



June 5, 2006

Via Electronic & Regular Mail

North Miami Housing, LTD.
2200 N. E. 143rd Street
Suite 100
North Miami, Florida 33181

*Attention: Mr. Joe Guarino
Project Manager*

**Subject: Phase I Environmental Site Assessment Update
Rucks Park
473 NE 137th Street
North Miami Beach, Dade County, Florida
HSA Proposal Number: 600-9221-01**

Dear Mr. Guarino:

HSA Engineers & Scientists (HSA) is pleased to present this proposal and related fee estimate for the completion of an Environmental Site Assessment ("ESA") at the above referenced site. HSA previously conducted a Phase I ESA of the subject property in September 2003. HSA understands that North Miami Housing, LTD. wishes to conduct an update of the previous investigation to evaluate current site conditions. A detailed description of the proposed services is presented below.

SCOPE OF SERVICES

The assessment will be performed in general accordance with the scope and limitations of the American Society for Testing and Materials (ASTM) Standard E 1527-00. The proposed ESA will consist of four (4) components: a records review, site reconnaissance, interviews including current owners and occupants of the property as well as local government officials, and an evaluation report. These components are briefly discussed below.

- *Review of standard state and federal environmental record sources which are publicly available, practically reviewable, and reasonably ascertainable.*

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Such a review may yield information related to the use, storage, and/or discharge of hazardous substances on or in close proximity to the subject property, including permits or notice of violations regarding materials handling practices, and/or the proximity of solid waste disposal sites, sites already under investigation and/or remediation due to environmental damage, and/or sites with registered underground storage tanks ("USTs").

Where considered necessary additional state or local record sources may be accessed. Such sources may include the local Department of Health/Environmental Division, Fire Department, Planning Department, Building Permit/Inspection Department, Regional Pollution Control Agency, Regional Water Quality Agency, and Electric Utility Company. The purpose of such additional (and discretionary) contact would be to obtain further information relative to the proximity of sensitive receptors (e.g., potable wellfields), contaminant releases, and/or contaminated public supply wells.

- *Review of a current 7.5 Minute Topographic Map*

Such a review may provide information relative to the geologic, hydrogeologic, hydrologic, or topographic characteristics of a site. When considered necessary, additional physical setting sources may be accessed when conditions have been identified in which hazardous substances or petroleum products are likely to migrate to the property or from or within the property into the soil and/or groundwater.

- *Review of publicly available, practically reviewable, and reasonably ascertainable records related to the uses of the property.*

A review of standard historical record sources such as fire insurance rate maps, city directories, aerial photographs, property tax files, and/or recorded land title records is undertaken to attempt to identify uses of the property from the present, back to the property's obvious first developed use, or back to 1940, whichever is earlier. Such a review may uncover evidence or prior excavation, landfilling activities, structure additions/demolitions, and/or other site activities with the potential to have released hazardous substances and/or petroleum products to the subsurface.

- *A site reconnaissance performed by an experienced environmental professional specifically trained in the observance of environmental phenomena.*

The objective of the site reconnaissance is to obtain information indicating the likelihood of identifying recognized environmental conditions in connection with the



property. Such signs may include spills, stressed vegetation, presence of buried tanks, improper storage or drums or any unusual soil discoloration. Such activities are primarily confined to the site under evaluation, although problematic off-site activities are also reviewed. During the site reconnaissance, a photographic record of pertinent features is obtained.

- *Interviews with owners and occupants*

The objective of interviews is to obtain information indicating recognized environmental conditions in connection with the property.

- *Interviews with local governmental officials*

The objective of interview with local governmental officials is to obtain information indicating recognized environmental conditions in connection with the property. A reasonable attempt shall be made to interview at least one staff member of any one of the following local governmental agencies (local fire department, local health agency, local agency or local/regional office having jurisdiction over hazardous waste disposal or other environmental matters in the area in which the property is located.)

- *Evaluation Report*

At the conclusion of the above-mentioned tasks, an evaluation report will be completed describing the findings of the investigation. The report will include a Findings and Conclusions section detailing any recognized environmental conditions revealed in connection with the subject property.

COMMENCEMENT OF SERVICES

Upon initiation of the project, HSA personnel will interview you and/or your designated representative. The purpose of this initial interview will be to learn as much about the site as possible. Questions regarding the nature of the subject site and its surrounding area, past site history, site size and location, ownership and access, and chain-of-title will be addressed.

You can greatly assist in the completion of the above referenced services by delivering any or all of the following items that you or your client may have within his/her possession:

1. Site plans or surveys, including descriptions for the site, if available;



2. Any available information pertaining to past ownership and use of the site, including if available, Chain-of-Title Reports;
3. Copies of any prior environmental assessments and/or geotechnical reports, if available;
4. Appraisal reports for the site, if available; and
5. Authorization to enter into the site, and possibly adjoining sites if deemed necessary to perform the services hereunder.

SCHEDULE AND FEE PROPOSAL FOR PHASE I ESA SERVICES

HSA is prepared to provide the *Phase I ESA services for a fee not to exceed \$2,100,000*. The aforementioned amount is an estimate and do not purport to be representative of the final consulting costs, should information that affects our understanding of the needs of the project change. However, it does represent our best estimate based upon the current knowledge of the needs for this project. Should the aforementioned fee be determined inaccurate, HSA will notify you BEFORE the above limit is reached, and indicate the amount of work to be completed, the amount of work yet to perform, the approximate costs of the remaining work, and a written explanation describing the circumstances which caused the estimate to be inaccurate.

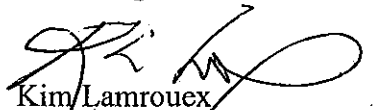
It is anticipated that the investigations and report preparation outlined above can be accomplished within *15 business days* following authorization to proceed. You will be updated on findings as the study progresses. If conditions are discovered that may be of immediate concern regarding your development plans, you will be notified prior to completion of the report.


It is our understanding that no predetermined investigative language is required to report the results of our findings. We appreciate the opportunity to be of service and look forward to working with you. Please forward us your notice to proceed as soon as possible, because our ability to meet your schedule is, to some extent, predicated on the availability of certain records. You can assist us by timely providing any requested documentation you may have in your possession. We appreciate this opportunity to submit our proposal.



Please contact me directly should you have any questions.

Sincerely,
HSA Engineers & Scientists


Kim Lamrouex
Environmental Professional


Brian Moore, P.E.
Project Engineer



AUTHORIZATION
HSA Proposal No. 600-9221-01

IN WITNESS WHEREOF, HSA and the UNDERSIGNED have executed this Agreement the day and year indicated below.

Accepted By:

_____ Company

By:

_____ Signature/Title

_____ Date

PROJECT INFORMATION

PROJECT NAME: _____

PROJECT LOCATION: _____

PROJECT CONTACT: _____

PHONE NUMBER: _____

FAX NUMBER: _____

SITE PHONE: _____

INVOICING INFORMATION

COMPANY NAME: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

ATTENTION: _____



TERMS and CONDITIONS

RARE EARTH SCIENCES, INC. dba; HSA ENGINEERS & SCIENTISTS (Company) proposes to perform the services described in the attached AGREEMENT at a charge pursuant to the attached Fee Schedule and under the conditions and circumstances as are set forth herein as follows:

- 1. Billings/Payment:** Invoices for Company's services shall be submitted at Company's option, either upon completion of such services or at the end of each calendar month, and mailed to Client at the address indicated in the attached Work Plan. All such invoices shall be payable upon receipt, and in the event that payment is not duly made within thirty (30) days, the outstanding balance shall bear interest at the rate of one and a half (1.5%) per month from date of original billing or at the highest interest rate permitted by law, whichever is less. It is further understood and agreed that if Client fails to pay any invoice due to Company within forty-five (45) days after the date thereof, Company, without waiving any other claim or right against Client, and without liability whatsoever to Client, may terminate its performance hereunder. In the event that Company places any invoice which is unpaid after the due date, with an agency or an attorney for collection, Client shall pay all costs and expenses of such collection, including without limitation attorney's fees and court cost, if any.
- 2. Limitations:** Client recognizes the Company's services are solely for the benefit of Client and require decisions which are not based upon pure science but rather upon judgmental considerations. Company shall perform its services in accordance with generally accepted practices. Client agrees that such services shall be rendered without any warranty, expressed or implied, and that Company shall be responsible solely for its own negligence.
- 3. Professional Liability:** For additional consideration from HSA of \$10.00 receipt of which is hereby acknowledged, client agrees that HSA's liability, and that of its officers, directors, employees, agents and subcontractors, to client or any third party due to any negligent professional acts, errors or omissions or breach of contract by HSA will be limited to an aggregate of \$50,000 or HSA total charges, whichever is greater. If client prefers to have higher limits of professional liability, HSA agrees to increase the aggregate limit, up to a maximum of \$250,000, upon client's written request at the time of accepting our proposal, provided client agrees to pay an additional consideration of ten percent of HSA total charges, or \$500, whichever is greater. The additional charge for the higher liability limit is because of the greater risk assumed by HSA and is not a charge

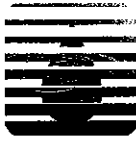


for additional professional liability insurance. This limitation shall not apply to the extent prohibited by law.

4. **Right of Entry:** Client hereby grants to Company or represents and warrants (if the project location is not owned by Client) that permission has been duly granted for the Right of Entry from time to time, by Company, its agents, staff, consultants, and contractors or subcontractors, upon the project location for the purpose of performing and with the right to perform all acts, studies, and research, including without limitation the making of test borings and other soil and water samplings, pursuant to the Work Plan.

The Client hereby recognizes that the use of exploration equipment may unavoidably affect, alter, or damage the terrain and affect vegetation, buildings, structures, and equipment in, at, or upon the area being studied. Client accepts the fact that this is inherent to Company's work and will not hold Company liable or responsible for any such reasonable effect, alteration or damage.

5. **Public Liability:** Company represents and warrants that its staff is protected by Worker's Compensation insurance with statutory limits; and that Company has such coverage under Public Liability and Property Damage insurance policies which Company deems adequate. Certificates for all such policies of insurance shall be provided to Client upon written request. Only within and only to the extent of the limits and conditions of such insurance, Company agrees to indemnify and save Client harmless from any claims, demands, suits, or liabilities arising from any negligent acts by Company, its agents, staff, contractors or consultants employed or engaged by it. In no event shall Company be liable or responsible for any loss, damage, or liability, including but not limited to fire and explosion, beyond the amounts, limits, and conditions of such insurance, or if such loss, damage, or liability is excluded from such coverage of such insurance.
6. **Duty of Client:** Client agrees to defend and save Company harmless from all liability, claims, demands, and suits, including expenses of suit and reasonable attorney's fees, arising from personal injuries, including disease and/or death, property loss or damage, injuries to others (including personnel of Client and of Company, its contractors and subcontractors performing work hereunder), or from air, water, or ground pollution or environmental degradation arising out of or in any manner connected with or related to the performance of this Work Plan, except if such injury, loss, or damage shall be caused by the sole negligence or willful misconduct of Company, its employees, agents, or representatives.



It shall be the duty of Client to advise Company promptly of any known or reasonably knowable hazardous substances or any condition existing in, on or near the premises upon which work is to be performed by Company's employees or subcontractors that presents a potential or possible health hazard or nuisance. If Client fails to advise Company or, notwithstanding such advice, unanticipated occurrences of such substances or conditions are discovered during the course of the work, and such discovery in the judgment of Company results in or may result in injury or a health risk to persons, whether Company's personnel, Client's personnel, or others, Client agrees that it shall assume full responsibility and liability and shall hold Company harmless from any or all claims, demands, suits, or liabilities for personal injury including disease, medical expenses, including but not limited to continued health monitoring and/or death, property damage, economic loss, including consequential damages.

If any unforeseen hazardous substances or other unforeseen conditions are encountered during execution of the work which, in the judgment of the Company, significantly affect or may affect the work or the recommended Work Plan, Company will notify Client as soon as practicable. In that event, Client and Company agree to pursue one of the following: (1) practicable, in the judgment of the Company, complete the original Work Plan; (2) Modify the Work Plan and budget estimate to include study of the previously unforeseen conditions, with this Contact being amended accordingly and in writing; or (3) Terminate the Work Plan. In the event of termination, Client agrees to pay Company in full for all work completed and fees due until written termination notice has been received by Company and to pay all costs incurred by Company prior to and in connection with discontinuing the work hereunder, such as completion of files and preparation of a written report to Client of findings to date of termination and all costs associated with subcontract termination.

7. **Confidentiality:** Company will not knowingly release information regarding work for client, except for information that is the public domain or is provided by third parties, to any person other than Client and to persons designated by Client. Company may notify Client of conditions, if identified, which in Company's professional opinion, may present a potential public health or public safety hazard. It is the Client's responsibility to release and to notify appropriate public agencies in a timely manner of any information that may be necessary to preserve public health or public safety or in order to limit future public risks. Client agrees to hold Company harmless against any and all claims, demands, suits, or liabilities as a consequence of release of the information which may be necessary to preserve public health or safety. Notwithstanding the above, Company will exercise its best efforts to comply with any federal, state, county, or municipal law, regulation, ordinances, or legal obligations regarding the reporting of findings to appropriate public

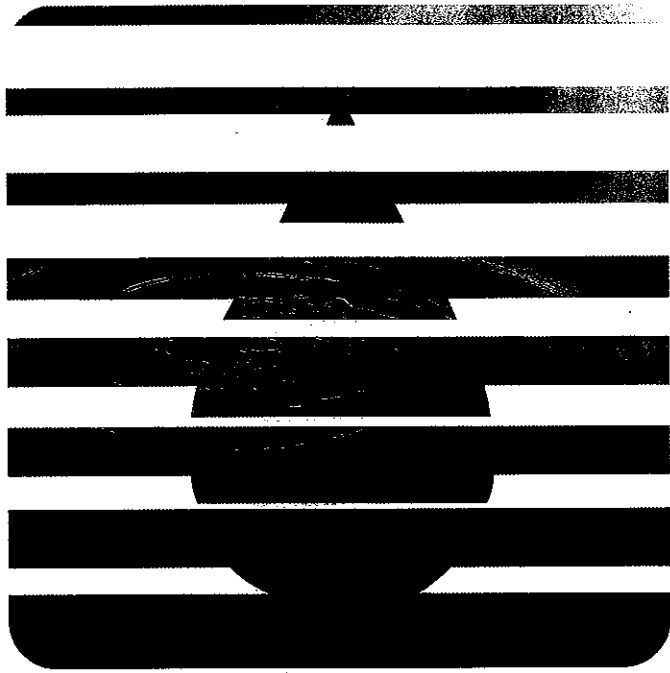


agencies. Client agrees to hold Company harmless against any and all claims, demands, suits or liabilities resulting from such actions by Company.

8. **Opinions of Probable Clean-up and Disposal Costs:** The Company may give opinions of probable clean-up and disposal costs as part of the Work Plan. These opinions may also involve approximate quantity estimates. The Client understands and agrees that quantity estimates are not accurate enough for clean-up and disposal bids. Company does not guarantee or warrant the accuracy of estimates of probable clean-up and disposal costs as compared to bids of Contractors, or compared to actual clean-up and disposal costs.
9. **Documents:** HSA will furnish Client the agreed upon number of written reports and supporting documents. These instruments of services are furnished for Client's exclusive internal use and reliance, use of Client's counsel, use of Client's qualified bidders (design services only) and for regulatory submittal in connection with the project or services provided for in this Agreement, but not for advertising or other type of distribution, and are subject to the following:
 - a. All documents generated by HSA under this Agreement shall remain the sole property of HSA. Any unauthorized use or distribution of HSA's work shall be at Client's and recipient's sole risk and without liability to HSA. HSA may retain a confidential file copy of its work product and related documents.
 - b. If Client desires to release, or for HSA to provide, our report(s) to a third party not described above for that party's reliance, HSA will agree to such release provided we receive written acceptance from such third party to be bound by acceptable terms and conditions similar to this Agreement (*e.g.* Secondary Client Agreement). Reports provided for disclosure of information only will not require separate agreement. Client acknowledges and agrees to inform such third party the HSA's report(s) reflects conditions only at the time of the study and may not reflect conditions at a later time. Client further acknowledges that such request for release creates a potential conflict of interest for HSA and by this request Client waives any such claim if HSA complies with the request.
 - c. Client agrees that all documents furnished to Client or Client's agents or designees, if not paid for, will be returned upon demand and will not be used by Client or any other entity for any purpose whatsoever. Client further agrees that documents produced by HSA pursuant to this Agreement will not be used for any project not expressly provided for in this Agreement without HSA's prior written approval.

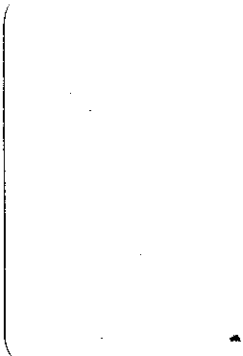


- d. Client shall furnish documents or information reasonably within Client's control and deemed necessary by HSA for proper performance of our services. HSA may rely upon Client-provided documents in performing the services required under this Agreement; however, HSA assumes no responsibility or liability for their accuracy. Client provided documents will remain the property of Client, but HSA may retain one confidential file copy as needed to support our report.
 - e. Upon Client's request, HSA's work product may be provided on magnetic media. By such request, Client agrees that the written copy retained by HSA in its files, with at least one conformed written copy provided to Client, shall be the official base document. HSA makes no warranty or representation to Client that the magnetic copy is accurate or complete, but will correct in good faith any omissions or errors on such media brought to HSA's attention by Client. Any modifications of such magnetic copy by Client shall be Client's risk and without liability to HSA. Such magnetic copy is subject to all conditions of this Agreement.
10. RARE EARTH SCIENCES, INC. dba; HSA ENGINEERS & SCIENTISTS is an Equal Opportunity Employer.



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