 503.296.2638
email: response@aaiconsulting.com

1. COMPLETED BY

Signature	Date
Printed Name	Title
Company:	

2. CONTACT INFORMATION

Current Property Owner Name: Address: City/State/Zip Phone Contact:	Current Facility Operator or Manager Name: Address: City/State/Zip Phone Contact:
Former Property Owner Name: Address: City/State/Zip Phone Contact:	Former Facility Operator or Manager Name: Address: City/State/Zip Phone Contact:
Additional Party That May Have Material Information Name: Address: City/State/Zip Phone Contact:	Additional Party That May Have Material Information Name: Address: City/State/Zip Phone Contact:

3. PROPERTY INFORMATION:

Property Name:		
Property Address:		
City	State	Zip

4. GENERAL SITE DESCRIPTION:

Legal description/ boundary survey/ plat available (please send to Assessment Associates, Inc. if "yes")	<input type="checkbox"/> Yes <input type="checkbox"/> No
Assessor's Parcel Number(s):	
Total Property Size (acres)	
Total number of buildings	
Total square footage of buildings	
Date of construction	
Dates of significant renovation	
Waste water discharge <input type="checkbox"/> Municipal Sanitary Sewer <input type="checkbox"/> On-site septic system <input type="checkbox"/> Other	
Potable water source <input type="checkbox"/> Community Water Supplier <input type="checkbox"/> On-site well <input type="checkbox"/> Other	
Please describe prior use(s) of property, if known:	

5. ASTM 1527-05-REQUIRED INQUIRIES

Property Owner:		
Name:	Phone:	Fax:
Key Site Manager (Site contact):		
Name:	Phone:	Fax:
Property Type:		
<input type="checkbox"/> Residential – number of units_____ Are the units currently occupied? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/> Commercial - please provide a list of tenants including contact names and phone numbers (page 7)		
<input type="checkbox"/> Other Please describe:_____		

Please Answer the Following Questions:

(For all yes entries, please explain in space provided or on the last page of this questionnaire)

Can you provide a Current Title Abstract for the Property, including a chain of Title? If so, please send documents with completed questionnaire to Assessment Associates, Inc. Yes →	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you aware of any environmental cleanup liens against the property that are filed or recorded under federal, tribal, state or local law? Yes →	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you aware of any activity and land use limitations (AULs), such as engineering controls, land use restrictions or institutional controls that are in place at the site and/or have been filed or recorded in a registry under federal, tribal, state or local law? Yes →	<input type="checkbox"/> Yes <input type="checkbox"/> No
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 →	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have any specialized knowledge that would be material in identifying recognized environmental conditions in connection with the Property? Yes →	<input type="checkbox"/> Yes <input type="checkbox"/> No
Does the purchase price being paid for this property reasonably reflect the fair market value of the property? 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 →	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are you specifically aware of a reduction in the property value due to environmental issues? Yes →	<input type="checkbox"/> Yes <input type="checkbox"/> No

<p>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,</p> <p>(a.) Do you know the past uses of the property? Yes →</p> <p>(b.) Do you know of specific chemicals that are present or once were present at the property? Yes →</p> <p>(c.) Do you know of spills or other chemical releases that have taken place at the property? Yes →</p> <p>(d.) Do you know of any environmental cleanups that have taken place at the property? Yes →</p>	<table> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> No</td> </tr> </table>	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Yes	<input type="checkbox"/> No								
<input type="checkbox"/> Yes	<input type="checkbox"/> No								
<input type="checkbox"/> Yes	<input type="checkbox"/> No								
<input type="checkbox"/> Yes	<input type="checkbox"/> No								
<p>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 →</p>	<table> <tr> <td><input type="checkbox"/> Yes</td> <td><input type="checkbox"/> No</td> </tr> </table>	<input type="checkbox"/> Yes	<input type="checkbox"/> No						
<input type="checkbox"/> Yes	<input type="checkbox"/> No								
<p>Please state the reason for procuring this Phase I ESA:</p> <p><input type="checkbox"/> Qualify for Landowner Liability Protections (LLPs) offered by the Small Business Liability Relief and Brownfields Revitalization Act of 2001 (the "Brownfields Amendments").</p> <p><input type="checkbox"/> Other (explain below)</p>									

6. USEFUL DOCUMENTS

Do Any of The Following Documents Exist for the Site? (if yes, please describe or attach)		
Environmental Site Assessment Reports	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Environmental Compliance Audit Reports	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Environmental Permits	<input type="checkbox"/> Yes <input type="checkbox"/> No	
a) Industrial Discharge	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b) POTW (NPDES)	<input type="checkbox"/> Yes <input type="checkbox"/> No	
c) Hazardous Waste Generator	<input type="checkbox"/> Yes <input type="checkbox"/> No	
d) Air Quality	<input type="checkbox"/> Yes <input type="checkbox"/> No	
e) Flammable Materials	<input type="checkbox"/> Yes <input type="checkbox"/> No	
f) Aboveground or Underground Storage Tanks (AST/UST)	<input type="checkbox"/> Yes <input type="checkbox"/> No	
g) Waste Manifest(s)	<input type="checkbox"/> Yes <input type="checkbox"/> No	
h) Other	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Registration for, or Existing Underground Injection Control (UIC) Systems (dry wells etc.)	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Material Safety Data Sheets	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Community Right to Know Plans	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Risk Assessments	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Safety, Spill Prevention, or Control Plans	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Environmental Reports	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Notices Relating to Past or Present Violations of Environmental Law	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Building or Site Plans	<input type="checkbox"/> Yes <input type="checkbox"/> No	

7. ON-SITE OPERATIONS/CONDITIONS

Are you aware of any of the following conditions, either past or present, on the site?		
Condition	Response	If yes, please describe
1. Stored Chemicals	<input type="checkbox"/> Yes <input type="checkbox"/> No	
2. Underground Storage Tanks	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3. Aboveground Storage Tanks	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4. Spills or Releases	<input type="checkbox"/> Yes <input type="checkbox"/> No	
5. Dump Areas/ Landfills	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6. Waste Treatment Systems	<input type="checkbox"/> Yes <input type="checkbox"/> No	
7. Clarifiers/ Separators	<input type="checkbox"/> Yes <input type="checkbox"/> No	
8. Air stacks/ Vents/ Odors	<input type="checkbox"/> Yes <input type="checkbox"/> No	
9. Floor Drains/Sumps/Dry Wells	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10. Stained Soil/ Impacted Vegetation	<input type="checkbox"/> Yes <input type="checkbox"/> No	
11. On-site Electrical Transformers	<input type="checkbox"/> Yes <input type="checkbox"/> No	
12. Hydraulic lifts/ Elevators	<input type="checkbox"/> Yes <input type="checkbox"/> No	
13. Dry Cleaning Operations	<input type="checkbox"/> Yes <input type="checkbox"/> No	
14. Wetlands/ Flooding	<input type="checkbox"/> Yes <input type="checkbox"/> No	
15. Oil/ Gas/ Water/ Monitoring Wells	<input type="checkbox"/> Yes <input type="checkbox"/> No	
16. Environmental Cleanups	<input type="checkbox"/> Yes <input type="checkbox"/> No	

8. ADJOINING PROPERTY ENVIRONMENTAL CONCERNS

Are you aware of any of the following conditions, either past or present, Adjacent to the site?		
Condition	Response	If yes, please describe
Gasoline Stations	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Dry Cleaners	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Industrial Uses	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Other Environmental Concerns	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Adjoining Property Uses	Description
North	
South	
East	
West	



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Appendix C

Oregon Department of Water Resources Water Well Log Report for Nearby Parcel



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Appendix D

Research Resources

RESEARCH RESOURCES

City of Cannon Beach GIS website (http://ci.cannon-beach.or.us/GIS_2013), various maps for the area, reviewed September 30, 2013

Clatsop County Tax Assessor's Office, Property ownership information, September 26, 2013

GoogleEarth.com, 1994, 2000, 2004, and 2012 aerial photographs of Property, reviewed September 25, 2013

Oregon Department of Environmental Quality, state regulatory lists, including ECSI, LUST, UST, and SWF lists, September 30, 2013

Oregon Department of Geology and Mineral Industries (DOGAMI) *Geologic Map of Oregon* (1991), geologic background information, reviewed August 20, 2010

The Daily Astorian/Cannon Beach Gazette Newspaper online archives (<http://www.dailyastorian.com>), articles pertaining to the environmental conditions at the Property, reviewed October 1, 2013

Oregon Water Resources Department, water well logs review, September 30, 2013 (www.wrd.state.or.us)

U.S. Environmental Protection Agency, Federal CERCLA, RCRA, and Brownfields databases, available in GoogleEarth Keyhole Markup Language, and dated August 11, 2013

Oregon Department of Geology and Mineral Industries (DOGAMI) *Geologic Map of Oregon* (1991), reviewed October 1, 2013 at AAI offices

U.S. Geological Survey, current and historical 7.5- and 15-Minute Quadrangles, Arch Cape, Oregon, 1985, and Cannon Beach, Oregon, 1940, 1955, 1963, topography and site history, reviewed September 30, 2013



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Appendix E

List of Interviewees



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LIST OF INTERVIEWEES

Mr. Mark Barnes, city planner for the City of Cannon Beach, Oregon, the Client, general Property information, September 26, 2013

Mr. Karl Foeste, professional land surveyor for Coast Surveying, general Property information, September 30, 2013

Mr. Mark Morgans, area timberland manager, Lewis & Clark Oregon Timber, LLC (aka Campbell Group, LLC; Property owner), general Property information, September 27, 2013