

April 5, 2001



Mr. Michael Wright
Regions Bank
Gray Harris & Robinson, P.A.
201 East Pine Street, Suite 1200
P.O. Box 3068
Orlando, Florida 32802

and

Mr. Vaughn Blaxter
IT Land Associates, LLC.
101 East Town Place, Suite 200
St. Augustine, Florida 32092

Subject: **Phase I Environmental Site Assessment Update**
Various Parcels, Ponds and Roadways
Northwest, Northeast and Southeast Quadrants
World Golf Village/Saint Johns Complex
International Golf Parkway at Interstate Highway 95
St. Augustine, St. Johns County, Florida
LAW Project No. 40544-1-8476-**-916

Dear Messrs. Wright and Blaxter:

Law Engineering and Environmental Services, Inc. (LAW) has completed a Phase I Environmental Site Assessment (Phase I) Update for the subject property in general accordance with our standing agreement with Pappas, Metcalf, Jenks and Miller. This Phase I Update was formally authorized by Mr. Ed Gil of Davidson Development, on April 19, 2001. It is our understanding that the property is the subject of a pending financial transaction and an update of or previous Phase I Update has been requested in partial fulfillment of due diligence requirements.

This report is intended for the use of IT Land Associates, LLC; Pappas, Metcalf, Jenks and Miller and Regions Bank, only, under the terms and conditions of our proposal. Reliance on this document by any other party without the express written consent of LAW constitutes acceptance of the attached Agreement for Secondary Client. Use of this report for purposes beyond those reasonably intended by IT Land Associates, LLC; Pappas, Metcalf, Jenks and Miller, Regions Bank and LAW will be at the sole risk of the user.

BACKGROUND INFORMATION

The purpose of three original Phase I Environmental Site Assessments performed by LAW for the property in the Northwest, Northeast and Southeast Quadrants of the complex, located at the intersection of International Golf Parkway and Interstate Highway 95 in St. Augustine, St. Johns County, Florida, was to review available land use history of the site and adjacent properties since the original assessments and to help identify recognized environmental conditions in connection with the site and its environs. The purpose

of our current services has been to update the original environmental site assessments by reviewing selected current regulatory databases, reviewing our previous report and performing a site and area reconnaissance relative to the subject property.

LAW has previously performed the following Phase I Environmental Site Assessments for the subject property: For the Northwest Quadrant, LAW Project No. 40544-6-7725, dated May 15, 1996; For the Southeast Quadrant, LAW Project No. 40544-6-7726, dated April 18, 1996, and for the Northeast Quadrant, LAW Project No. 40544-6-7732, dated May 15, 1996. Additionally, on June 1, 2000, the referenced Phase I's were updated by LAW. These initial assessments and update did not identify potential on-site environmental concerns.

Site Location and Description – The subject site consists of an aggregate of both adjoining and dispersed remnant parcels, ponds and roadways of various sizes located within the three quadrants of the World Golf Village/Saint Johns complex, which is situated at the intersection of International Golf Parkway and Interstate Highway 95 in St. Augustine, St. Johns County, Florida. The ponds are mostly clear and nonvegetated. The roadways within developed areas are asphalt-paved or unimproved dirt roads within undeveloped, wooded areas. The parcels, except for conservation easements, consist of lots intended for both residential and commercial development. The lots and parcels in the southern portion of the Northwest Quadrant are wooded and undeveloped except for one residential lot that is cleared and undeveloped. In the northern portion of the Northwest Quadrant all of the parcels and easements are wooded and undeveloped. The Northeast Quadrant is also wooded and undeveloped with only dirt roads traversing the interior. A four-lane, asphalt-paved entrance road and right-of-way connects the quadrant property proper with International Golf Parkway. This improved road and right-of-way are part of the subject property. The sixteen parcels within the Southeast Quadrant are all cleared and undeveloped.

Surrounding Property and Description - The property surrounding the subject parcels within the southern portion of the Northwest Quadrant consists almost entirely of recent residential/office development. Some of the lots abut wooded conservation areas. Others are adjacent to one of the three ponds included in the assessment or a neighboring residential development. Parcels and conservation easements in the northern portion of the Northwest Quadrant are all wooded and undeveloped and abut similar land. The northeast Quadrant parcels abut undeveloped woodlands and some farmland. The Southeastern Quadrant is surrounded by a mixture of new hotels, new office complex, new service station and undeveloped areas. The hotels were recently completed and do not pose environmental concerns. The service station, Shell First Coast Energy #118, was constructed in 1998 and its fuel dispensing system is equipped with the requisite leak-prevention and leak-detection mandated by state regulations. There have been no reported leaks, spills or other releases, but it represents a future environmental concern.

REGULATORY ENVIRONMENTAL DATABASE REVIEW

LAW has performed a review of current selected environmental databases published by state and federal regulatory agencies to help determine if the site or nearby properties are listed as having a past or present record of actual or potential adverse environmental impacts or are under investigation for potential adverse environmental impacts.

The following regulatory databases were obtained from the U. S. Environmental Protection Agency (USEPA) and the Florida Department of Environmental Protection (FDEP) through Environmental Data Resources, Inc. (EDR):

- **National Priorities List (NPL):** The NPL is a listing of facilities and/or locations where environmental contamination has been confirmed. The NPL was devised as a method for the USEPA to prioritize sites for remedial action funded by the Hazardous Waste Substance Superfund Program. Updated 02/05/01. Search radius: 1 mile.
- **Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS):** The CERCLIS database contains information on abandoned, inactive, or uncontrolled hazardous waste sites under investigation by the USEPA or state regulatory agencies to evaluate existing or threatened releases of hazardous substances. Updated 03/26/01. Search radius: ½ mile.
- **Resource Conservation and Recovery Act (RCRA) CORRACTS Treatment, Storage and Disposal (TSD) List:** The RCRA CORRACTS TSD database is a compilation of permitted facilities that provide treatment storage or disposal of hazardous waste and are subject to Corrective Actions under RCRA. Updated 03/14/01. Search radius: 1 mile.
- **Resource Conservation and Recovery Act (RCRA) non-CORRACTS Treatment, Storage and Disposal (TSD) List:** The RCRA non-CORRACTS TSD database is a compilation of permitted facilities that provide treatment, storage or disposal of hazardous waste and are not subject to Corrective Actions under RCRA. Updated 03/14/01. Search radius: ½ mile.
- **RCRA Generators List:** The RCRA Generators List is a compilation of registered facilities which generate hazardous waste as defined by the Resource Conservation and Recovery Act. Updated 01/30/01. Search radius: site and adjacent properties.
- **Emergency Response Notification System (ERNS):** The ERNS database contains information on releases of oil and hazardous substances reported to the USEPA and the Coast Guard National Response Center. Updated 02/02/01. Search radius: site and adjacent properties.
- **Florida Sites List (HWS):** The Florida Sites List identifies potential hazardous waste facilities or areas which may constitute endangerment to public health and safety, or have been identified by the State for investigation or remediation. The FDEP ceased, as of 1989, to maintain and update a separate listing of priority sites within the state. Date last extracted: 03/24/94. Search radius: 1 mile.
- **Florida Department of Environmental Protection (FDEP) Landfills and Solid Waste Disposal Sites List (MWR):** The FDEP maintains a database of permitted landfills and solid waste disposal facilities. The database does not include known unpermitted landfills or unregulated dumps. Updated 03/02/01. Search radius: ½ mile.
- **FDEP Stationary Tank Inventory List (PST and LST):** The FDEP Stationary Tank Inventory database is a facility "quick look" report which documents registered underground petroleum storage tanks and summarizes reported petroleum discharges. Updated, PST 03/09/01 and LST 03/09/01. Search radius: site and adjacent properties for registered tanks; ½ mile for leaking tanks.

The database review included sites in the area of Postal ZIP Code 32095. The selected search radii and proximity guidelines are in accordance with ASTM guidelines. The review of these databases did not reveal the presence of listed facilities within the aforementioned radii of concern.

SITE RECONNAISSANCE AND INTERVIEWS

A reconnaissance of the property was performed by Mr. James E. Marsh and Mr. Shay Hill on April 3, 2001. The following items were specifically addressed for their potential to adversely impact the quality of soil and groundwater of the site.

Hazardous Substances and Petroleum Products - Hazardous substances and petroleum products were not observed at the subject property. A service station, Shell First Coast Energy #118, 120 Center Place Way, has been constructed on an adjacent parcel, Parcel 5.1, in the Southeast Quadrant. This facility, a listed but as yet unplotted UST facility, is relatively new and there have been no reported releases of petroleum product.

Storage Tanks and Unidentified Substance Containers - Surface indications of underground or aboveground storage tanks were not observed on the site. Unidentified substance containers were not observed on the site.

Indications of PCBs - Electrical transformers are a potential source of environmental concern due to the possible presence of polychlorinated biphenyls (PCBs) contained in the dielectric fluid of some units. During our site visit we observed the presence of several electrical transformers on and adjacent to the subject site. Several of these transformers are labeled "No PCBs." It has been previously established that the units installed at the complex are all non-PCB-containing.

Indications of Solid Waste Disposal - Surface indications of improper solid waste disposal were not observed during our site reconnaissance. A few relatively large piles of vegetative debris (roots and trunks) from the apparent site clearing activities were observed on Parcel 10B in the Southeast Quadrant, but this is not viewed as an environmental concern.

Water Supply, Wastewater Service and Wells - Water supply and wastewater services are provided to the complex by the City of St. Augustine. Potable water wells, irrigation wells, monitoring wells and/or recovery wells were not observed at the subject site during our site visit.

Pools of Liquids, Pits, Ponds or Lagoons - Pools of liquids, pits or lagoons were not observed on site. As noted above, several ponds are in place within the complex.

Odors, Stained Soil and Stressed Vegetation - Odors, stained soil and stressed vegetation were not observed during our site visit.

Other Environmental Concerns - Other potential environmental concerns likely to impact soil or groundwater quality were not observed during our site visit.

FINDINGS AND CONCLUSIONS

LAW has performed a Phase I Environmental Site Assessment Update in general accordance with ASTM Practice E 1527-00 of various parcels, ponds and roadways within the Northwest, Northeast and Southeast Quadrants of the World Golf Village/Saint Johns Complex located at International Golf Parkway and Interstate Highway 95 in St. Augustine, St. Johns County, Florida.

This assessment has not revealed evidence of recognized environmental conditions on the subject site in connection with the use of the property since the completion of our previous assessments.

Based on our reconnaissance and review of compiled readily available information, we have not identified documented or technical evidence to suggest that current or past on-site or nearby land use

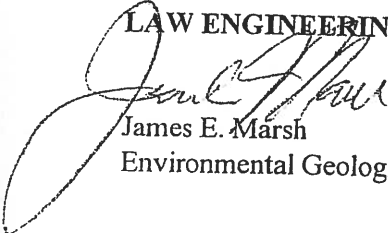
practices have adversely impacted soil or groundwater quality of the subject property since the completion of our previous assessment.


In our opinion, further environmental assessment to evaluate the site is not warranted at this time.

We appreciate the opportunity to have been of assistance to you in this matter and look forward to continuing as your environmental consultant. If you have any questions or wish to discuss our findings in further detail, please contact us.

Sincerely,

LAW ENGINEERING AND ENVIRONMENTAL SERVICES, INC.


James E. Marsh
Environmental Geologist

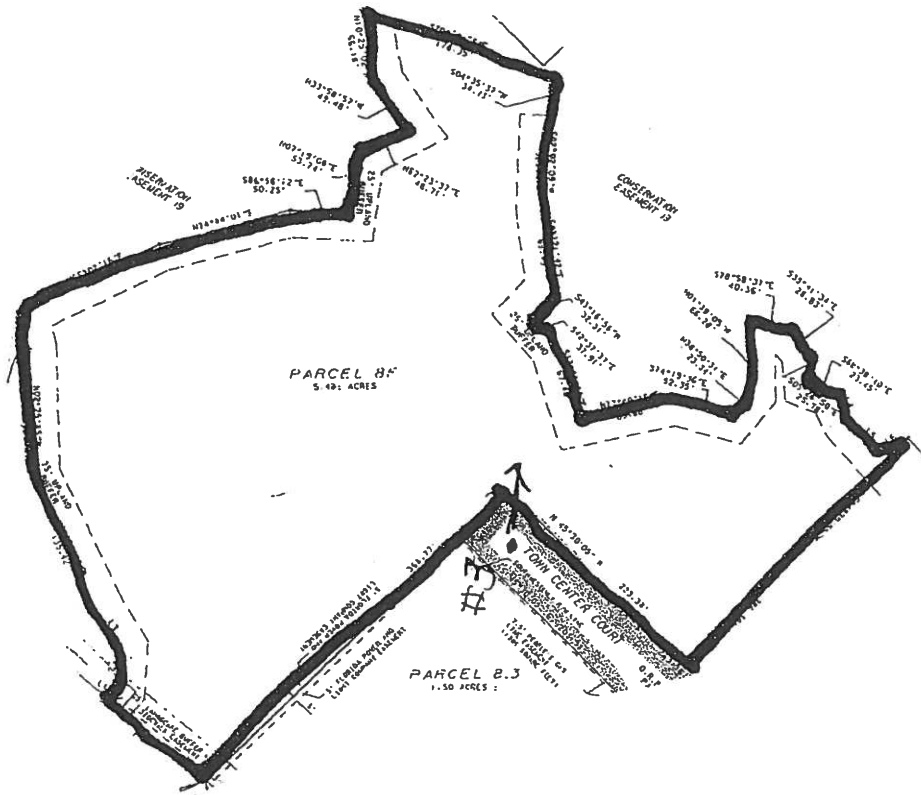
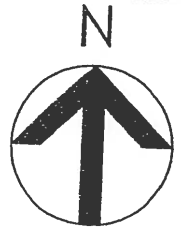

Eric R. Silvers, P. G.
Principal Geologist
Registered, Florida #499

JEM/ERS:jem

Attachments: Statement of Limitations
Secondary Client Agreement

Distribution: Pappas Metcalf, Jenks and Miller (4)
file (1)

ATTACHMENTS



REFERENCE: SITE PLAN
PREPARED BY: UNKNOWN
DATED: UNKNOWN



**LAW ENGINEERING AND
ENVIRONMENTAL SERVICES, INC.**
JACKSONVILLE, FLORIDA

SITE PLAN
Northwest Quad Parcel—World Golf Village
World Golf Village Parkway
St. Johns County, Florida

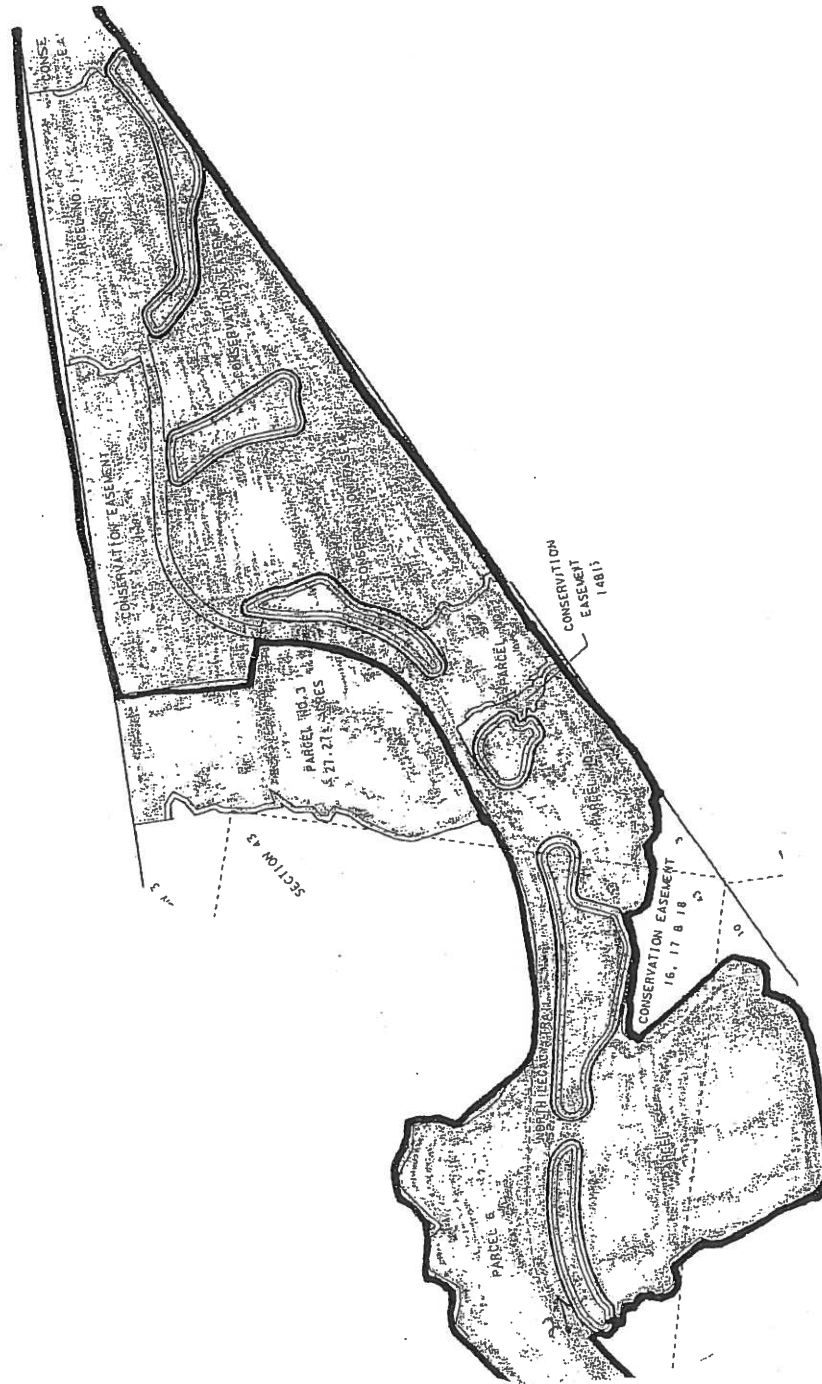
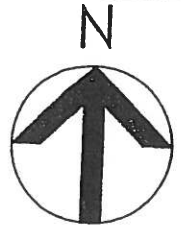
DRAWN: TW

DATE: 4/4/01

SCALE: N.T.S.

CHECKED: JEM

PROJ. NO. 40544-1-8476



REFERENCE: SITE PLAN
PREPARED BY: UNKNOWN
DATED: UNKNOWN



**LAW ENGINEERING AND
ENVIRONMENTAL SERVICES, INC.**

JACKSONVILLE, FLORIDA

SITE PLAN

Northwest Quad Parcel-World Golf Village
World Golf Village Parkway
St. Johns County, Florida

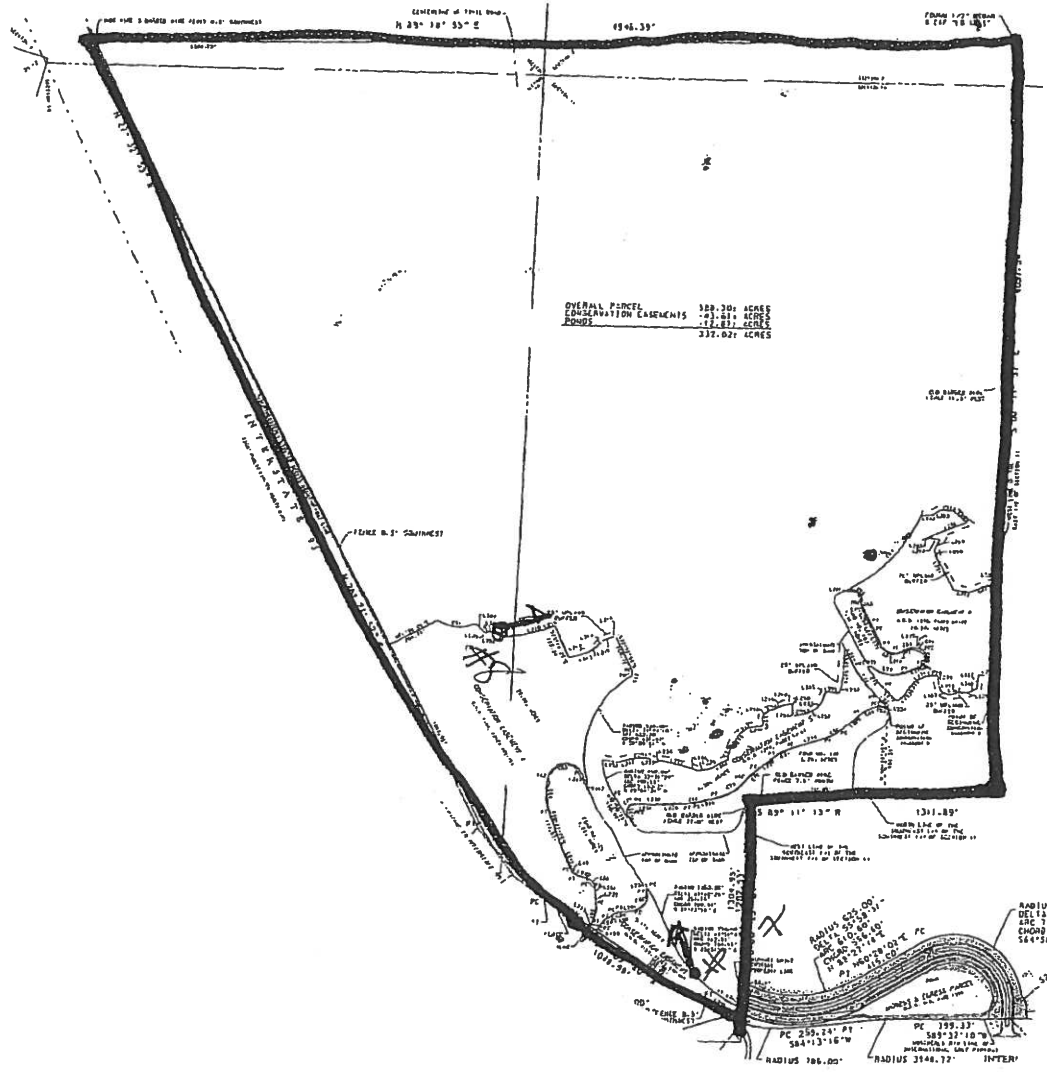
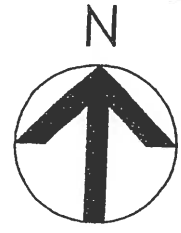
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SCALE: N.T.S.

CHECKED: JEM

PROJ. NO. 40544-1-8476



OVERALL PARCEL 389.301 ACRES
 EASEMENT CASEMENTS 73.881 ACRES
 FIELDS 317.021 ACRES

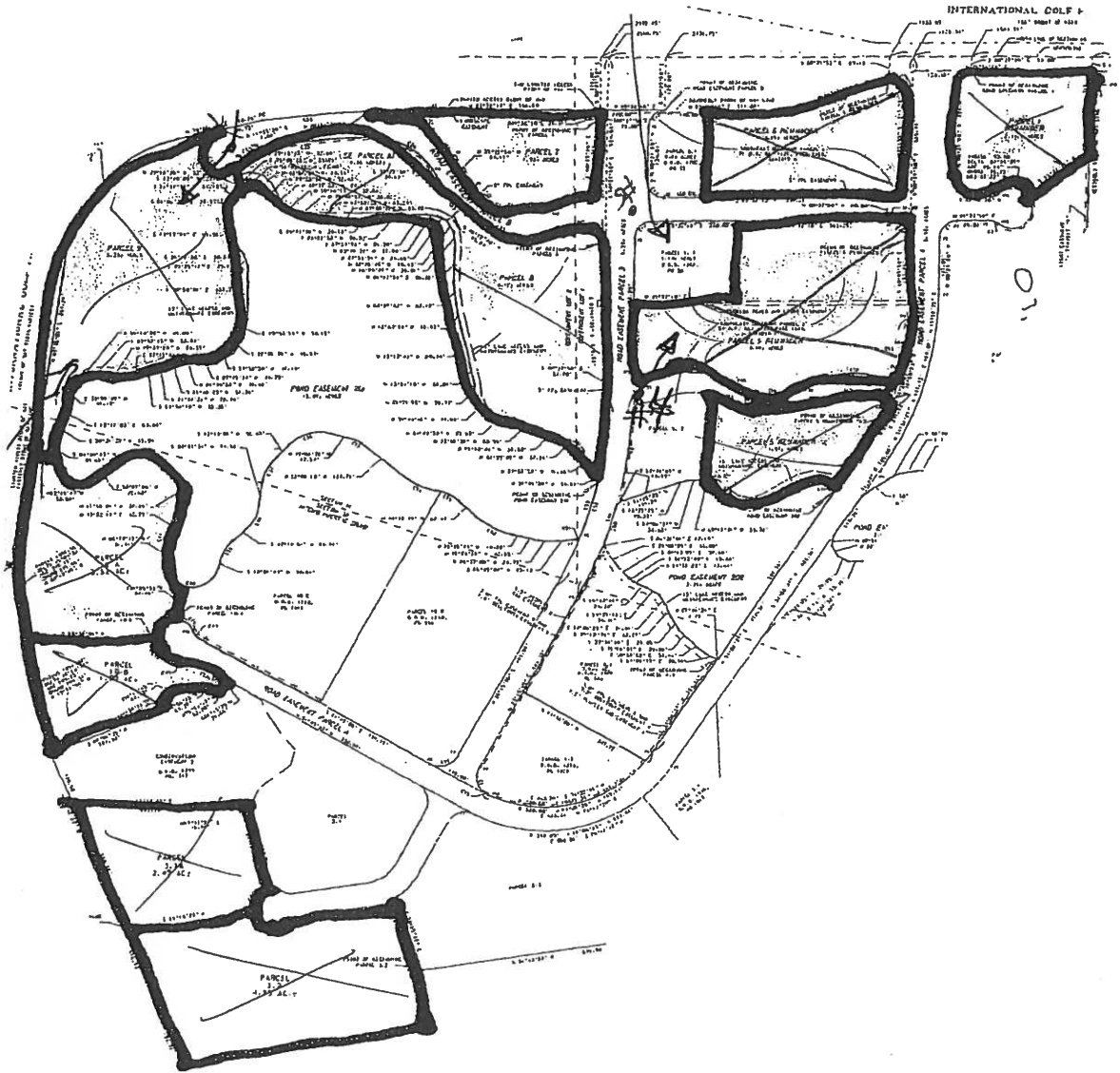
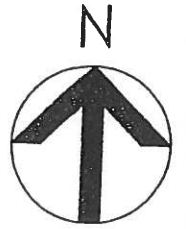
REFERENCE: SITE PLAN
 PREPARED BY: UNKNOWN
 DATED: UNKNOWN



LAW ENGINEERING AND ENVIRONMENTAL SERVICES, INC.
 JACKSONVILLE, FLORIDA

SITE PLAN
 Northeast Quad Parcel-World Golf Village
 World Golf Village Parkway
 St. Johns County, Florida

DRAWN: TW	DATE: 4/4/01	SCALE: N.T.S.
CHECKED: JEM	PROJ. NO. 40544-1-8476	



REFERENCE: SITE PLAN
PREPARED BY: UNKNOWN
DATED: UNKNOWN



**LAW ENGINEERING AND
ENVIRONMENTAL SERVICES, INC.**
JACKSONVILLE, FLORIDA

SITE PLAN
Southeast Quad Parcel—World Golf Village
World Golf Village Parkway
St. Johns County, Florida

DRAWN: TW	DATE: 4/4/01	SCALE: N.T.S.
CHECKED: JEM	PROJ. NO. 40544-1-8476	

STATEMENT OF LIMITATIONS

This report is intended for the exclusive use of the use of IT Land Associates, LLC; Pappas, Metcalf, Jenks and Miller and Regions Bank., only, under the terms and conditions of our agreement. The contents of this report should not be relied upon by other parties without the express written consent of Law Engineering and Environmental Services, Inc.

The findings and opinions presented in this report are relative to the dates of our services and should not be relied upon to represent conditions at substantially later dates. The opinions included herein are based on the information obtained during this study and our experience with similar assessments. If information becomes available which might alter our environmental conclusions, we request the opportunity to review the information, reassess the potential concerns, and modify our opinions, if warranted. Although this assessment has attempted to identify the potential for environmental impacts to the subject property, potential contamination sources may have escaped detection due to: 1) the limited scope of this assessment; 2) the inaccuracy of public records; 3) the limited availability of accurate historical information relating to earlier periods of site use or 4) the presence of undetected or unreported environmental incidents. It has not been the purpose of this study to determine the actual presence, degree or extent of contamination, if any, at the site. This would require invasive sample collection and laboratory analysis.

The purpose of this Update has been to review available past and current land use practices at the site and adjacent properties to identify recognized environmental conditions which could adversely impact soil and/or groundwater quality of the subject property. The environmental site assessment process is a general characterization of environmental concerns based on readily available information and site observations. This has been accomplished by performing an on-site and vicinity reconnaissance, in conjunction with a regulatory and historical information review. Environmental assessments can be performed to increasingly higher levels of confidence by using progressively more intensive efforts. Based on your requests, this update has been conducted in general accordance with the American Society for Testing and Materials (ASTM) Designation E 1527-00, "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process", published, July 2000.

Qualifications of the LAW environmental professionals involved in the Phase I update are included in this attachment.

Collection and testing of soil or groundwater samples for hazardous materials; identification and delineation of wetlands and the identification of endangered or protected plant and animal species, historical or archeological sites, hazardous construction materials, and potential noise or air quality impacts were beyond the scope of this assessment update.