



SALT RIVER ELECTRIC

111 West Brashear Avenue • Bardstown, Kentucky 40004
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October 10, 2013

Mr. Jeff Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort KY 40602-0615

RECEIVED
OCT 10 2013
PUBLIC SERVICE
COMMISSION

Re: **Case No. 2013-00343**
Application of Salt River Electric Cooperative Corporation for
Certificate of Convenience and Necessity Authorizing Certain
Proposed Construction Identified as Headquarters Construction
and District Renovations

Dear Mr. Derouen:

Enclosed are the original and 10 copies of Salt River Electric Cooperative Corporation's Responses to Commission Staff's First Request for Information dated October 3, 2013, in the above-named case.

If you have any questions about these responses, please contact this office.

Sincerely,

Nicky Rapiet
Vice President of Community and Economic Development

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
OCT 10 2013
PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF SALT RIVER ELECTRIC)
COOPERATIVE CORPORATION FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY AUTHORIZING CERTAIN)
PROPOSED CONSTRUCTION IDENTIFIED AS)
THE HEADQUARTERS CONSTRUCTION AND)
DISTRICT RENOVATIONS)

CASE NO.
2013-00343

RESPONSE OF
SALT RIVER ELECTRIC COOPERATIVE CORPORATION
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

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Case No. 2013-00343

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

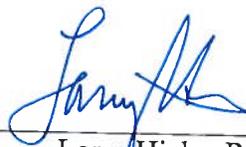
IN THE MATTER OF:

APPLICATION OF SALT RIVER ELECTRIC)
COOPERATIVE CORPORATION FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY AUTHORIZING CERTAIN) CASE NO.
PROPOSED CONSTRUCTION IDENTIFIED AS) 2013-00343
THE HEADQUARTERS CONSTRUCTION AND)
DISTRICT RENOVATIONS))

COOPERATIVE PRESIDENT'S AFFIDAVIT OF PREPARATION

Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation, being duly sworn, states that by order of the Commission dated October 3, 2013, Salt River Electric Cooperative Corporation hereby files the requested information in Case No. 2013-00343. That he supervised the preparation of the responses contained herein, that the witness prepared to answer questions concerning each request is Salt River Electric's Vice President of Community and Economic Development Nicky Rapier, and that the matters and items set forth are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

SALT RIVER ELECTRIC COOPERATIVE CORP.



Larry Hicks, President and CEO

STATE OF KENTUCKY
COUNTY OF NELSON

Subscribed and sworn to before me this 9th day of October, 2013, by Larry Hicks, President and CEO of Salt River Electric Cooperative Corporation.


Notary Public KY State at Large

My Commission Expires: 12-16-14

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

APPLICATION OF SALT RIVER)	
ELECTRIC COOPERATIVE)	
CORPORATION FOR A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY)	CASE NO.
AUTHORIZING CERTAIN PROPOSED)	2013-00343
CONSTRUCTION IDENTIFIED AS THE)	
HEADQUARTERS CONSTRUCTION AND)	
DISTRICT RENOVATIONS)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
SALT RIVER ELECTRIC COOPERATIVE CORPORATION

The undersigned, Nicky Rapier, Vice President of Community and Economic Development of Salt River Electric Cooperative Corporation, being duly sworn, responds to Commission Staff's request for information herein as follows:

1. Refer to the third paragraph of the cover letter submitted with the application where it states, "We also have a bid to building [sic] a new 30,000 square foot warehouse/operations center with an attached 6,000 square foot office, along with a square foot building to store wire and transformers and then a 2,000 square foot building to store any leaking transformers." Also refer to paragraph 6 of the application where it states, "Salt River Electric has been working with MSE of Kentucky on the design of our new facility, and project that we should be able to construct a 6,000 square foot office and a 30,000 square foot warehouse for around \$3,300,000."

- a. State whether Salt River intends to request approval in the application for the construction of a 10,000 square-foot building and a 2,000-square-foot building.

YES

- b. If the answer to a. above is yes, state whether the cost of construction of the building and the 2,000-square-foot building is included in the \$3.3 million total.

THE COST OF ALL OUR BUILDINGS, SITE WORK, ARCHITECT FEES, UTILITIES, AND NECESSARY EQUIPMENT IS INCLUDED IN THE \$3.3 MILLION. THE COST OF \$580,000 FOR THE LAND AND \$100,000 FOR A NEW GENERATOR AND NEEDED FORKLIFT BRING THE TOTAL TO \$4 MILLION.

- c. How many buildings/structures is Salt River proposing to construct?

FOUR.

- d. Describe the square footage and purpose of each of the buildings/structures that Salt River proposes to construct.

THE 6,000 SQUARE-FOOT OFFICE AND THE 30,000 SQUARE-FOOT WAREHOUSE WILL BE ADJACENT TO EACH OTHER.

THE 10,000 SQUARE-FOOT BUILDING WILL HOUSE WIRE AND TRANSFORMERS.

THE 2,000 SQUARE-FOOT BUILDING WILL HOUSE LEAKING TRANSFORMERS

e. At the September meeting with Commission Staff, Salt River indicated that the cost of grading the land was not included in the construction cost.

THE COST OF THE GRADING IS INCLUDED IN THE TOTAL BID OF \$3.3 MILLION.

(1) Provide the estimated cost of grading the land at the new location.

THE ESTIMATED COST OF THE SITE WORK IS \$400,000.

(2) Identify and provide an estimate of any other expenses to develop the land and improvements which are not included in the \$4 million estimated cost of the project.

THE \$4 MILLION ESTIMATED COST OF THE PROJECT INCLUDES EVERYTHING. THE COST OF ALL OUR BUILDINGS, SITE WORK, ARCHITECT FEES, UTILITIES, AND NECESSARY EQUIPMENT IS INCLUDED IN THE \$3.3 MILLION. THE COST OF \$580,000 FOR THE LAND AND \$100,000 FOR A NEW GENERATOR AND NEEDED FORKLIFT BRING THE TOTAL TO \$4 MILLION.

2. Refer to paragraph 4 of the application.

a. Explain how the sales price of \$4.5 million was determined.

IN 1998 WE HAD AN APPRAISAL FROM ANOTHER COMMERCIAL LAND IN A SIMILAR AREA. THE ESTIMATED COSTS WERE \$10,000 PER ACRE FOR RESIDENTIAL AND \$50,000 PER ACRE FOR COMMERCIAL. IN 1994 OUR WAREHOUSE WAS APPRAISED AT \$845,000. BASED ON THESE APPRAISALS PLUS SOME INFLATION, WE DECIDED TO MAKE AN OFFER OF \$4,500,000 AND THE SCHOOL DISTRICT AGREED.

b. Provide copies of all information relied upon to determine the sales price for the property, including appraisals, comparative sales, offers, real estate broker estimates, etc.

ATTACHED ARE THE APPRAISAL OF SALT RIVER'S WAREHOUSE AND THE APPRAISAL OF THE MONIN INC. FARM. – ATTACHMENTS 1 & 2.

c. What is the value of the 70 acres of land that is being sold as part of this transaction?

THE VALUE OF THIS LAND IS CARRIED ON OUR BOOKS AT \$829,376, BUT ITS VALUE IS WHAT WE HAVE CONTRACTED TO SELL IT FOR, WHICH IS \$4.5 MILLION.

- d. Provide the January 1, 2013 assessed value for the land and improvements to be sold as established by the Kentucky Department of Revenue.

THE ASSESSED VALUE OF THE LAND AND IMPROVMENTS IS \$2,329,376.

- e. Provide a copy of the contract between Bardstown Independent School District and Salt River.

PLEASE SEE THE ATTACHED REAL ESTATE AND PURCHASE AGREEMENT – ATTACHMENT No. 3

3. Refer to paragraph 5 of the application where it states, "Salt River Electric has bought approximately 76 acres adjacent to the Nelson County Industrial Park for around \$581,524."

- a. Explain how the purchase price of was determined.

THIS PROPERTY WAS CONSIDERED RESIDENTIAL, BASED ON THE APPRAISALS IN 2B. THE PROPERTY IS NOT TYPICAL RESIDENTIAL LAND. THE PROPERTY IS MOSTLY FORESTED. WE BELIEVE THAT THE TERRAIN WOULD GIVE US EXTRA SECURITY BY KEEPING THE BOUNDARY SOMEWHAT INACCESSIBLE. THEREFORE WE MADE AN OFFER FOR SIGNIFICANTLY LOWER THAN \$10,000 PER ACRE.

- b. Provide copies of all information relied upon to determine the purchase price for the property, including appraisals, comparative sales, offers, real estate broker estimates, etc.

SEE ANSWER TO QUESTION 2b.

- c. Identify the party from which Salt River purchased the 76 acres.

PLEASE SEE THE ATTACHED 1ST PURCHASE FROM SHULER AND THE ATTACHED 2ND PURCHASE FROM SHULER – ATTACHMENT NOS. 4 AND 5

- d. Provide the assessed value of the land as of January 1, 2013, as established by the Nelson County Property Valuation Administrator.

THE ASSESSED VALUE OF THE LAND IS \$1,232,453.

4. Refer to paragraph 6 of the application. It indicates that Salt River has been working with MSE of Kentucky on the design of its new facility.
 - a. Explain why Salt River chose MSE of Kentucky to work on the design of its new facility.

SALT RIVER CHOSE MSE OF KENTUCKY AFTER REVIEWING QUALIFICATIONS REQUESTED FROM 10 ARCHITECT FIRMS.

- b. State whether Salt River advertised for bids for the design work.

YES, SALT RIVER SENT BID REQUESTS TO 10 ARCHITECT FIRMS.

- c. If the answer to b. above is yes, provide a copy of the notice and indicate how the notice was published.

PLEASE SEE THE ATTACHED LIST OF ARCHITECT FIRMS AND THE ATTACHED REQUEST FOR QUALIFICATIONS – ATTACHMENT NOS. 6 AND 7.

- d. If the answer to b. above is no, explain why Salt River did not advertise for bids for the design work.

NA

5. Refer to paragraph 6 of the application. It indicates that Salt River has a contract with EH Construction to do this project.
 - a. Explain why Salt River chose EH Construction for the project.

SALT RIVER CHOSE EH CONSTRUCTION AFTER ASKING A TOTAL OF 19 FIRMS TO BID ON OUR PROJECT.

- b. State whether Salt River advertised for bids for the work which was awarded to EH Construction.

YES, SALT RIVER SENT BID REQUESTS TO THE ABOVE MENTIONED 19 FIRMS.

If the answer to b. above is yes, provide a copy of the notice and indicate how the notice was published.

PLEASE SEE THE ATTACHED LIST OF 19 FIRMS. EACH FIRM WAS EMAILED AND/OR CALLED AND ASKED TO CONSIDER BIDDING ON THIS PROJECT – SEE ATTACHMENT NO. 8

- c. If the answer to b. above is no, explain why Salt River did not advertise for bids for the work which was awarded to EH Construction.

NA

- d. Describe what services EH Construction will provide for Salt River.

EH CONSTRUCTION WILL PROVIDE ALL WORK FOR THE CONSTRUCTION OF THE SALT RIVER ELECTRIC WAREHOUSE/OPERATIONS CENTER IN STRICT ACCORDANCE WITH THE CONTRACT DOCUMENTS AND WITHIN THE TIME SET FORTH AND FOR THE PRICES STATED.

- f. Provide a copy of the contract between EH construction and Salt River.

SEE ATTACHED CONTRACT WITH EH CONSTRUCTION – ATTACHMENT NO. 9

6. State what will happen if an Order approving the project is not issued by October 26, 2013.

IF AN ORDER APPROVING THE PROJECT IS NOT ISSUED BY OCTOBER 25, 2013, IT WILL DELAY OUR PROJECT AND THEREBY DELAY THE SCHOOL DISTRICT PROJECT.

7. State the latest date a Commission Order could be issued without adversely impacting Salt River's contractual, financial, or other obligations.

MUCH OF THE ANSWER TO NO. 7 WILL DEPEND ON THE WEATHER. THE SOONER WE CAN RECEIVE AN APPROVAL, THE MORE HELPFUL IT WILL BE TO EVERYONE.

8. State the date when the transaction between Salt River and the Bardstown Independent School District is expected to be completed.

APPROVAL FROM THE PSC IS THE LAST CONDITION BEFORE THE TRANSACTION CAN BE COMPLETED.

9. State and explain whether Salt River considered building a new headquarters building to conduct customer service and other day-to-day corporate business activities, as well as operations, for inclusion in the new location.

NO

10. a. Explain in detail the need for the new warehouse/operations center facilities, and state whether the existing operations/warehouse facility is the only such facility of this type that Salt River owns or utilizes.

OUR CURRENT FACILITY IS ADEQUATE FOR WHAT WE NEED. THE BIGGEST ISSUE IS THAT THE SCHOOL DISTRICT CURRENTLY HAS TWO SCHOOLS VERY CLOSE TO THE CURRENT FACILITY AND THE SCHOOL SYSTEM WAS ALREADY CONSIDERING THE POSSIBILITY OF BUILDING SCHOOLS ACROSS THE STREET FROM OUR CURRENT LOCATION. THIS WOULD HAVE CREATED A VERY SERIOUS TRAFFIC CONCERN. THESE POTENTIAL SITUATIONS AND THE ADVANTAGEOUS POSSIBILITY OF WORKING FROM A LARGER, NEWER AND BETTER FACILITY FOR LESS COST FOR OUR MEMBERS HAVE DRIVEN THIS PROJECT.

- b. If Salt River owns and utilizes other operations or warehouse facilities, explain whether those buildings' operations will be consolidated to operate out of the new facility. If not, explain.

WE HAVE ANOTHER SMALLER FACILITY IN BULLITT COUNTY THAT IS USED TO WORK AND MAINTAIN OUR BULLITT AND SPENCER COUNTY CUSTOMERS. DUE TO LOGISTICS AND DRIVING AND REPOSE TIMES, WE WILL CONTINUE TO SERVE BULLITT AND SPENCER COUNTIES FROM THAT FACILITY.

11. State whether any short-term borrowing will be required to finance the project.

THERE WILL BE NO SHORT-TERM BORROWING FOR THIS PROJECT.

12. Provide the estimated details and total cost of the project as bid by EH Construction.

SEE ATTACHED CONTRACT WITH EH CONSTRUCTION – ATTACHMENT NO. 6.

13. Provide the annual costs of operations at the existing operations/warehouse facility.

\$70,000.

14. Provide the number of operations and warehouse buildings the proposed new facilities will replace.

ONE WAREHOUSE / OPERATIONS BUILDING WITH SIX ACCESSORY BUILDINGS.

15. Detail the size, storage space, and office space of the operations and warehouse buildings that will be replaced.

THE WAREHOUSE / OPERATIONS BUILDING IS 3,922 SQUARE FEET OF OFFICE, AND 21,191 SQUARE FEET OF WAREHOUSE.

BUILDING ONE IS 1,680 SQUARE FEET.

BUILDING TWO IS 576 SQUARE FEET

BUILDING THREE IS 1,443 SQUARE FEET

BUILDING FOUR IS 352 SQUARE FEET

BUILDING FIVE IS 949 SQUARE FEET

BUILDING SIX IS 3,500 SQUARE FEET

16. State the age(s) of the current operations and warehouse facilities and if there is a difference in the number of years of use by Salt River.

THE CURRENT WAREHOUSE WAS BUILT IN 1983.

17. Provide a list of the utility services required at both the existing and the new operations facilities and state the names of the utility service providers at each.

ELECTRIC

SALT RIVER ELECTRIC

PHONE

BELLSOUTH

CABLE & INTERNET

CITY OF BARDSTOWN

WATER

CITY OF BARDSTOWN

ALL UTILITIES ARE THE SAME PROVIDERS AT BOTH THE CURRENT AND THE PROPOSED LOCATIONS.

18. The application states that the new site is located on the eastern end of the Nelson County Industrial Park between Parkway Drive and the Bluegrass Parkway. Provide a drawing, with the structures located, that illustrates the surrounding area and the roads and buildings properly positioned and at an appropriate scale and size to view the area in general and with map directions (North) indicated.

PLEASE SEE ATTACHMENT NO. 10

19. Provide a list and map of any other locations considered for construction of the new facilities, the reasons for their elimination, and reasons for the choice made.

SINCE THIS LAND WAS AVAILABLE FOR SALE, WAS ADJACENT TO THE NELSON COUNTY INDUSTRIAL PARK, AND WAS AN EXCELLENT LOCATION FOR US TO WORK AND MAINTAIN OUR NELSON AND WASHINGTON COUNTY SERVICE TERRITORY AT A VERY FAIR PRICE TO OUR MEMBERS, THE CHOICE WAS MADE TO BUY IT AND LOCATE OUR NEW (REPLACEMENT) NELSON COUNTY WAREHOUSE / OPERATIONS CENTER THERE.

20. Indicate whether a site environmental exploration and assessment was performed. If so, provide a copy. If not, explain why not.

AN ASSESSMENT WAS PERFORMED FOR THIS LAND AND THE ADJACENT INDUSTRIAL PARK WHEN NELSON COUNTY WAS CONSIDERING BUYING THE LAND – SEE ATTACHMENTS NO. 11 & 12.

21. Indicate whether the site location was assessed for exposure to floods or is located in a flood plain.

IT WAS ASSESSED AND DEEMED NOT TO BE LOCATED IN A FLOOD PLAIN.

22. Provide the addresses of both the existing and the new Nelson County Warehouse/Operations Center facilities.

THE ADDRESS OF THE EXISTING WAREHOUSE IS 1345 TEMPLIN AVENUE, BARDSTOWN, KENTUCKY 40004.

THE ADDRESS OF THE NEW WAREHOUSE WILL BE 2230 PARKWAY DRIVE, BARDSTOWN, KENTUCKY 40004.

23. Reference Electrical Construction Drawing E-4. The drawing indicates the new facilities will be served by an emergency generator and a 500-KVA pad-mounted electrical service transformer. State what fuel will be used to power the generator, whether there is a provision for storing such fuel, and explain the reason for the sizable difference in the ratings of the normal service transformer and the emergency generator.

THE ENGINEERING DESIGN IS OF A 500-KVA TRANSFORMER SERVICE. ACTUAL LOAD IS ANTICIPATED TO BE IN THE RANGE OF 315 KW AT PEAK. THE EMERGENCY GENERATOR IS BEING SIZED TO SERVE ONLY CRITICAL OPERATING AREAS WITHIN THE BUILDING, SUCH AS DISPATCH, INFORMATION

TECHNOLOGY ROOM, EMERGENCY LIGHTING, OVERHEAD TRUCK DOORS, ETC. THE GENERATOR IS EXPECTED TO BE FUELED WITH DIESEL FROM AN ADJACENT ABOVE GROUND STORAGE TANK. THIS INSTALLATION WILL BE VERY SIMILAR TO OUR CURRENT CONFIGURATION.

24. Provide a listing, with amounts, of professional service fees (engineering, architectural and legal, etc.) incurred and expected, and state whether such amounts are already included in the cost estimates indicated in the application.

THE COSTS SHOWN BELOW ARE INCLUDED IN THE PREVIOUSLY DISCUSSED COST ESTIMATES.

Other - architect, fees, utilities, etc.

JRA Previous	\$1,252.50
MSE	\$167,000.00
Topo survey	\$3,800.00
Geo tech	\$9,350.00
Test holes & permit	\$575.00
Permit	\$2,760.00
Design pump station	\$4,275.00
Septic System	\$22,500.00

25. Explain whether the interior partitions are designed to be permanently located as shown on the drawings, or whether they are designed to be readily repositioned if future requirements change.

SOME OF THE OFFICES ARE DESIGNED TO BE PERMANENT, BUT THE LARGER SPACES ARE DESIGNED TO BE READILY REPOSITIONED IF NECESSARY.

26. Explain why all the drawings accompanying the application are not stamped and signed by a professional engineer currently licensed in the Commonwealth of Kentucky.

THE PLAN SUBMITTED TO THE KENTUCKY DEPARTMENT OF HOUSING AND BUILDINGS (FOR BARDSTOWN): LOGAN SPALDING IS REQUIRED TO HAVE ORIGINAL SEALS AND SIGNATURES ON EACH PLAN SHEET. THAT SET OF STAMPED ORIGINALS IS RETAINED BY THE STATE REVIEW AGENCY. THE ATTACHED LETTER FROM THEM IS EVIDENCE OF COMPLIANCE WITH THAT REQUIREMENT. WE DO NOT STAMP ALL THE COPIES MADE BECAUSE WE THEN COULD NOT AFFIX AN ORIGINAL SEAL OF THE FACSIMILE COPY. – ATTACHMENT NO. 13.

27. Refer to Salt River's response to the Commission's filing deficiency letter, wherein a total annual cost for the operation of the new facility is \$76,595.45. Provide a detailed breakdown of the annual costs of operations at the new operations/warehouse facility.

ELECTRIC	\$22,903.00
WATER	\$4,069.08
CABLE	\$4,800.00
INSURANCE	\$8,000.00
<u>PROPERTY TAX</u>	<u>\$36,823.37</u>
TOTAL	\$76,595.45

28. Identify all energy-efficiency measures that Salt River has proposed to be incorporated into the new facilities.

THE BUILDING IS DESIGNED TO BE ENERGY CODE COMPLIANT PER KENTUCKY CODE. AN ENERGY WORKBOOK WAS SUBMITTED AND APPROVED AS PART OF THE PLAN SUBMITTAL PROCEDURE TO THE DEPARTMENT OF HOUSING AND BUILDINGS REVIEWER. THE OFFICE AREA IS CONDITIONED WITH 15 SEER SPLIT SYSTEM HEAT PUMPS AND R-19 WALLS AND R-19 ROOF.

ENERGY EFFICIENT LIGHTING WILL BE INSTALLED. LIGHTS WILL BE MOTION SENSORED FOR AREAS OF MINIMUM USE. HEATING AND COOLING WILL BE ACCOMPLISHED WITH HIGH EFFICIENCY HEAT PUMP.

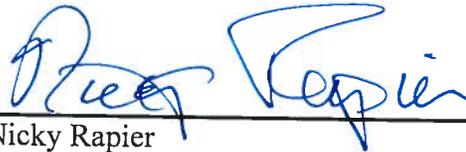
WAREHOUSE AREA IS NOT CONDITIONED AND HAS R-19 ROOF AND R-13 WALLS.

THE 10,000 SQUARE-FOOT AND 2,000 SQUARE FOOT BUILDINGS ARE NOT HEATED

Responsible Witness for All Responses:

Nicky Rapier, Vice President of Community and Economic Development

I hereby certify that the above responses to the request for information of Commission Staff are true and accurate to the best of my knowledge and belief formed after a reasonable inquiry, this 9th day of October, 2013.



Nicky Rapier
Vice President of Community and Economic Development
Salt River Electric Cooperative Corporation

Subscribed and sworn to before me by Nicky Rapier, Vice President of Community and Economic Development of Salt River Electric Cooperative Corporation, this 9th day of October, 2013.

Notary Public
KY State at Large



My Commission Expires:
December 16, 2014

APPRAISAL REPORT
OF
SALT RIVER RURAL ELECTRIC COOPERATIVE
MAINTENANCE & STORAGE FACILITY

LOCATED IN
BARDSTOWN, KENTUCKY 40004

FOR
MR. NICKEY RAPIER
SALT RIVER RURAL ELECTRIC COOPERATIVE
BARDSTOWN, KENTUCKY 40004

AS OF
OCTOBER 20, 1994

BY
RICK O. BAUMGARDNER, SRA, GAA
PRESIDENT, BAUMGARDNER & ASSOCIATES, P.S.C.
ELIZABETHTOWN, KENTUCKY 42701

RECONCILIATION

Reconciliation is the process by which the appraiser evaluates, chooses, and selects from among two or more alternative conclusions or indications of value. The parts of the appraisal are as follows:

VALUE VIA COST APPROACH	\$ 887,500.00
VALUE VIA MARKET APPROACH	\$ 841,000.00
VALUE VIA INCOME APPROACH	\$ 842,000.00

These approaches are representative of the Market Value of the Property. I have carefully re-examined each step in each method, and I believe the conclusions accurately reflect the attitude of typical purchasers of this type property in this area. It is my belief that this reexamination has confirmed the original conclusions.

To estimate the value by the Cost Approach the appraiser estimated the replacement cost new of the existing improvements, deducted all accrued depreciation then added the value of the land. Primary strengths of the Cost Approach lies within the difficulty of estimating the accrued depreciation that would be recognized by the open market. Within the Cost Approach the appraiser utilized the age-life method and the calculations as obtained from this method were supported by analyzing market data. To serve as a check on the amount of depreciation applied, the appraiser analyzed the improved sales that are contained within the Market Approach section of this report. The appraiser allocated the sales price into the primary components consisting of building, land, and special land improvements. The appraiser then estimated the cost new of a number of the improvements and compared this replacement cost new to the depreciated contributing value of these improvements. As is pointed out by the appraiser, this calculation supports the amount of accrued depreciation as utilized within the cost analysis.

To process the Income Approach, the appraiser estimated the gross income potential of the subject property, deducted all applicable expenses and then converted this net income stream into an indicated value. To process this approach, the appraiser was able to locate a sufficient amount of data concerning the income potential of this property as well as all applicable expenses and other revenue was available for competing type properties. When estimating the applicable expenses that are attributable to producing this income, the appraiser was not furnished historical data as related to the subject property, therefore, projected a pro forma.

It is my opinion the income as well as expenses are indicative of current market trends and adequately represent the potential of the subject property based upon prudent management. To convert the annual net income stream into a value, the appraiser utilized an overall capitalization rate. The rate as utilized by the appraiser within this report was 10%. This rate was obtained by analyzing numerous market sales and this rate is adequately documented. It is pointed out by the appraiser, should this rate be lowered somewhat this will significantly increase the value as indicated by the Income Approach. It is apparent by reviewing the overall capitalization rates as obtained from market sales, complexes of this type sell based on overall rates ranging from approximately 9% to 11%. This rate was supported by the debt coverage ratio method and the mortgage equity technique. Both of these methods supported the market abstracted rate.

The net operating income of \$84,226 was capitalized indicating a value of \$842,000 for the subject property.

In the Market Approach several sales were available for analysis. The sales were analyzed to abstract relevant facts and data which were based not only in the method but the Income and Cost Approaches as well. In the Market Approach the Value per S.F. netted for building was used where the sales were analyzed based on building contributing values and then the land value as established by comparable sales was added. This method, due to excessive adjustments, is the least reliable.

The approaches to value indicated a reasonable range of values. The Cost Approach indicated the high of the range with the Income Approach indicating the low. A potential investor would be interested in the Income Stream and its relationship to value, therefore, when considering the Income Approach along with the Cost, and Market Approach, it is my opinion that the applicable market value of the subject as of October 20, 1994 is:

\$845,000.00

COMPLETE APPRAISAL
SELF-CONTAINED
APPRAISAL REPORT
OF
MONIN INC. FARM
BEFORE & AFTER

LOCATED IN
BARDSTOWN, KENTUCKY 40004

AS OF
MAY 11, 1998

Prepared For:

*Mr. Thomas Donan, Attorney
P.O. Box 307
Bardstown, Kentucky 40004*

Prepared By:

*Rick O. Baumgardner, SRA, GAA
President of
Baumgardner & Associates, P.S.C.
P.O. Box 721
Elizabethtown, Kentucky 42702*

LAND VALUE IF VACANT

Comparables one through nineteen are sales of vacant tracts of land near the subject property. In the market approach, comparable vacant properties are compared by analyzing certain characteristics as they relate to the subject property.

Because of the mixed use of the subject property, sales of both commercial and residential development acreage were used to establish value. Sales 1, 2, 3, 14, 15, 16, 17, 18, & 19 are commercial development acreage sales. Sales 4, 5, 6, 7, 8, 9, 10, 11, 12, & 13 are residential development acreage. Included in the sales data analysis is the 1997 offer from Wal-Mart to purchase part of the subject tract. The area is experiencing tremendous growth and will likely develop in the near future. Based on uses in the area, a joint commercial-residential use is anticipated and is confirmed by Planning and Zoning as they would want a residential buffer on the rear of the property.

Value Analysis:

Comparable sales 1 & 2 are older commercial sales. Sale 1 is adjacent to the east side property line of the subject. It sold in 1990 to R.J. Gorman Railroad. It is a 49.96 acre tract. The sellers of the tract extended sewers across sale at the expense of the seller. This tract has been developed into several commercial uses including, motels, restaurants, office and retail stores. It was absorbed by the market after about 8 years. The smaller acreage sales ranged from \$55,000 to \$141,458 per acre depending on date of sale, amenities, utilities and location. The location on Hwy 245 is a major factor which demanded a higher price per acre. All sales were considered arms length, with time adjustments made where applicable. Time increases were large due to demand levels, running in the 12-18% range. Based on an analysis of all data, a 15% time adjustment was considered applicable. Comparable sale 1 was adjusted for all difference and it indicated a value of \$50,000 per acre. Comparable sale 2 is a smaller sale of 8.08 acres. It also indicated an adjusted value of \$50,000 per acre.

Sale 3 is the 1997 offer by Issacs Properties for Wal-Mart for the northeast portion of the tract. The total area in the offer was approximately 35.3 acres with 1,460 feet of frontage. It was at an offering price of \$70,500 per acre. The offer was not accepted due to family problems. Although it was not accepted, it must be given considerable weight due to the fact that they still want the tract. However, they are looking for an alternative site. If this buyer is lost, it is unlikely another at this price range could be secured.

Comparable sales 14-19 are for smaller sites but tend to confirm the adjusted sales price per acre indicated by sales 1 and 2, at \$50,000 per acre for the subject. This reflects a value below the Wal-Mart offer but Wal-Mart offers premium prices for premium sites and as stated, they might not be there when legal problems are resolved on the subject site. Based on analysis of all data, a contributing value of \$50,000 per acre is considered applicable to the commercial portion of the subject.

The balance of the land, 100.349 acres, is considered to be residential in nature due to area uses and desire of planning commission. It will have considerable frontage on blacktop road. Comparable sales 15, 11, 12, and 13 are sales of residential development acreage in the Bardstown sub-market. They vary in size from 49.08 acres to 201.390 acres with an adjusted price per acre range of \$4,000 to \$5,341 per acre. They are the lower of the sales price per acre in the area.

Sales 7, 8, 9 and 10 are more similar to the subject having occurred between 1994 and 1996. They are smaller in size, however than the subject, which would require an adjustment. They ranged from \$7,500 to \$9,630 per acre. Sale 4 is the 1994 sale of 23.1 acres that was multi-family zoning. It sold for \$11,200 per acre for the land contribution.

Based on analysis of these sales, taking into account time adjustments, current demand levels, and locational factors, a value of \$10,000 per acre for the remaining acreage is considered applicable for the subject property.

Based on the sales data, the Before Value of the subject is as follows:

Commercial Area:

45 acres x \$50,000 per acre = \$2,250,000.00

Residential Area:

100.349 acres x \$10,000 per acre = 1,003,490.00
\$3,253,490.00

DESCRIPTION OF TAKING

The taking is for a permanent sewer easement across the property. The sewer will cut across the property from KY 1430 near Ben Irvin Road. To the north side of the tract the taking will be 20 feet wide with 10 feet lying on each side of the center line. The line is described in the deed of easement as follows:

A strip of land 20 feet wide lying 10 feet on the left side and 10 feet on the right side of the centerline of a sewer main, which begins at a point in the Grantor's south property line of Tract 4 on the north side of KY 245 (as shown on plat of Hibbs Engineering dated 18 December, 1991), said point being 120 feet left of Station No. 782+00 from the centerline of KY 245; thence in a northeasterly direction at an approximate bearing of N 44 degrees 00'E a distance of 70 feet to a point; thence in a easterly direction at an approximate bearing of N 85 degrees 00'E a distance of 40+- feet to a point in the Grantor's east property line, said point being 180+- feet north of the Grantor's south property corner.

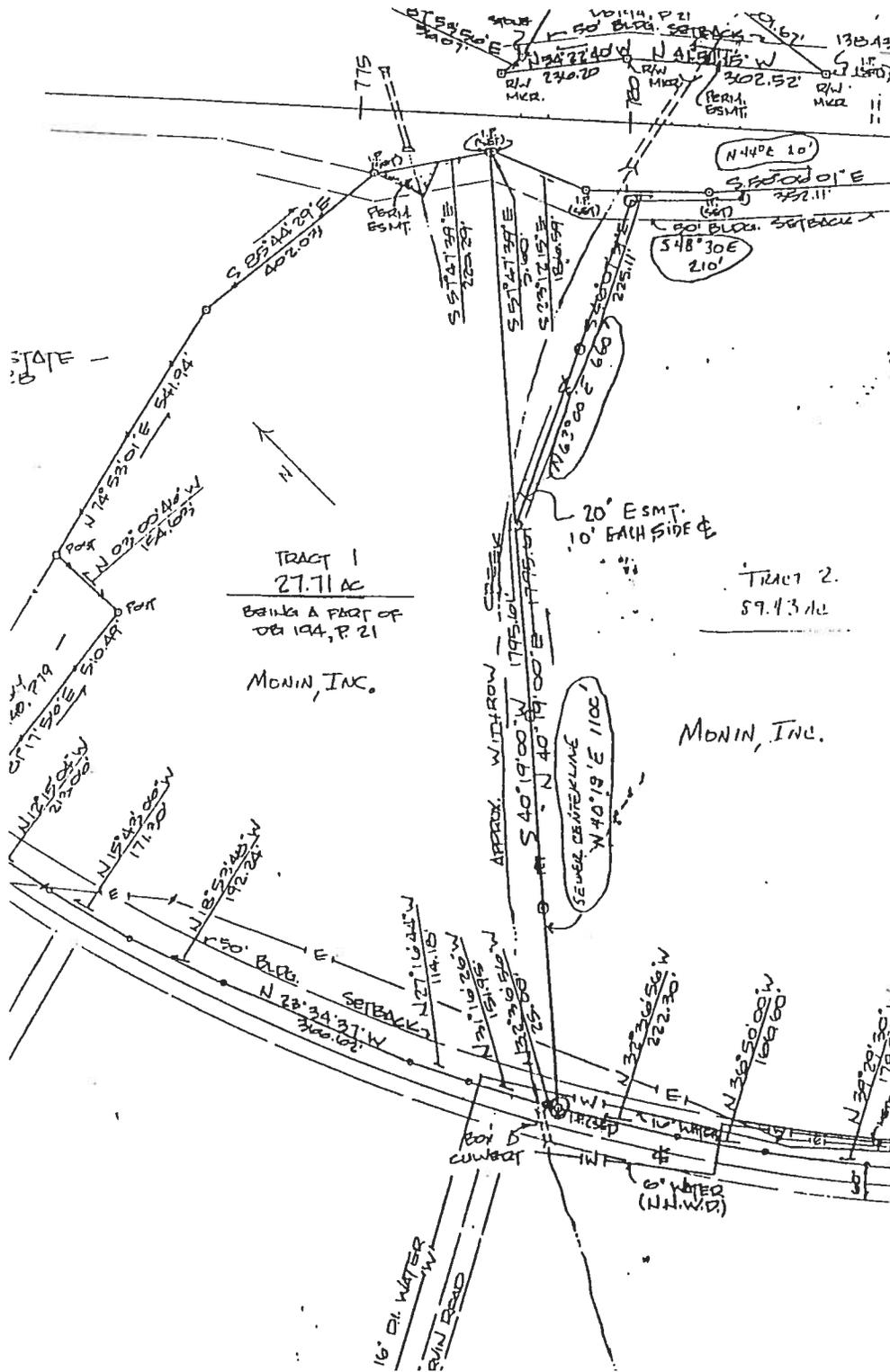
Total area in the permanent sewer easement:

South side - $1970 \times 20 = 39,400$ S.F. or .9045 ac.
North side - $110 \times 20 = 2,200$ S.F. or .05 ac.
Total - .9545 acres

In addition to the permanent easement the city is requiring a temporary construction easement over the land immediately adjoining the permanent easement on both sides. The purpose of the construction easement is to ensure enough space for the construction of the line on the site. The area will revert back to the property owner after one year. Compensation for the construction easement is therefore based on rental of the area in question. The construction easement will be 75' wide. Based on a similar crossing distance as the permanent easement area, the total area in the construction easement is as follows:

South side - $1970 \text{ L.F.} \times 75' = 147,750$ S.F. = 3.3915 acres
North side - $110 \text{ L.F.} \times 75' = 8,250$ S.F. = .189 acres
Total - 3.5805 acres

RIGHT OF WAY MAP



AFTER VALUE

The same sales data was used in the After Value as the Before Value. The acquisition of the .9545 acre permanent sewer easement has no negative effect on the value of the tract. It is an enhancement to the tract that will allow for development of the tract. In the after situation the sewer will be on the site not just in proximity. Therefore, the After Value is considered the same as the Before Value of \$3,253,000, with no difference due the owner for the taking of the permanent easement.

VALUATION OF CONSTRUCTION EASEMENTS

The best way to determine the value of the construction easement is by comparable rentals using a before and after method. However, there were insufficient rentals available for comparison to establish the rental rate applicable to the subject parcels. The alternative is to establish returns on the land expected in the market. Based on the Nelson County real estate market, a 100% return is considered applicable. Based on previous projects, the typical construction period is 1 year. Therefore, a 10% factor will be used in most cases. This rate could be increased if further damage is caused in the construction easement due to heavy traffic, compaction, etc.

Total Area Construction Easement	3.5805 acres	
After Value per Acre	\$22,380.61	
3.5805 acres x \$22,380.61 per acres =	\$80,133.77	x 10%=
	\$ 8,013.37	
Rental Value Construction Easement	say	\$ 8,000.00

SUMMARY OF CONCLUSION

Before Value	\$3,253,000.00
After Value	\$3,253,000.00
Difference Due Owner	\$ - 0 -
Construction Easement	\$ 8,000.00

REAL ESTATE SALE AND PURCHASE AGREEMENT

THIS REAL ESTATE SALE AND PURCHASE AGREEMENT (hereby referred to as the "Agreement") is made and entered into as of this the 11 day of June, 2012, by and between Salt River Electric Cooperative Corporation (hereby referred to as "Seller"), and Bardstown Independent School District a/k/a Bardstown City Schools, (hereby referred to as "Buyer");

WITNESSETH:

WHEREAS, the Seller is the fee simple owner of approximately seventy (70) acres located on Templin Avenue in Bardstown, Nelson County, Kentucky, (hereinafter referred to as the ("Property")); and

WHEREAS, the Seller desires to sell and Buyer desires to purchase the Property, subject to the terms and conditions more particularly set forth herein;

NOW THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Seller and Buyer do hereby agree as follows:

(1) PURCHASE PRICE AND PROPERTY TO BE CONVEYED. Upon the terms and conditions set forth herein, Seller agrees to sell and Buyer agrees to purchase seventy (70) acres plus or minus ten percent (10%) acreage, depending upon the survey results. Of the seventy (70) acres, ten (10) acres are restricted by the attached Exhibit "A", Real Estate Purchase Agreement.

The property to be conveyed consists of all of the real estate owned by Seller which is located at 1331 Templin Avenue and 1345 Templin Avenue in Bardstown, Nelson County, Kentucky as shown on the attached Plat which is marked as "Exhibit B". It is understood that the Etheridge property shown on the attached Plat is not owned by Seller and is excluded from this Contract. The Seller's sources of title are as follows: (1) Deed from John L. Newcomb, Jr. and Jacqueline M. Newcomb, husband and wife, to Salt River Electrical Cooperative Corporation dated October 10, 2002 and recorded in Deed Book 393, Page 250 in the Nelson County Court Clerk's Office.; (2) The remainder of the 71.50 acre tract conveyed by Louis H. Huber and wife, Hilda M. Huber to Salt River Rural Electric Corporation by deed dated October 17, 1953 and recorded in Deed Book 128, Page 520 in the Nelson County Court Clerk's Office. There is excepted from the Huber description the 60.30 acre tract conveyed by Salt River Rural Electric Cooperative Corporation to T.O. Thompson and wife, Marguerite Thompson by deed dated April 20, 1954 and recorded in Deed Book 129, Page 307 in the Nelson County Court Clerk's Office; and (3) All of the property conveyed by deed from Donald L. Buzick and wife, Dorothy S. Buzick to Salt River Rural Electric Cooperative Corporation by deed dated June 6, 1963 and recorded in Deed Book 146, Page 27 in the Nelson County Court Clerk's Office.

The purchase price for the Real Property shall be the sum of Four Million Five Hundred Thousand Dollars (\$4,500,000.00).

The parties agree that the Purchase Price shall be allocated as follows:

The allocation for land is Two Million Sixteen Thousand Two Hundred Dollars

(\$2,016,200.00) and for the buildings, fixtures, and appurtenances located thereon is Two Million Four Hundred Eighty Three Thousand Eight Hundred Dollars (\$2,483,800.00).

Buyer is making a \$10,000.00 good faith down payment with the signing of this contract. This will be maintained in Seller's Attorney's escrow. Upon closing it will constitute a credit against the purchase price. If the transaction is not closed for any reason it will be refunded to Buyer. The balance of the purchase price shall be paid by certified funds or attorney escrow check at closing with any deposit to be credited thereon. If Buyer elects to finance the acquisition of the Property, this Agreement is contingent upon Buyer obtaining financing for the purchase price on terms and conditions acceptable to Seller and Buyer.

(2) MORTGAGES. There are mortgages on the Property to United States of America through the Administrator of the Rural Utilities Services, Co Bank, and National Cooperative Finance Corporation executed by the Seller. Seller agrees to obtain a release of the mortgages on the Property, so that the Property will be conveyed without a mortgage or encumbrance. Upon the signing of this Agreement Seller will proceed in good faith to secure the necessary releases and agreements from lien holders, so as to expedite the closing of this sale.

(3) CLOSING COSTS. Seller agrees to pay all transfer taxes and for the preparation of the deed. The Buyer shall pay for the opinion of title and for all recording fees.

(4) DEED. An unencumbered, good and marketable fee simple title to the Property shall be conveyed to Buyer, or their successors or assigns, at the option of Buyer, by deed of general warranty.

(5) PRORATION OF TAXES. All real estate taxes and other assessments relating to the Property due and payable in calendar year of closing shall be prorated between Buyer and Seller from January et of closing year to date of deed.

(6) RISK OF LOSS. Risk of loss shall be retained by Seller until date of closing at which time said risk shall pass to Buyer.

(7) BROKER REPRESENTATION. The Buyer has not been represented in this transaction by any agent, broker, or other party due a fee or a commission from the sale of this Property. The Seller has not been represented in this transaction by an agent, broker or other party due a fee or commission from the sale of this Property

(8) CONDITIONS PRECEDENT. Seller shall sell said Property only if the following conditions are met:

a) BOARD APPROVAL Sale of the Property at the price as determined in paragraph must be approved by the Board of Directors of Salt River Electric Cooperative Corporation.

b) GOVERNMENTAL AUTHORITIES. Seller and Buyer must be able to obtain approval for the appropriate governmental authorities to assure the transfer of title by a deed of general warranty.

(9) ASSUMPTION OF TERMS OF REAL ESTATE PURCHASE. There is a Real Estate Purchase Agreement that restricts the use of ten (10) acres of this Property. Said Real Estate Purchase Agreement is attached as Exhibit "A" to this Agreement and contains a description of the ten acres. The obligations of Salt River that will be assumed by the Buyer are contained in the Real Estate Purchase Agreement and specifically under Paragraph 7(a)-Post Closing Obligations-Seller Obligations.

(10) RADIO TOWER LEASE. Seller has a lease on this Property with Central Kentucky Broadcasting, Inc., 106 North Third St., Bardstown, Kentucky for the placement of a radio tower and transmitter. This lease is operating on a month to month term and will be assigned to Purchaser when they take possession. See Exhibit C.

(11) CROP LEASE. Seller has a crop lease on 37 acres of this property, which is year to year and will be assigned to Buyer when they take possession of the property. See Exhibit D.

(12) REPRESENTATIONS AND WARRANTIES BY SELLER

Seller hereby makes the following representations and warranties to Purchaser, which representations and warranties shall be deemed continuing in nature and shall survive the closing and the conveyance of the property:

(a) Neither the entering into of this agreement nor the consummation of the transactions contemplated hereby will constitute a violation or breach by Seller of any contract, instrument, or other agreement to which they are a party or to which they are subject, or any judgment, order, writ, injunction, or decree issued against or imposed upon them, or will result in any violation of applicable law, order, rule, or regulation of any governmental authority.

(b) Seller has not received any notice of, and to the best knowledge of Seller there are no,

pending or threatened condemnation or similar proceedings of any nature whatsoever affecting the property or any portion thereof or that any such proceeding is contemplated.

(c) Seller has not received any notice from any governmental unit or agency indicating that the premises or any portion thereof, or any operation conducted therein, is in violation of any statute, code, ordinance, or regulation, and, to the best knowledge of Seller, no such violation exists.

(d) There is no action, suit, litigation, or proceeding of any nature pending, or, to the best knowledge of Seller, threatened, against or affecting the property, or any portion thereof, or which could result in the obtaining of a lien or other interest in the property by any third party, in any court or before or by any federal, state, county, or municipal department, commission, board, bureau, agency, or other governmental instrumentality.

(e) There are no unpaid claims of contractors, materialmen, or laborers which could give rise to a lien against the property.

(f) Neither Seller's members nor, to the best knowledge of Seller's members, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the premises or any part thereof, and neither the premises nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material, defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation and Liability Act (42 USC 9601 et seq., as amended) or any other "superfund" or "superlien" law, or any other federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning any substance or material, as presently in effect.

(13) CLOSING DATE. Closing shall take place within 36 to 72 months from the date of this contract. Seller shall notify Buyer within 30 days after the contingencies are met that Seller is ready to close and Buyer shall give Seller 30 days notice of when they wish to schedule said closing within the contract period. Seller shall remain in full possession and occupancy until final closing. Parties may determine an earlier possession date after the final closing has been scheduled. Buyer shall be entitled to such access as may be needed for an environmental study of the property

which Buyer shall institute within a reasonable period after the signing of the contract.

(14) The Buyer and Seller have each read the entire contents of this Agreement and acknowledge receipt of an executed copy hereof. It is agreed that all terms and conditions pertinent hereto are included in this writing and no verbal agreements or understandings of any kind shall be binding upon Buyer or Seller. This contract shall be binding upon the heirs and assigns of the parties hereto. The Buyer may specifically assign their interest in this Agreement to any corporation or limited liability company they may form.

IN TESTIMONY WHEREOF, witness the signatures of the Seller and Buyer as of the date set forth next to their respective signatures below.

SALT RIVER ELECTRIC COOPERATIVE CORPORATION

By: [Signature] Date: 6/11/2012
Name: Larry Hicks
Title: CEO

BARDSTOWN INDEPENDENT SCHOOL DISTRICT

A/K/A BARDSTOWN CITY SCHOOLS

By: [Signature] Date: June 11, 2012
Name: Brent Holsclaw
Title: Superintendent

STATE OF KENTUCKY

COUNTY OF NELSON

The foregoing instrument was acknowledged before me on this 11 day of June, 2012, by Larry Hicks of Salt River Electric Cooperative Corporation, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument and acknowledged that he executed same for the purposes therein contained.

[Signature]
NOTARY PUBLIC, KY STATE AT LARGE

MY COMM. EXPIRES: Apr. 24, 2015

STATE OF KENTUCKY

COUNTY OF NELSON

The foregoing instrument was acknowledged before me on this 11th day of June, 2012,
by Brent Holsclaw, Superintendent of the Bardstown Independent School District a/k/a Bardstown
City Schools, known to me or satisfactorily proven to be the person whose name is subscribed to the
within instrument and acknowledged that he executed same for the purposes therein contained.

Tracey D. Rogers
NOTARY PUBLIC, KY STATE AT LARGE

MY COMM. EXPIRES: April 24, 2015

The foregoing instrument was prepared by John Douglas Hubbard, Attorney, Fulton, Hubbard &
Hubbard, 117 E. Stephen Foster Avenue, Bardstown, Kentucky 40004, (502) 3486457.

slrrb1salt river-bardstawn schools022211.purchase agreement

NELSON COUNTY
D461 PG 63

DEED

\$ 330,00

THIS DEED is made and entered into this 8th day of July, 2009, by and between FIRST BANKERS TRUST CO., as Trustee for the "C. Barr Schuler Trust, dated April 26, 2004, as amended, and as Trustee for the "JoAn Brown Schuler Trust, dated April 26, 2004," as amended, said Trustee and Trusts maintaining a principal mailing address at 215 West Muhammad Ali Boulevard, Louisville, Jefferson County, Kentucky 40202 (hereinafter referred to as "Grantor"); and,

JH CBS
SALT RIVER RURAL ELECTRIC COOPERATIVE CORPORATION, a corporation organized and existing pursuant to the laws of the Commonwealth of Kentucky, maintaining its principal mailing address at 111 West Brashear Avenue, Bardstown, Nelson County, Kentucky 40004 (hereinafter referred to as "Grantee").

Pursuant to KRS 382.135, the in-care-of mailing address for the current tax year is c/o JH CBS Salt River Rural Electric Cooperative Corporation, 111 West Brashear Avenue, Bardstown, Kentucky 40004.

WITNESSETH, that for and in consideration of payment of the sum of Three Hundred Thirty Thousand and 00/100ths Dollars (\$330,000.00), cash, and other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, GRANTOR does hereby grant, bargain, sell and convey unto GRANTEE, its successors and/or assigns forever, in fee simple, the following described real estate located in Nelson County, Kentucky, to wit:

Being Tract 1A, consisting of 33.000 acres, as depicted upon the Plat of the Agricultural Division for C. Barr & JoAn Brown Schuler, of record in Plat Cabinet 13, Slot 103, in the Office of the Clerk of Nelson County, Kentucky.

Being a portion of the property to which First Bankers Trust Co., as Trustee for the "C. Barr Schuler Trust, dated April 26, 2004," as amended, and as Trustee for the "JoAn Brown Schuler Trust, dated April 26, 2004," as amended, acquired title from C. Barr Schuler and his wife, JoAn Brown Schuler, by Deed dated August 10, 2004, of record in Deed Book 412, Page 494; and, being the same property to which First Bankers Trust Co., as Trustee for the "C. Barr Schuler Trust, dated April 26, 2004," as amended, and as Trustee for the "JoAn Brown Schuler Trust, dated April 26, 2004," as amended, acquired title from County of Nelson, Kentucky, by Deed dated December 5, 2007, of record in Deed Book 447, Page 365, all in the Office of the Clerk of Nelson County, Kentucky.

TO HAVE AND TO HOLD the same together with all the appurtenances thereunto belonging unto GRANTEE, its successors and/or assigns forever, with Covenant of General Warranty, except as against all applicable planning and zoning laws, easements, legal roads, restrictions and limitations, apparent or of record, in the Office of the Clerk of Nelson County, Kentucky, and this conveyance is made subject thereto.

The parties hereto state that the consideration reflected in this Deed is the full consideration paid for the property. GRANTEE joins in the signing of this Deed for the sole purpose of certifying the consideration recited herein pursuant to KRS Chapter 382.

WITNESS the hands of GRANTOR and GRANTEE this day and year first above written.

GRANTOR:

First Bankers Trust Co., Trustee for the "C. Barr Schuler Trust, dated April 26, 2004", as amended

By: C. Barret Birnsteel
C. Barret Birnsteel
Executive Trust Officer

First Bankers Trust Co., Trustee for the "JoAn Brown Schuler Trust, dated April 26, 2004", as amended

By: C. Barret Birnsteel
C. Barret Birnsteel
Executive Trust Officer

GRANTEE:

SR
SALTRIVER RURAL ELECTRIC COOPERATIVE CORPORATION

BY: [Signature]
TITLE: CEO

STATE OF KENTUCKY
COUNTY OF Jefferson

The foregoing Deed and Consideration Certificate was subscribed, sworn to and acknowledged before me this 29th day of June, 2009, by C. BARRET BIRNSTEEL, an individual known to me or, if not known to me, presented satisfactory evidence that he is the person described in and who executed the foregoing instrument, in his capacity as Executive Trust Officer of First Bankers Trust Co., as Trustee for both the "C. Barr Schuler Trust, dated April 26, 2004", as amended, and for the "JoAn Brown Schuler Trust, dated April 26, 2004", as amended, to be the free and voluntary act and deed of said Trusts.

Rita A. Cunningham
NOTARY PUBLIC, State at Large

My Commission Expires: 03/20/2010



STATE OF KENTUCKY
COUNTY OF NELSON

The foregoing Consideration Certificate was subscribed, sworn to and acknowledged before me this 8 day of July, 2009, by Darryl Nebo, an individual known to me or, if not known to me, presented satisfactory evidence that he is the person described in and who executed the foregoing instrument, in his capacity as Pres., CEO of SALT RIVER RURAL COOP CB/B ELECTRIC COOPERATIVE CORPORATION, to be the free and voluntary act and deed of said Kentucky corporation.

G. Suzanne Edelen
NOTARY PUBLIC, State at Large

My Commission Expires: 5/19/2012

Prepared By:

[Signature]
James P. Willett, III
SALTSMAN & WILLETT, P.S.C.
Law Offices
212 East Stephen Foster Avenue
P.O. Box 327
Bardstown, Kentucky 40004
502/348-4873

FADEEDSICHULERTRUST-SALT RIVER RECC.DD

DOCUMENT NO: 248997-2
RECORDED ON: JULY 09, 2009 10:13:00AM
COUNTY CLERK: PHYLLIS S. MATTINGLY
COUNTY: NELSON COUNTY
BOOK D461 PAGES 63 - 65 DEED
ab: [Signature]

DEED

THIS DEED is made and entered into this 19 day of July, 2010, by and between FIRST BANKERS TRUST CO., as Trustee for the "C. Barr Schuler Trust, dated April 26, 2004, as amended, and as Trustee for the "JoAn Brown Schuler Trust, dated April 26, 2004," as amended, said Trustee and Trusts maintaining a principal mailing address at 135 West Muhammad Ali Boulevard, Louisville, Jefferson County, Kentucky 40202 (hereinafter referred to as "Grantor"); and,

SALT RIVER ELECTRIC COOPERATIVE CORPORATION, a corporation organized and existing pursuant to the laws of the Commonwealth of Kentucky, maintaining its principal mailing address at 111 West Brashear Avenue, Bardstown, Nelson County, Kentucky 40004 (hereinafter referred to as "Grantee").

Pursuant to KRS 382.135, the in-care-of mailing address for the current tax year is c/o Salt River Electric Cooperative Corporation, 111 West Brashear Avenue, Bardstown, Kentucky 40004.

WITNESSETH, that for and in consideration of payment of the sum of Two Hundred Forty-Nine Thousand Nine Hundred and 00/100ths Dollars (\$249,900.00), cash, and other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, GRANTOR does hereby grant, bargain, sell and convey unto GRANTEE, its successors and/or assigns forever, in fee simple, the following described real estate located in Nelson County, Kentucky, to wit:

Being Tract 1, consisting of 43.106 acres, as depicted upon the Plat of the Boundary Survey for C. Barr Schuler Trust & JoAn Brown Schuler Trust, of record in Plat Cabinet 14, Slot 70, in the Office of the Clerk of Nelson County, Kentucky.

Being a portion of the property to which First Bankers Trust Co., as Trustee for the "C. Barr Schuler Trust, dated April 26, 2004," as amended, and as Trustee for the "JoAn Brown Schuler Trust, dated April 26, 2004," as amended, acquired title from C. Barr Schuler and his wife, JoAn Brown Schuler, by Deed dated August 10, 2004, of record in Deed Book 412, Page 494, in the Office of the Clerk of Nelson County, Kentucky.

TO HAVE AND TO HOLD the same together with all the appurtenances thereunto belonging unto GRANTEE, its successors and/or assigns forever, with Covenant of General Warranty, except as against all applicable planning and zoning laws, easements, legal roads, restrictions and limitations, apparent or of record, in the Office of the Clerk of Nelson County, Kentucky, and this conveyance is made subject thereto.

The parties hereto state that the consideration reflected in this Deed is the full consideration paid for the property. GRANTEE joins in the signing of this Deed for the sole purpose of certifying the consideration recited herein pursuant to KRS Chapter 382.

WITNESS the hands of GRANTOR and GRANTEE this day and year first above written.

GRANTOR:

First Bankers Trust Co., Trustee for the "C. Barr Schuler Trust, dated April 26, 2004", as amended

By: C. Barret Birmstee
C. Barret Birmstee
Executive Trust Officer

First Bankers Trust Co., Trustee for the "JoAn Brown Schuler Trust, dated April 26, 2004", as amended

By: C. Barret Birmstee
C. Barret Birmstee
Executive Trust Officer

GRANTEE:

SALT RIVER ELECTRIC COOPERATIVE CORPORATION

BY: Jerry Hu
TITLE: CEO

STATE OF KENTUCKY
COUNTY OF Jefferson



The foregoing Deed and Consideration Certificate was subscribed, sworn to and acknowledged before me this 17 day of November, 2010, by C. BARRET BIRNSTEEL, an individual known to me or, if not known to me, presented satisfactory evidence that he is the person described in and who executed the foregoing instrument, in his capacity as Executive Trust Officer of First Bankers Trust Co., as Trustee for both the "C. Barr Schuler Trust, dated April 26, 2004", as amended, and for the "JoAn Brown Schuler Trust, dated April 26, 2004", as amended, to be the free and voluntary act and deed of said Trusts.

R. A. Cummings
NOTARY PUBLIC, State at Large

My Commission Expires: 03/20/2014

STATE OF KENTUCKY
COUNTY OF NELSON

The foregoing Consideration Certificate was subscribed, sworn to and acknowledged before me this 19 day of Nov., 2010, by Larry Hicks, an individual known to me or, if not known to me, presented satisfactory evidence that he is the person described in and who executed the foregoing instrument, in his capacity as CEO of SALT RIVER ELECTRIC COOPERATIVE CORPORATION, to be the free and voluntary act and deed of said Kentucky corporation.

B. Augustal Edelen
NOTARY PUBLIC, State at Large

My Commission Expires: 5/8/2012

Salt River Electric
LIST OF POTENTIAL BIDDERS

<u>Name of the Contractor</u>	<u>Location</u>	<u>Contact</u>	<u>Phone</u>	<u>Email</u>	<u>Fax</u>
Abel Construction Company	Louisville, KY	Jeff Doss	800-344-2791	jdoss@abelconstruct.com	502-473-7361
Alliance Corporation	Glasgow, KY	Jim DeCesare	270-792-5779	jdczare@alliancecorporation.com	270-651-2915
BCD Construction	Bardstown, KY	Michael Salsman	502-348-2305	msalsman@bardstown.com	502-348-2008
Branscum Construction	Russell Springs, KY	Steve Branscum	270-866-5107	sbranscum@branscumconstruction.com	270-866-3028
Brett Construction Company	Lexington, KY	Brett Setzer	859-255-7901	bsetzer@brettcon.com	859-281-6335
Buzick Construction	Bardstown, KY	Tom Blincoe	502-348-6401	donalddb@teambuzick.com	502-348-2360
Codell Construction	Winchesterd, KY	Jim Codell	859-744-2222		
Crossdock Development	Prospect, KY	Lee Wilburn	502-939-7909	lwilburn@crossdockdevelopment.com	
Denham Blythe Company	Lexington, KY	James K. Davis	859-255-7405	jkdavis@denhamblythe.com	859-233-4073
EH Construction	Shepherdsville, KY	Tony Hall	502-957-7471		502-957-3420
Gray Construction	Lexington, KY	Jeff Bischoff	859-281-5000	jbischoff@gray.com	859-252-5300
Hayden Steel Erectors	Bardstown, KY	James Hayden	502-349-0005		
Jenkins-Essex Construction	Elizabethtown, KY	Greg Jenkins	270-765-6113	gjenkins@jenkinessex.com	270-765-7707
Judy Construction	Cynthiana, KY	Steve Judy	859-234-6900	sjudy@judyconstructionco.com	859-234-3480
Kelley Construction	Louisville, KY	Joe Kelley	502-479-6507	joe@kelleyconstruction.com	502-239-6820
McNutt Construction	Elizabethtown, KY	Lisa Thomas	270-737-8518	info@mcnutt-construction.com	270-737-0307
Sullivan Cozart	Louisville, KY	Dan Polston	502-584-4213	Danp@sullivancozart.com	502-584-4236
Summit Construction	Louisville, KY	Jeff Robinson	502-897-1044	jrobinson@summit-construction.com	502-897-1117
Whittenberg Construction Co.	Louisville, KY	Dan Noonan	502-361-8891	dan@wccbuild.com	502-368-9192

(REVISED)
Request for Qualifications
Salt River Electric
Warehouse/Operations Building

Salt River Electric, a member owned electric utility headquartered in Bardstown, KY intends to contract for professional architecture design services relating to the design of its new Nelson County Warehouse Building in Bardstown, Nelson County Kentucky. An architectural firm will be selected to provide professional services which will include, but are not limited to: planning, evaluation, preliminary design and cost estimates and identification of permitting requirements including contact with permitting agencies, final design and construction administration services. Any qualifications not meeting the minimum requirements for architects, prior experience as outlined in this request will be rejected.

Salt River Electric intends to construct a new warehouse building to replace the existing facility located at 1345 Templin Avenue in Bardstown. The new facility will be approximately 30,000 to 35,000 SF in size and located adjacent to the Nelson County Industrial Park. The facility will contain warehouse space and space for dispatch operations, engineering, training, repairs and other space related to the utility's operations.

The following Evaluation Criteria will be applied in the selection of the firm:

1. Must demonstrate experience in planning, engineering and architectural design of at least 10 similar warehouse/industrial buildings.
2. Proposed Personnel for this project have design experience for warehouse/industrial buildings.
3. References from Similar Projects performed by the firm.
4. Familiarity with Proposed Project and experience in the Project Area.

Qualifications should be submitted to:

Salt River Electric
111 West Brashear Avenue
Bardstown, KY 40004
Attn: Larry Hicks, CEO

Questions concerning this publication may be directed to at (502) 348-3931. TTD for the hearing impaired call 1-800-648-6057.

Four copies, sealed and marked "Request for Qualifications, Salt River Electric Warehouse Building" must be received prior to 4:00 p.m. EST, April 1, 2013. Salt River Electric reserves the right to reject any and all responses, to waive any technicalities, and to negotiate with the respondent who best meets the project requirements.

Salt River Electric is an equal opportunity employer and encourages responses from all qualified firms.

-End-

ARCHITECTS

Trasmith, Judd, Rapp, Chovan, Inc		Suite 400	607 West Main St	Louisville, KY 40202	Did not respond
DS Associates	Glen Wilson		700 Dixie Highway	Florence, KY 41042	
Joseph and Joseph			550 South Fourth St	Louisville, KY 40202	Did not respond
RA Architects	Robert Deal	Suite 6	829 East Market St	Louisville, KY 40202	
Covert, Hawkins Architects			630 Walnut Street	Jeffersonville, IN 47130	
McKett and Farley			737 South Third St	Louisville, KY 40202	
SE	Glen Ross		624 Wellington Way	Lexington, KY 40503	
Dotter and Associates	Melinda Leemar	Suite 500	333 East Main St	Louisville, KY 40202	
Herman Carter Barnhart	Phil Gayhart	Suite 151	100 Mallard Creek Road	Louisville, KY 40207	
McKer, Booker, Donhoff and Partners			716 East Market St	Louisville, KY 40202	Did not respond



AIA[®] Document A101[™] – 2007

Standard Form of Agreement Between Owner and Contractor where the basis of payment is a Stipulated Sum

AGREEMENT made as of the 17th day of September
in the year Two Thousand Thirteen
(In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

Salt River Electric
111 W. Brashear Avenue
Bardstown, KY 40004

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

and the Contractor:
(Name, legal status, address and other information)

E H Construction, LLC
P.O. Box 910
Brooks, KY 40109

AIA Document A201[™]-2007, General Conditions of the Contract for Construction, is adopted in this document by reference. Do not use with other general conditions unless this document is modified.

for the following Project:
(Name, location and detailed description)

Salt River Electrical Warehouse/Operation Center plus two storage buildings located in Bardstown, KY 40004.

The Architect:
(Name, legal status, address and other information)

MSE of Kentucky, Inc.
624 Wellington Way
Lexington, KY 40503

The Owner and Contractor agree as follows.

TABLE OF ARTICLES

- 1 THE CONTRACT DOCUMENTS
- 2 THE WORK OF THIS CONTRACT
- 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION
- 4 CONTRACT SUM
- 5 PAYMENTS
- 6 DISPUTE RESOLUTION
- 7 TERMINATION OR SUSPENSION
- 8 MISCELLANEOUS PROVISIONS
- 9 ENUMERATION OF CONTRACT DOCUMENTS
- 10 INSURANCE AND BONDS

ARTICLE 1 THE CONTRACT DOCUMENTS

The Contract Documents consist of this Agreement, Conditions of the Contract (General, Supplementary and other Conditions), Drawings, Specifications, Addenda issued prior to execution of this Agreement, other documents listed in this Agreement and Modifications issued after execution of this Agreement, all of which form the Contract, and are as fully a part of the Contract as if attached to this Agreement or repeated herein. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. An enumeration of the Contract Documents, other than a Modification, appears in Article 9.

ARTICLE 2 THE WORK OF THIS CONTRACT

The Contractor shall fully execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others.

ARTICLE 3 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 3.1 The date of commencement of the Work shall be the date of this Agreement unless a different date is stated below or provision is made for the date to be fixed in a notice to proceed issued by the Owner.

(Insert the date of commencement if it differs from the date of this Agreement or, if applicable, state that the date will be fixed in a notice to proceed.)

Date will be fixed in a Notice to Proceed.

If, prior to the commencement of the Work, the Owner requires time to file mortgages and other security interests, the Owner's time requirement shall be as follows:

§ 3.2 The Contract Time shall be measured from the date of commencement.

§ 3.3 The Contractor shall achieve Substantial Completion of the entire Work not later than One hundred ninety (190) days from the date of commencement, or as follows:

(Insert number of calendar days. Alternatively, a calendar date may be used when coordinated with the date of commencement. If appropriate, insert requirements for earlier Substantial Completion of certain portions of the Work.)

Portion of Work

Substantial Completion Date

, subject to adjustments of this Contract Time as provided in the Contract Documents.

(Insert provisions, if any, for liquidated damages relating to failure to achieve Substantial Completion on time or for bonus payments for early completion of the Work.)

ARTICLE 4 CONTRACT SUM

§ 4.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be Two million, Eight Hundred Ninety Thousand (\$ 2,890,000.00), subject to additions and deductions as provided in the Contract Documents.

§ 4.2 The Contract Sum is based upon the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

§ 4.3 Unit prices, if any:

(Identify and state the unit price; state quantity limitations, if any, to which the unit price will be applicable.)

Item	Units and Limitations	Price per Unit (\$0.00)
------	-----------------------	-------------------------

§ 4.4 Allowances included in the Contract Sum, if any:

(Identify allowance and state exclusions, if any, from the allowance price.)

Item	Price
------	-------

ARTICLE 5 PAYMENTS

§ 5.1 Progress Payments

§ 5.1.1 Based upon Applications for Payment submitted to the Architect by the Contractor and Certificates for Payment issued by the Architect, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 5.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

§ 5.1.3 Provided that an Application for Payment is received by the Architect not later than the twentieth day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the twentieth day of the following month. If an Application for Payment is received by the Architect after the application date fixed above, payment shall be made by the Owner not later than thirty (30) days after the Architect receives the Application for Payment.
(Federal, state or local laws may require payment within a certain period of time.)

§ 5.1.4 Each Application for Payment shall be based on the most recent schedule of values submitted by the Contractor in accordance with the Contract Documents. The schedule of values shall allocate the entire Contract Sum among the various portions of the Work. The schedule of values shall be prepared in such form and supported by such data to substantiate its accuracy as the Architect may require. This schedule, unless objected to by the Architect, shall be used as a basis for reviewing the Contractor's Applications for Payment.

§ 5.1.5 Applications for Payment shall show the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment.

§ 5.1.6 Subject to other provisions of the Contract Documents, the amount of each progress payment shall be computed as follows:

- .1 Take that portion of the Contract Sum properly allocable to completed Work as determined by multiplying the percentage completion of each portion of the Work by the share of the Contract Sum allocated to that portion of the Work in the schedule of values, less retainage of Ten percent (10 %). Pending final determination of cost to the Owner of changes in the Work, amounts not in dispute shall be included as provided in Section 7.3.9 of AIA Document A201™-2007, General Conditions of the Contract for Construction;
- .2 Add that portion of the Contract Sum properly allocable to materials and equipment delivered and suitably stored at the site for subsequent incorporation in the completed construction (or, if approved in advance by the Owner, suitably stored off the site at a location agreed upon in writing), less retainage of Ten percent (10 %);
- .3 Subtract the aggregate of previous payments made by the Owner; and
- .4 Subtract amounts, if any, for which the Architect has withheld or nullified a Certificate for Payment as provided in Section 9.5 of AIA Document A201-2007.

§ 5.1.7 The progress payment amount determined in accordance with Section 5.1.6 shall be further modified under the following circumstances:

- .1 Add, upon Substantial Completion of the Work, a sum sufficient to increase the total payments to the full amount of the Contract Sum, less such amounts as the Architect shall determine for incomplete Work, retainage applicable to such work and unsettled claims; and
(Section 9.8.5 of AIA Document A201-2007 requires release of applicable retainage upon Substantial Completion of Work with consent of surety, if any.)
- .2 Add, if final completion of the Work is thereafter materially delayed through no fault of the Contractor, any additional amounts payable in accordance with Section 9.10.3 of AIA Document A201-2007.

§ 5.1.8 Reduction or limitation of retainage, if any, shall be as follows:

(If it is intended, prior to Substantial Completion of the entire Work, to reduce or limit the retainage resulting from the percentages inserted in Sections 5.1.6.1 and 5.1.6.2 above, and this is not explained elsewhere in the Contract Documents, insert here provisions for such reduction or limitation.)

§ 5.1.9 Except with the Owner's prior approval, the Contractor shall not make advance payments to suppliers for materials or equipment which have not been delivered and stored at the site.

§ 5.2 Final Payment

§ 5.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when

- .1 the Contractor has fully performed the Contract except for the Contractor's responsibility to correct Work as provided in Section 12.2.2 of AIA Document A201-2007, and to satisfy other requirements, if any, which extend beyond final payment; and
- .2 a final Certificate for Payment has been issued by the Architect.

§ 5.2.2 The Owner's final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows:

ARTICLE 6 DISPUTE RESOLUTION

§ 6.1 Initial Decision Maker

The Architect will serve as Initial Decision Maker pursuant to Section 15.2 of AIA Document A201-2007, unless the parties appoint below another individual, not a party to this Agreement, to serve as Initial Decision Maker.

(If the parties mutually agree, insert the name, address and other contact information of the Initial Decision Maker, if other than the Architect.)

§ 6.2 Binding Dispute Resolution

For any Claim subject to, but not resolved by, mediation pursuant to Section 15.3 of AIA Document A201-2007, the method of binding dispute resolution shall be as follows:

(Check the appropriate box. If the Owner and Contractor do not select a method of binding dispute resolution below, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, Claims will be resolved by litigation in a court of competent jurisdiction.)

- Arbitration pursuant to Section 15.4 of AIA Document A201-2007
- Litigation in a court of competent jurisdiction
- Other: *(Specify)*

ARTICLE 7 TERMINATION OR SUSPENSION

§ 7.1 The Contract may be terminated by the Owner or the Contractor as provided in Article 14 of AIA Document A201-2007.

§ 7.2 The Work may be suspended by the Owner as provided in Article 14 of AIA Document A201-2007.

ARTICLE 8 MISCELLANEOUS PROVISIONS

§ 8.1 Where reference is made in this Agreement to a provision of AIA Document A201-2007 or another Contract Document, the reference refers to that provision as amended or supplemented by other provisions of the Contract Documents.

§ 8.2 Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located. *(Insert rate of interest agreed upon, if any.)*

§ 8.3 The Owner's representative:

(Name, address and other information)

Nicky Rapier
Vice President of Community and Economic Development
111 W. Brasher Avenue
Bardstown, KY 40004

§ 8.4 The Contractor's representative:

(Name, address and other information)

Anthony Hall, Vice President
P.O. Box 910
Brooks, KY 40109

§ 8.5 Neither the Owner's nor the Contractor's representative shall be changed without ten days written notice to the other party.

§ 8.6 Other provisions:

ARTICLE 9 ENUMERATION OF CONTRACT DOCUMENTS

§ 9.1 The Contract Documents, except for Modifications issued after execution of this Agreement, are enumerated in the sections below.

§ 9.1.1 The Agreement is this executed AIA Document A101-2007, Standard Form of Agreement Between Owner and Contractor.

§ 9.1.2 The General Conditions are AIA Document A201-2007, General Conditions of the Contract for Construction.

§ 9.1.3 The Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages
----------	-------	------	-------

See attached Table of Contents.

§ 9.1.4 The Specifications:

(Either list the Specifications here or refer to an exhibit attached to this Agreement.)

Section	Title	Date	Pages
See attached Table of Contents.			

§ 9.1.5 The Drawings:

(Either list the Drawings here or refer to an exhibit attached to this Agreement.)

Number	Title	Date
See attached Schedule of Drawings.		

§ 9.1.6 The Addenda, if any:

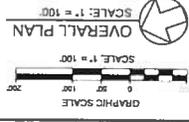
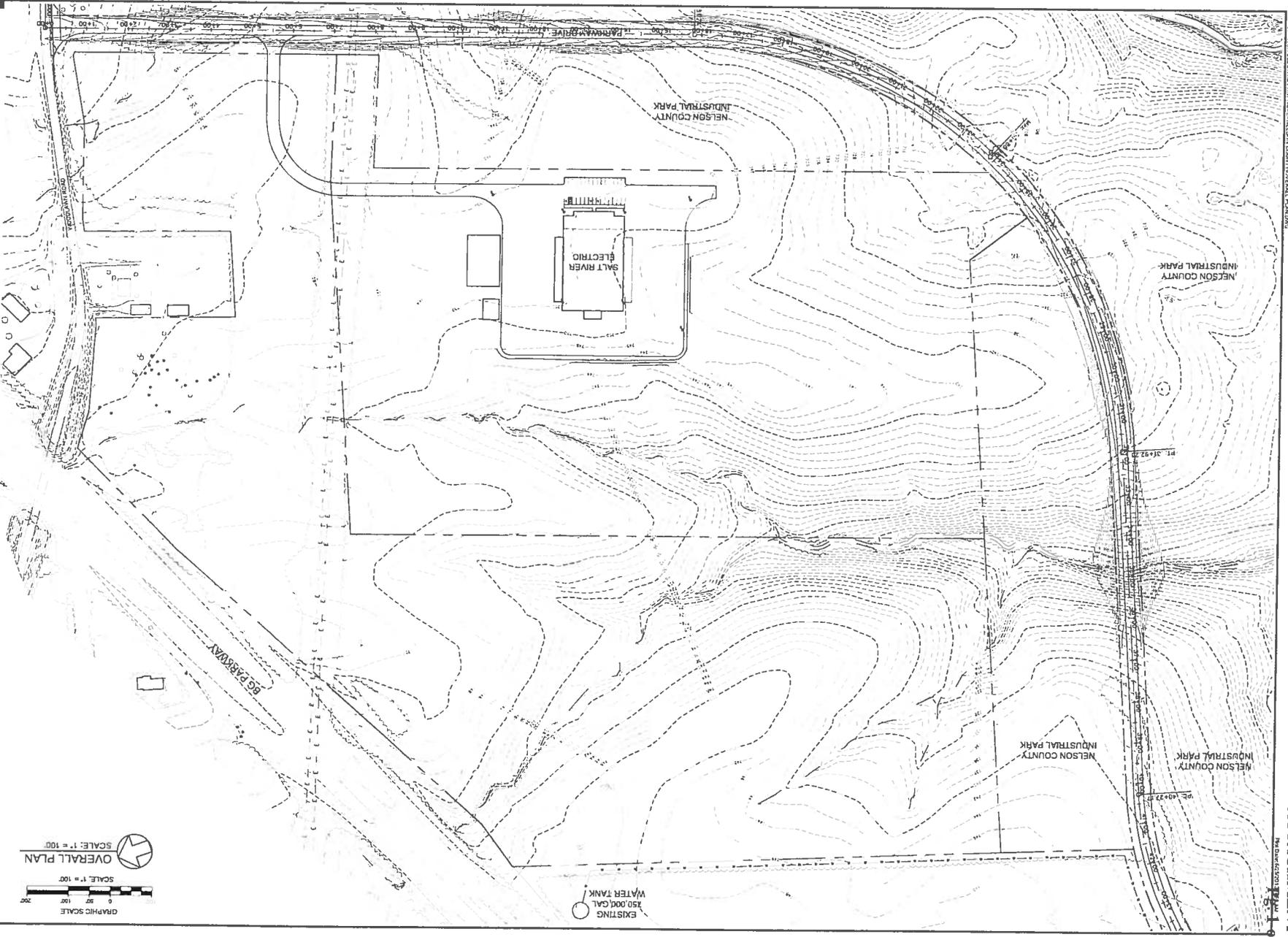
Number	Date	Pages
1	August 28, 2013	1
2	August 29, 2013	2
3	August 30, 2013	1

Portions of Addenda relating to bidding requirements are not part of the Contract Documents unless the bidding requirements are also enumerated in this Article 9.

§ 9.1.7 Additional documents, if any, forming part of the Contract Documents:

- .1 AIA Document E201™ -2007, Digital Data Protocol Exhibit, if completed by the parties, or the following:

- .2 Other documents, if any, listed below:
(List here any additional documents that are intended to form part of the Contract Documents. AIA Document A201 -2007 provides that bidding requirements such as advertisement or invitation to bid, Instructions to Bidders, sample forms and the Contractor's bid are not part of the Contract Documents unless enumerated in this Agreement. They should be listed here only if intended to be part of the Contract Documents.)



PROJECT NO.	1000000	DATE	1/1/2011
DESIGNED BY	J.S.	CHECKED BY	J.S.
DRAWN BY	J.S.	APPROVED BY	J.S.
REVISIONS			



Consulting Services Incorporated

250 Gold Rush Road, Lexington, Kentucky 40503

ATTACHMENT 11 – Pg. 1 of 5

May 23, 2013

MSE of Kentucky, Inc.
624 Wellington Way
Lexington, Kentucky 40503

ATTN: Mr. Glenn Ross, PE
Subject: **Preliminary Findings Letter**
Proposed Facility for Salt River Electric
Nelson County, Kentucky
CSI Project No. 2516

Dear Mr. Ross,

Consulting Services Incorporated of Kentucky (CSI) has completed the geotechnical field services for the proposed building in Bardstown, Kentucky. This letter provides our preliminary geotechnical findings.

Findings:

- During our field exploration, we performed a total of eight soil test borings. Borings labeled B-101 through B-104 were for the proposed pavement areas while borings labeled B-201 through 204 were for the proposed building. Seven of the eight borings were advanced to auger refusal (excluding boring B-102, which was terminated at a depth of 15.5 feet). The borings were located as close as possible to the boring locations indicated on the provided Conceptual Site Plan. Due to the dense vegetation on-site, our boring locations should be considered approximate. We understand that MSE surveying personnel will field locate our borings at a later date. Please reference the attached DRAFT Boring Location Plan for the soil boring locations.

In addition to the soil borings, we also collected two bulk samples from representative areas of the site. The bulk samples were collected from borings B-102 and B-104. Both bulk samples were collected at depths ranging from 0 feet to 4 feet below top of hole elevation.

- In general, we encountered topsoil (when encountered), overlying residual soils, overlying weathered rock, overlying apparent bedrock.
- The topsoil was encountered at the surface in six of our eight borings and ranged in thickness from 3 inches (at boring B-203) to 6 inches (at boring B-204). Please note that due to the use of a CAT 983 bucket loader to clear access to the site, the surficial topsoil

ATTACHMENT 11 – Pg. 1 of 5

was disturbed or entirely stripped in several areas where we drilled. Thus, reported topsoil thicknesses may be thicker than recorded.

- Residual soils were encountered from the base of the topsoil (where applicable) and generally consisted of two horizons: reddish brown lean clay, overlying reddish brown to light brown fat clay. The lean clay horizon ranged in thickness from 3.0 feet (at boring B-204) to 5.2 feet (at boring B-104). The fat clay horizon began just beneath the lean clay horizon and extends to top of weathered rock. The thickness of the fat clay horizon ranged from 3.5 feet (at boring B-104) to 10.6 feet (at boring B-202).
- Weathered rock was encountered at all of our boring locations and ranged in thickness from 0.7 feet (at boring B-202) to 4.2 feet (at boring B-203). The weathered rock appeared to be a highly weathered light brown and light gray shale.
- Auger refusal is typically interpreted as top of hard bedrock. Auger refusal was encountered in seven of our eight borings and ranged in depth from 10.1 feet (at boring B-104) to 14.8 feet (at boring B-202). Please note that boring B-102 was terminated at a depth of 15.5 feet (as stated in our proposal).
- Groundwater was encountered upon completion of soil augering in three of our eight soil borings. Borings B-101, B-202, and B-203 had water level readings of 5.0 feet, 14.0 feet, and 9.0 feet, respectively.

Summary of Soil Borings

Boring No.	Topsoil Thickness (in.)	Weathered Rock Thickness (ft.)	Auger Refusal Depth (ft.)
B-101	NA	1.2	13.3
B-102	5	3.0	NA
B-103	5	2.6	11.1
B-104	4	1.6	10.1
B-201	4	1.1	14.4
B-202	NA	0.7	14.8
B-203	3	4.2	12.7
B-204	6	1.9	13.2

*Please note that elevations will be determined at a later date when topographic mapping becomes available.

Discussion: We believe the primary geotechnical concerns for this site include:

- **Site Clearing:** Portions of the site are covered in large trees and dense undergrowth. Expect that removal of large root masses will be required during site clearing. The voids left when the root masses are removed will need to be filled. Additionally, trees with

large diameter roots were observed. Large diameter roots (greater than 1/2 inch in diameter) will require removal during clearing and grubbing operations.

- **High Plastic (FAT) Clay:** Our field classification (laboratory testing not yet completed) indicated that some soil samples might be fat clay (CH). Soils with a PI above 30 percent can have a tendency to shrink/swell with changes in moisture content.

We understand that the floor may be constructed using slab-on-grade construction. Thus, swelling soils could be of concern to the proposed foundations and floor slab of the structure.

Ideally, fat clays (especially those with a PI above 30 percent) should not be used as fill material beneath structures. At this time, we are performing laboratory testing to confirm the presence of potential fat clay soils on-site.

- **Karst:** The site is located in an area with Karst potential. Karst features such as sinkholes, dropouts, weathered bedrock, caverns, erratic bedrock, etc. are typically exposed during grading activities and foundation and/or utility construction. Karst topography consists of limestone or dolomite that is weathered which results in sinkholes (i.e. - closed depressions), irregular top of rock profiles, pinnacled bedrock, slots or troughs in the bedrock, internal drainage systems, and open voids in either the bedrock itself or in the soil overburden (typically at the soil/rock interface). Additionally, soft/wet soils are commonly encountered at the soil/rock interface and in slots or troughs in the bedrock. No obvious signs of Karst activity was observed in our samples, auger cuttings or site reconnaissance.
- **Possible Shallow Water Conditions:** A shallow water depth was recorded in one of our borings. Specifically, water was recorded at 5.0 feet in Boring B-101. Groundwater levels observed during our field operations should be expected to become shallower during wetter months.
- **Soft/Wet Soil Conditions:** Soft/wet conditions were encountered during our field services due to the recent rainfall experienced on-site. This made traversing the site very difficult, even for the ATV mounted drill rig. In one instance, the drill rig had to be pulled from a wet/soft area using the CAT 983 bucket loader. Expect that these soft/wet near-surface soils may require undercutting at the time of construction.

Conclusions: Based on the conditions observed and our experience, we believe this site is suitable for the proposed construction. The following provides our preliminary recommendations for the project.

- **Foundations:** We expect that shallow foundations bearing on stiff residual soil or newly placed and compacted fill will be used for this project. Thus, a bearing capacity of 2,000 pounds per square foot (psf) will be suitable for this project. A seismic site classification of "C" can be assigned for this project if soil bearing foundations are chosen.

- o **Floor Slabs:** We expect that a concrete slab-on-grade will be suitable for the proposed building. Thus, we expect that the new floor slab will bear on the stiff (or better) natural soils or newly placed soil fill.

These initial observations should be used for informational purposes only and should not be considered as recommendations for construction on this project. Recommendations will be provided in our Final Geotechnical Report.

Closure:

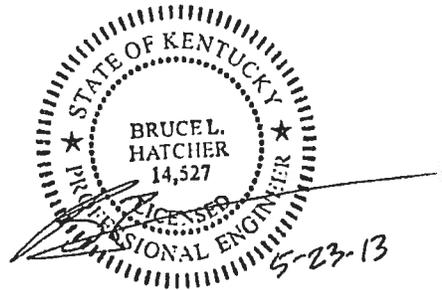
We appreciate the opportunity to provide our geotechnical services to you and the design team. Please do not hesitate to contact us for questions or comments about the information contained herein.

Sincerely,



Consulting Services Incorporated of Kentucky,

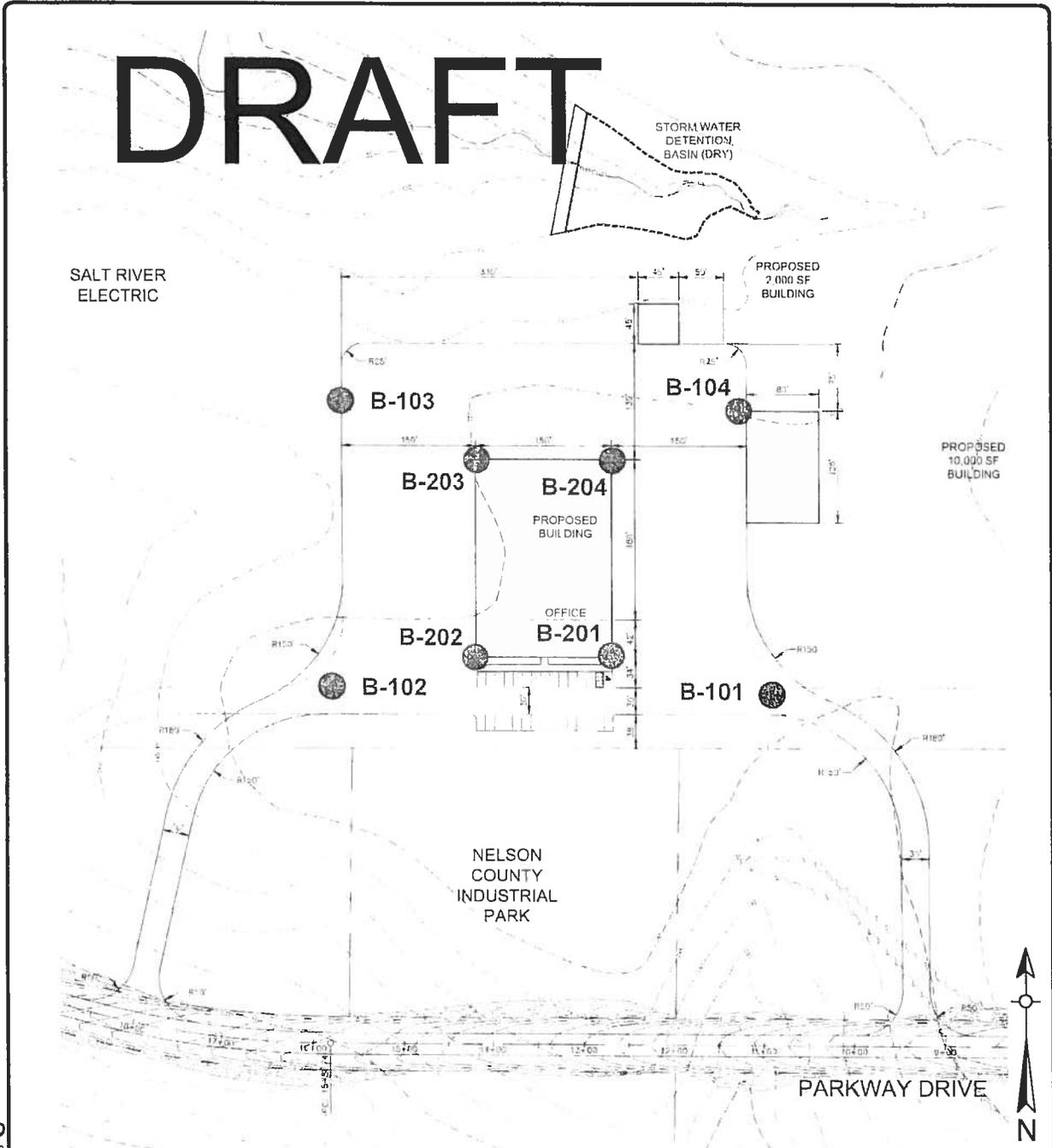
Thomas J. Duffy, EIT, SI
Staff Professional



Bruce L. Hatcher, PE, SI
Chief Engineer
Licensed Kentucky 14,527

Attachment: Draft Boring Location Plan

DRAFT



Boring Location Plan adapted from provided Conceptual Site Plan, with further adaptation by CSI personnel.

Boring locations are approximate and are subject to change.
Elevations to be determined at a later date.

FOR ILLUSTRATION PURPOSES ONLY

ATTACHMENT 11 - Pg. 5 of 5

LEGEND	
	B-XXX BORING LOCATIONS



Consulting Services Incorporated of Kentucky
250 Gold Rush Road
Lexington, Kentucky 40503
859.309.6021 Office | 888.792.3121 Fax
www.csikentucky.com

TITLE: BORING LOCATION PLAN PROJECT: PROPOSED FACILITY FOR SALT RIVER ELECTRIC NELSON COUNTY, KENTUCKY	Project No: 2516	Drawn By: JAC
	Date: May 23, 2013	Checked By: TD
	Scale: Not To Scale	Drawing No: 1 of 1

This drawing is being furnished for this specific project only. Any party accepting this document does so in confidence and agrees that it shall not be duplicated in whole or in part, nor disclosed to others without the consent of Consulting Services Incorporated of Kentucky.

1.0 EXECUTIVE SUMMARY

Pro-Tek Environmental Management, Inc. (Pro-Tek) has performed a Phase I Environmental Site Assessment (ESA) of the proposed Nelson County Industrial Park property located near Bluegrass Parkway and Highway 150 in Bardstown, Kentucky (Nelson County). Pro-Tek has endeavored to perform this Phase I ESA in conformance with the scope and limitations of ASTM Standard E 1527-00, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process*, with exceptions and deletions from the above-reference standard described in Section 2.4 of this report.

Pro-Tek's investigation revealed no *Recognized Environmental Conditions* or *Historical Recognized Environmental Conditions* as defined in Practice E 1527-00, at the subject property, which warrant further investigation. This conclusion is based upon the results of the site reconnaissance, interviews, and the historical and regulatory agency database reviews.

2.0 INTRODUCTION

2.1 PURPOSE

A Phase I Environmental Site Assessment (ESA) for the property known as the prospective Nelson County Industrial Park was conducted by Pro-Tek for the following reason:

Mr. Dean Watts, County Judge-Executive of Nelson County, stated on the *User Obligations Worksheet* that this Phase I ESA is required "to acquire the property" (See Appendix E).

There are two goals for the Phase I ESA. The first goal is to identify, to the extent feasible, *Recognized Environmental Conditions* (RECs). This includes the presence or likely presence of any petroleum products or hazardous substances on a property under conditions that indicate a past release, an existing release, or a material threat of a release into structures on the property or into the ground, groundwater or surface water of the property.

The second goal of the Phase I ESA is to identify, to the extent feasible, *Historical Recognized Environmental Conditions*. This includes environmental conditions, which in the past would have been considered recognized environmental conditions, but which may or may not be considered recognized environmental conditions currently.

2.2 DETAILED SCOPE-OF-SERVICES

Field reconnaissance, record reviews, and interviews with individuals familiar with the history of the site were conducted to evaluate existing or potential environmental problems. Mr. Ron Zavitz, a Principal of Pro-Tek Environmental Management, Inc., conducted the field reconnaissance and prepared this report. Photographs taken during the site visit are included in Appendix A. Prior to the field reconnaissance, Environmental Data Resources, Inc. (EDR) prepared an environmental report on the property in question, checking federal and state databases for any potential environmental conditions related to or surrounding the subject property. This report is included in Appendix B. Mr. Dean Watts, the Nelson County Judge-

Executive, completed the Pro-Tek Transaction Screening Questionnaire, which may be found in Appendix C, prior to Pro-Tek's site visit.

2.3 LIMITATIONS AND EXCEPTIONS OF ASSESSMENT/STATEMENT OF WORK

The extent of public records review is limited to official government files only. Because of the level of effort (several man-weeks) that could easily be required for such information searches, the Phase I ESA does not involve a search of local newspapers or other free press archives for site information.

The user of this document, the Nelson County Fiscal Court, did not provide Pro-Tek with records regarding past ownership of the property or evidence of environmental liens or use restrictions recorded against the property. This document does not include a title search. Pro-Tek makes no claim whatsoever as to ownership of any property. The records cited or presented in an exhibit to this report have been used as a basis for historical information only.

No non-scope considerations, such as regulatory compliance, asbestos-containing materials (ACMs), wetlands, radon emissions, lead-based paint, etc. were requested by the Nelson County Fiscal Court (See Appendix E, *User Obligations Worksheet*).

2.4 SPECIAL TERMS AND CONDITIONS

The contents of this report and the findings are limited to those customarily performed for a Phase I ESA and the specific requirements defined in ASTM Practice E 1527-00, unless otherwise noted.

By definition, a Phase I ESA involves no environmental sampling. Observations made during a site reconnaissance are generally sensory (sight and smell) in nature. A site cannot be guaranteed to be free of environmental problems on the basis of a Phase I ESA. The purpose of a Phase I ESA is to determine, on the basis of readily available information, the potential for

environmental contamination based on past and current site use and known or possible influence of nearby properties.

3.0 SITE DESCRIPTION

3.1 LOCATION AND LEGAL DESCRIPTION

The proposed Nelson County Industrial Park property is located just south of the Bluegrass Parkway between U.S. Highway 150 and KY Highway 605, in Bardstown, Kentucky (Nelson County). The property is situated on 426 acres of agricultural land, and includes a small residence and a storage barn. The site is bounded on the north by the Bluegrass Parkway and agricultural land (Photo 14). The site is bounded on the east by KY Highway 605 and some undeveloped land that is heavily forested (Photo 16). The adjoining properties to the west are two small farms with residences just beyond the access road and a line of shrubbery (Photo 13). Heavily forested land and additional farm land border the site to the south (Photo 15). Four parcels comprise the proposed industrial park property. Their legal descriptions follow:

1. "TRACT 7: A certain tract of land located 2.3 miles East of Bardstown in Nelson County, Kentucky, and lying south of the Bluegrass Parkway and North of U.S. Highway 150, and more particularly described as the undeveloped 271.248 acres [Area of Brown Tract 1 (Deed Book 101, Page 130) South of Bluegrass Parkway] as shown on plat of survey for Estate of Creel Brown, Jr., as recorded in Plat Cabinet 5, Slot 85, in the Office of the Clerk of Nelson County." (Deed Book 368, Page 535)

2. "TRACT 8: A certain tract of land located 2.3 miles East of Bardstown, Kentucky, and lying South of the Bluegrass Parkway and North of U.S. Highway 150 and more particularly described as the undeveloped 14.491 acres (Deed Book 101, Page 130, South of Bluegrass Parkway) shown on Plat of Survey for Estate of Creel Brown, Jr., as recorded in Plat Cabinet 5, Slot 85, in the Office of the Clerk of Nelson County.

Being a part of the property to which Creel Brown and Creel Brown, Jr., acquired title, "for their joint lives as tenants in common", with remainder in fee simple to the survivor of them," by Deed of date September 27, 1933, from Joseph C. Hofgesang, and Myrtle S. Hofgesang, recorded

in Deed Book 101, Page 130, in the Clerk's Office of the Nelson County Court. The said Creel Brown died testate, a resident of Jefferson County, Kentucky, on March 26, 1935." (Deed Book 368, Page 535)

3. "Being Tract A of a minor Subdivision Plat for C. Barr and Jo Ann Brown Schuler as recorded in Plat Cabinet 5, Slot 170, in the Office of the Nelson County Court Clerk

Being a portion of the property to which William R. Wilson and his wife, Brenda Jean Wilson, acquired title from Patricia Camelia Wilson Buffington (now by marriage Patricia Camelia Wilson Green) and her husband Alfred Louis Green, by Deed dated March 20, 1992, of record in Deed Book 294, Page 379, in the office of the Clerk of Nelson County." (Deed Book 383, Page 178)

4. "A certain tract of land located in Nelson County, Kentucky, 2.3 miles East of Bardstown, and lying West of Millcreek and North of U.S. Highway 150 and is described as follows:

Beginning at the south post at a cattle guard on the private road into this tract; hence in a division across the parent North 8 degrees 41 minutes East 110.3 feet to a post; South 80 degrees 9 minutes East 760 feet to a post; North 14 ½ degrees 15 feet to a post; South 16 ¾ West 163 feet to a post; South 72 ½ degrees East 190 feet to a cedar; South 29 ½ degrees East 116 feet to a cedar; and South 67 ¾ degrees East 210 feet to a sycamore in a fence near the top of a bluff in Hugh Crume's line; hence with Crume North 23 ¼ degrees East 570 feet to a walnut by a large rock; North 8 ½ degrees West 458 feet to a walnut; North 4 ¾ degrees West 179 feet to a post corner with Hugh Crume in Creel Brown's line; hence with Brown North 69 degrees 40 minutes West 1, 885.4 feet to a post corner with Mrs. Eunice Ballard in Creel Brown's line; hence with Ballard South 14 ¾ degrees West 2,291 feet to the beginning, containing 101 ½ acres, more or less". (Deed Book 271, Page 164)

Copies of the legal descriptions may be found in Appendix G of this document.

3.2 SITE AND VICINITY GENERAL CHARACTERISTICS

According to the Nelson County Judge Executive, Dean Watts, the subject property has just been re-zoned to light industrial (I/1). Prior to this it had been agricultural (A/1) since zoning was instituted in 1971. The general area, as well as the subject property have had no other zoning classifications or other uses to anyone's knowledge in that office or the County Engineer's office.

4.0 PROPERTY USE

4.1 CURRENT USES OF THE PROPERTY

Judge Watts stated in Appendix C, *Transaction Screening Questionnaire*, that the subject property was currently occupied by a tenant, partially farmed, and partially unused. Pro-Tek verified this situation during the site reconnaissance.

4.2 PAST USES OF THE PROPERTY

The property has been farm land as long as anyone in the aforementioned offices in Nelson County can remember. At some time in the past the land was probably vacant without any use, but that pre-dates anyone's memory who has been interviewed.

4.3 DESCRIPTION OF STRUCTURES, ROADS, OTHER IMPROVEMENTS ON THE SITE (INCLUDING HEATING/COOLING SYSTEM, SEWAGE DISPOSAL, SOURCE OF POTABLE WATER)

4.3.1. Structures

Two buildings, a residence and a barn, were found on the property (Photos 1 and 3). Additionally, a water well which serves the property is enclosed and roofed. The residence is a single story structure of approximately 1,000 square feet. It features a standard shingled roof and asphalt shingles for siding. The structure appears to be of 1950s vintage, meaning that asbestos could potentially be contained in the siding material. Since asbestos fibers are typically very stable in an asphalt matrix, the risk of exposure is very slight unless they begin to seriously deteriorate, or if they are ripped off the structure. In either scenario, it would be prudent to sample and analyze the siding shingles prior to any disturbance or demolition. This will ensure proper handling and disposal if asbestos is found to be present. The residence has wood floors, standard insulation, and does not feature any floor or ceiling tiles that might contain asbestos. The second building, the barn, is constructed of wood and features a dirt floor. It is approximately 5,000 square feet in

area, and stores farm equipment. The structure around the water well is built with wood siding and standard shingles.

4.3.2 Roads

A crushed stone access road is the primary access to the property. It curves to the right and ends as the driveway to the residence. The left curve to this road leads to the farms west of the planned industrial park property. A portion of a county road, no longer maintained, cuts across the northern portion of farmed area. During the site reconnaissance, much of the property was not being used to grow crops. This road ends after a turn to the south prior to reaching the wooded area near the creek tributary.

4.3.3. Improvements

The subject property receives water from a well on site. According to the current resident, Thomas Lewis, this water is analyzed by the Nelson County Board of Health on a periodic basis to ensure safety. A septic system is in use for sanitary sewer needs, but the location of lateral lines is not known. Mr. Lewis did not know of any problems with this system. Electricity is provided by Salt River Electric. A pole-mounted transformer owned by the utility is located in the yard area (Photo 2). A local propane supplier provides propane for heating needs to the horizontal tank in the yard (Photo 1).

4.4 CURRENT AND PAST USE OF ADJOINING PROPERTIES

4.4.1 Current Uses

The site is bordered by some heavily wooded land and additional farmland to the south (Photo 15). To the east, the site is bordered by heavily wooded land and KY Highway 605 (Photo 16). The site is bordered by a small farm and Bluegrass Parkway to the north (Photo 14). To the west, the site is bounded by an access road and two smaller farm properties (Photo 13).

4.4.2 Past Uses

According to the *Transaction Screening Questionnaire*, the past uses of the adjoining properties are the same as the current uses. Again, sometime in the past the entire area was completely vacant without even farming activity.

4.5 SITE RENDERING, MAP, OR SITE PLAN

Figure 1 shows the location of the subject property. Figure 2 is a layout map that includes key features of the site.

5.0 USER PROVIDED INFORMATION

The user, the Nelson County Fiscal Court, supplied Pro-Tek with the completed *Transaction Screening Questionnaire* and *User Obligations Worksheet*. This information is included in Appendices C and E, respectively.

5.1 ENVIRONMENTAL LIENS OR ACTIVITY AND USE LIMITATIONS

County Judge-Executive Dean Watts completed the *Transaction Screening Questionnaire* (See Appendix C). When asked whether there were any environmental liens or governmental notifications relating to past or recurrent violations of environmental laws, Judge Watts stated, "No."

Judge Watts also completed the *User Obligations Worksheet* (See Appendix E). When asked whether any environmental liens, activity and use limitations or deed restrictions are currently recorded against the property, Judge Watts stated, "No liens, etc."

Since no title check has been performed by the user, Pro-Tek cannot confirm whether any environmental liens, activity and use limitations, or deed restrictions are currently recorded against the property in question.

5.2 SPECIALIZED KNOWLEDGE

Pro-Tek contacted the KY Division for Air Quality, the KY Division of Waste Management, the KY Division of Water Quality, and the KY Division of Waste Management, Underground Storage Tank Branch, regarding any problems or concerns relating to the property in question. No known governmental notifications relating to past or recurrent violations of environmental laws against the property were recorded. See Appendix F for copies of correspondence related to these agency inquiries.

5.3 VALUATION REDUCTION FOR ENVIRONMENTAL ISSUES

Judge Watts stated “no” on the *User Obligations Worksheet* (See Appendix E) to the question inquiring whether the value of the property had been reduced below comparable properties due at least in part to any environmental conditions associated with the property at the present time.

5.4 OWNER, PROPERTY MANAGER, AND OCCUPANT INFORMATION

C. Barr and Joan Schuler are listed as the owners of the property in question on the Transaction Screening Questionnaire (See Appendix C.)

6.0 RECORDS REVIEW

6.1 STANDARD ENVIRONMENTAL RECORD SOURCES: FEDERAL AND STATE

The following U.S. Environmental Protection Agency (EPA) and state databases were checked. Search distances used to evaluate sites on each database list were in accordance with those defined by ASTM Practice E 1527-00. Information was obtained through Environmental Data Resources, Inc. (EDR). The EDR environmental report is included in Appendix B.

Only the Federal and State ASTM Standard databases were reviewed for this Phase I. Additional federal ASTM databases were included in the EDR report, but these additional databases are not required to be searched by the ASTM Practice E-1527-00. Since they are not required by the ASTM Practice E 1527-00, Pro-Tek has included them in this Phase I ESA only as additional environmental record sources.

6.1.1 Federal ASTM Standard

- a) NPL - EPA National Priorities List
- b) CERCLA (Active) – EPA Comprehensive Environmental Response, Compensation, and Liability Information System (Active)
- c) CERCLA (NFRAP Archive) – EPA CERCLA No Further Remedial Action Planned Archive
- d) RCRA TSD – EPA Resource Conservation and Recovery Information System – Treatment, Storage, and Disposal Facilities
- e) RCRA Generator – EPA Resource Conservation and Recovery Information System – Large and Small Quantity Generators, Transporters, and Notifiers
- f) CORRACTS – EPA Resource Conservation and Recovery Information System – Corrective Action Sites
- g) ERNS – EPA Emergency Response Notification System

6.1.2 State ASTM Standard

- a) LEAD (HWS) – Kentucky Lead (State Superfund) List
- b) SWF – Kentucky Solid Waste Facilities List
- c) UST – Kentucky Underground Storage Tank List

6.1.3 Mappable Sites

Results from the EDR database(s) search showed that there were no sites identified within the ASTM search distances from the property. (See Appendix B: Overview Map, Detail Map, EDR Executive Summary, and page 4-Map Findings Summary.)

6.1.4 CERCLA (NFRAP Archive) Database Results

The EPA Comprehensive Environmental Response, Compensation, and Liability Information System (CERCLIS) (NFRAP Archive) includes information on sites that have been reclassified as No Further Remedial Action Planned (NFRAP) by the EPA. These former CERCLIS sites, also known as the CERCLIS Archive, have been delisted because a lack of significant contamination was found.

This database identified no sites within the ASTM search distances from the property.

6.1.5 RCRA Generator Database Results

The EPA Resource Conservation and Recovery Information System (RCRIS)– Large and Small Quantity Generators, Transporters, and Notifiers contains information on hazardous waste handlers regulated by the EPA under the Resource Conservation and Recovery Act (RCRA). This is a national system used to track events and activities that fall under RCRA. The generators database is a subset of the complete RCRIS file which includes hazardous waste generators which create more than 100kg of hazardous waste per month or meet other requirements of RCRA. This database also includes RCRA Notifiers, Transporters, and formerly regulated RCRA Sites for more complete hazardous waste information. Additionally, compliance and corrective action information is included.

This database identified no sites within the ASTM search distances from the property.

6.1.6 CORRACTS Database Results

The EPA Resource Conservation and Recovery Information System – Corrective Action Sites (CORRACTS) is a database that includes Resource Conservation and Recovery Information System (RCRIS) sites with reported corrective action. This information is also reported in the standard RCRIS detailed data.

This database identified no sites within the ASTM search distances from the property in question.

6.1.7 LEAD (HWS) Database Results

The Kentucky Department for Environmental Protection Lead (State Superfund) List contains State Superfund sites that are under investigation or under remediation by the Commonwealth of Kentucky.

This database identified no sites within the ASTM search distances from the property in question.

6.2 ADDITIONAL RECORD SOURCES (EDR REPORT)

Additional federal ASTM databases were included in the EDR report, but these additional databases are not required to be searched by the ASTM Practice E-1527-00. Since they are not required by the ASTM Practice E 1527-00, Pro-Tek has included them in this Phase I ESA only as additional environmental record sources.

6.3 UNMAPPABLE SITES

The EDR report returned 16 unmappable sites (See Appendix B, page 7). This summary lists sites that were found in the database(s) that were checked by EDR; however, due to poor or inadequate address information, these sites were unable to be mapped on the *Overview and Detail Maps* located in Appendix B, *EDR Report*. These unmapped sites registered on the following Federal ASTM Standard databases: FINDS, SWF/LF, FTTS, RCRA Generator, UST, or CERCL-NFRAP. The following sites are the unmappable sites:

- a) Nelson County Judicial Center - FINDS
- b) Rainbow Baking Company - UST
- c) Old Willett Distilling Company - UST
- d) Saltzman Farm -- UST
- e) Oliver's Ashland Oil -- RCRIS-SQG, FINDS
- f) Yont's Grocery -- UST
- g) Hamilton Engineering -- UST
- h) William Bobbitts Battery Salvage -- RCRIS_SQG, FINDS
- i) B.C. Battery -- RCRIS-SQG, FINDS, CERC-NFRAP
- j) Mago Construction Asphalt Plant -- RCRIS-SQG, FINDS
- k) Nelson County School Bus Garage -- RCRIS-SQG, FINDS
- l) Gilkey Run Road Site -- SWF / LF
- m) Unisis (Nukote International) -- CERC-NFRAP
- n) Nelson County Solid Waste Disposal -- FINDS
- o) Nelson County Concrete -- FINDS
- p) Nelson County School District -- FINDS, FTTS INSP

The addresses for these unmappable sites locate them in other sections of Bardstown, and separated by enough distance to conclude that none of them could reasonably be of potential impact to the planned industrial park property.

6.4 ADDITIONAL ENVIRONMENTAL RECORD SOURCES

Inquiries were made to the following agencies to establish whether any files containing violations or permits had been established on the subject property with the state of Kentucky. Responses to Pro-Tek's inquiries on the property in question may be found in Appendix F.

- Kentucky Division for Air Quality
- Kentucky Division of Waste Management

- Kentucky Division of Waste Management, Underground Storage Tank Branch
- Kentucky Division of Water Quality

In response to Pro-Tek's inquires, all of the agencies reported that no records or permits existed for the proposed industrial park property.

6.5 PHYSICAL SETTING SOURCE(S)

The U.S. Geological Survey Topographic Map (*Bardstown Quadrangle*) for the proposed industrial park property (Nelson County) was reviewed to provide information about the topography of the property in question. A copy of a portion of the *Bardstown* Topographic Map is enclosed as Figure 1. The site is located at 85° 25' 21" longitude and 37° 48' 2.2" latitude, and is situated at an approximate elevation of 718 feet above mean sea level.

6.6 HISTORICAL USE INFORMATION ON THE PROPERTY

Historical use information for the site was obtained by examining aerial photographs, fire insurance/Sanborn maps, county atlases, the *Bardstown* USGS Topographic Map, historical reference books, and interviews. Other sources, such as Property Tax Files and Building Department Records, were either not reasonably available or not likely to be sufficiently useful, accurate, or complete in terms of satisfying the uses of the property. The historical information that was available indicated that this property has been undeveloped farmland since it was first used.

6.6.1 Aerial Photographs

Three (3) aerial photographs of the area in which the proposed site for the Nelson County Industrial Park is located were examined on May 21, 2004. These photographs were reviewed at the Department of Transportation Phototech Lab in Frankfort, Kentucky. It can be concluded from the review of these aerial photographs in which the proposed industrial park site is located, that the general area has been used for farming since at least the mid-1970s. A summary of Pro-Tek's aerial photograph review follows:

January 17, 1976

This aerial photograph showed the area in which the proposed industrial park and its adjoining properties are presently located to be undeveloped farmland. The photograph showed the Ballard farm immediately to the northwest and the Burgess farm to the west to be essentially as they are currently. Because this photo was taken in January, the farmland is clearly shown to be mostly flat and free of any unusual mounds or depressions.

April 23, 1986

This aerial photograph showed a few more structures adjacent to KY Highway 605 to the east, and the current residence building and storage barn are present. No other differences were noted.

April 11, 1991

This was the most recent photograph of the area, and showed the subject property and adjacent properties to be essentially the same as current status with the exception of additional structures along KY Highway 605, a small portion of which is the eastern border of the proposed industrial park. During the site reconnaissance, these structures were found to be a mixture of commercial and residential properties.

6.6.2 USGS 7.5 Minute Topographic Map

The 1967 (Revised from aerial photographs taken in 1987) U.S. Geological Survey (USGS) 7.5 Minute Topographic *Bardstown Quadrangle* Map showed very few structures located on or near the property under evaluation. This depiction does not agree with the aerial photographs of the same area, which Pro-Tek considers more accurate than this map. The approximate age of the structures that do not appear on the topographical map are such that they should have been depicted. However, flying conditions during the 1987 check as well as the small size of these structures could have caused this omission.

6.6.3 Historical Books

On May 13, 2004, four (4) historical books were examined for information relating to the subject property and its adjoining properties at the Nelson County Public Library located in Bardstown, Kentucky. These books contained information on Bardstown and Nelson County, Kentucky. The following list identifies each book that was examined for historical information relating to the property in question:

1. "A Pictorial History of Bardstown & Nelson County Kentucky." Published and Distributed by The Kentucky Standard, Bardstown, Kentucky (2000)
2. "Sketches of Kentucky's Past." J. Winston Coleman, Jr. Published and Distributed by Winburn Press, Lexington, Kentucky (1979)
3. "A History of Kentucky." Thomas D. Clark. Published and Distributed by The Jesse Stuart Foundation, Ashland, Kentucky (1992)
4. "The Kentucky Encyclopedia." John Kleber. Published and Distributed by University Press of Kentucky (1992)

None of these books mentioned any information about the property or the area around the location of the proposed site for the industrial park.

6.6.4 Fire Insurance / Sanborn Maps

Fire insurance / Sanborn maps were not available for the subject property or adjacent properties. This is due to the purely rural and undeveloped nature of the general area around the property.

6.6.5 Historical Maps

Historical maps of Nelson County were examined as they appeared in the books delineated above. No other maps were available that showed the subject property, other than to depict it as empty land near the city of Bardstown.

6.7 HISTORICAL USE INFORMATION ON ADJOINING PROPERTIES

The only historical use information gathered on the adjoining properties was the information provided from Judge Watts, James Lemieux (Nelson County Engineer), and Bradley Spaulding (Nelson County Solid Waste Coordinator) during the preparation of the *Transaction Screening Questionnaire* (See Section 6.6.1, *Aerial Photographs*, Section 8.2, *Other Interviews*, and Appendix C – *Transaction Screening Questionnaire*.)

7.0 INFORMATION AND INTERIOR / EXTERIOR OBSERVATIONS FROM SITE RECONNAISSANCE

Mr. Zavitz conducted the site reconnaissance on May 13 and 17, 2004.

7.1 METHODOLOGY AND LIMITING CONDITIONS

The site reconnaissance entailed a walk through of portions of the site, traversing the open area with a four-wheel drive vehicle, and the gathering of information relating to the subject property and the adjoining properties. The purpose of the site reconnaissance was to form an opinion on whether recognized environmental conditions existed on the property in question. The following are examples of the conditions that Pro-Tek searched for during the site reconnaissance indicating environmental problems or material threats to the property or adjoining properties: stains, stressed vegetation, hazardous and petroleum products, unlabeled or improperly labeled containers, pits, ponds, mounds, depressions, and odors. Photographs were taken of the property in question and the adjoining properties and interviews for the adjoining properties were conducted during the site reconnaissance.

There were no limiting conditions encountered while conducting the site reconnaissance or interviews regarding this Phase I ESA.

7.2.1 HAZARDOUS SUBSTANCES AND PETROLEUM PRODUCTS IN CONNECTION WITH IDENTIFIED USES

According to the current tenant, Thomas Lewis, no hazardous substances or petroleum products are stored on the property. Another individual who lives elsewhere actually farms the land, and stores equipment in the barn. There are small containers for mower fuel, etc., at the site, but these are not of sufficient volume to cause environmental harm.

**7.3 HAZARDOUS AND/OR PETROLEUM CONTAINERS NOT CONNECTED
WITH IDENTIFIED USES**

Pro-Tek did not find any hazardous and/or petroleum containers not connected with identified uses at the proposed site for the Nelson County Industrial Park.

7.4 UNIDENTIFIED SUBSTANCE CONTAINERS

Pro-Tek did not find any unidentified substance containers in or around the site.

7.5 STORAGE TANKS

Judge Watts reported on page 12 of the *Transaction Screening Questionnaire* that there were no underground or aboveground storage tanks at the property. Pro-Tek did not observe any aboveground storage tanks (other than the propane tank) or any piping that would indicate underground storage tanks during the site reconnaissance.

7.6 INDICATIONS OF PCBS

Judge Watts stated on pages 14 and 15 of Appendix C:

- a) "Not applicable" to the question, "Records showing the PCB content of any transformers or other equipment?"
- b) That there was no staining at the base of the poles or pads.
- c) That there were no elevators on the property,
- d) That there were no auto lifts on the property.
- e) "Not applicable" to the question, "Were the hydraulic systems ever inspected or maintained?" and,
- f) "Not applicable" to the question, "Have the oils in the hydraulic systems been tested for PCB content?"

Pro-Tek observed one (1) pole mounted transformer on the west side of the property on the side lawn of the residence (photo 2). There was no staining observed on the poles or the ground beneath this transformer. The transformer casing appeared to be in good condition. Additionally, since this pole and transformer appeared to be relatively new, there is little chance

of these transformers containing PCBs, since the use of PCBs was banned in 1982 by the Toxic Substances Control Act.

7.7 INDICATIONS OF SOLID WASTE DISPOSAL

Judge Watts stated "not applicable" on page 7 of Appendix C when asked if there were any areas on the property that contained fill dirt and if there were any mounds or depressions on the property. Pro-Tek observed no mounds or depressions associated with solid waste disposal on the property during the site reconnaissance. No visible staining or odors were detected on or around the property or adjoining properties. The vegetation on and around the subject property showed no signs of stress and appeared to be clean and healthy.

7.8 PHYSICAL SETTING ANALYSIS

The observed topography of the site is primarily flat, although the land along a creek tributary features some sharp slopes. The surface drainage of the site flows generally towards a Mill Creek tributary area located near the south and southeast border of the property. A second collection area for drainage is located along the northern boundary next to the Bluegrass Parkway right-of-way. Drainage on the extreme western boundary flows more or less to the access road near the residence. Pro-Tek examined drainage pathways to these collection areas as well as the collection areas themselves, and found no evidence of seepage, water degradation, or vegetation stress.

7.9 ANY OTHER CONDITIONS OF CONCERN

There were no odors, pools of liquid, pits or ponds, or stressed vegetation observed around the proposed industrial park site at the time of the site reconnaissance that would indicate environmental concerns.

8.0 INFORMATION FROM INTERVIEWS

Present and historical information was collected through interviews. Pro-Tek conducted interviews on May 13, 2004 with Mr. Dean Watts, Nelson County Judge-Executive; Mr. James Lemieux, the Nelson County Engineer; and Mr. Bradley Spaulding, the Director of Solid Waste for Nelson County. On May 17, 2004, Mr. Thomas Lewis, the current resident on the property, was interviewed during the second part of the site reconnaissance. The purpose of these interviews was to obtain information regarding past and present uses of the subject property as well as for the adjoining properties.

8.1 INTERVIEW WITH SITE MANAGER

Judge Dean Watts, the County Judge-Executive, completed the *Transaction Screening Questionnaire* located in Appendix C of this Phase I ESA. Pro-Tek inquired whether there was a site manager that could be interviewed pertaining to the property in question. Judge Watts informed Pro-Tek that there was a current resident that we could interview. Thomas Lewis, the current resident, provided information for items that the other individuals could not.

8.2 OTHER INTERVIEWS

Mr. Thomas Lewis was interviewed during the second day of site reconnaissance. He and his wife have resided on the property and are familiar with the site and the surrounding area. Mr. Lewis stated that he had the Nelson County Board of Health check the well water used on the property regularly, and that he had been notified by letter that the water quality was acceptable. He further stated that the floors were wood under the coverings, and that no tanks or piping were present around the residence and barn that might indicate the presence of an underground tank. The house is heated with propane supplied locally and housed in an above ground horizontal tank. Mr. Lewis indicated that he had not observed any signs of dumping or illegal disposal of waste during his tenancy on the property. Pro-Tek's observations during site reconnaissance verified his statements.

9.0 OPINION

The environmental professionals who conducted the site reconnaissance and reviewed the results of the data collection effort have concluded that there are no “recognized environmental conditions” that have impacted the soil and water resources or structures on the subject property. Additionally, during research and the site reconnaissance, Pro-Tek did not identify any “historical recognized environmental conditions” at the proposed Nelson County Industrial Park property. This opinion was formed after reviewing all information, historical and present, and after viewing the property in question.

10.0 FINDINGS AND CONCLUSIONS

Pro-Tek Environmental Management, Inc. has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527 of the proposed Nelson County Industrial Park property located in Bardstown, Kentucky. Any exceptions to, or deletions from, this practice are described in Section 2.4 of this report. This assessment has revealed no evidence of recognized environmental conditions in connection with the property.

11.0 DEVIATIONS

Pro-Tek performed this Phase I Environmental Site Assessment for the property in conformance with the scope and limitations of ASTM Practice 1527-00. There were no deviations, deletions, or additions made to this Phase I ESA.

12.0 ADDITIONAL SERVICES

There were no additional services relating to this Phase I ESA contracted for between the client and Pro-Tek. (See Appendix E.)

13.0 REFERENCES

- a) A Pictorial History of Bardstown & Nelson County. Published and Distributed by The Kentucky Standard, Bardstown, Kentucky. Copyright 2000. This book may be found at the Nelson County Public Library located in downtown Bardstown, Kentucky.

- b) Sketches of Kentucky's Past. J. Winston Coleman, Jr. Published and Distributed by Winburn Press, Lexington, Kentucky. Copyright 1979. This book may be found at the Nelson County Public Library located in downtown Bardstown, Kentucky.

- c) The Kentucky Encyclopedia. John Klebe. Published and Distributed by University Press Copyright 1992. This book may be found at the Nelson County Public Library located in downtown Bardstown, Kentucky.

- d) A History of Kentucky. Thomas D. Clark. Published and Distributed by The Jesse Stuart Foundation. Copyright 1992. This book may be found at the Nelson County Public Library located in downtown Bardstown, Kentucky.

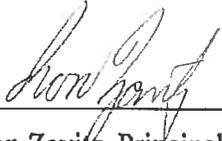
- e) Recorded Land Title Records/Deed Books. Located in the Nelson County Clerk's Office Deed Room at 113 East Stephen Foster Avenue in downtown Bardstown, Kentucky.

14.0 SIGNATURES OF ENVIRONMENTAL PROFESSIONALS

Our conclusions regarding the conditions of the site do not represent a warranty that all areas within the site area are of the same quality as may be inferred from observable site conditions and readily-available site history. Furthermore, we developed an opinion, based on our professional judgment, regarding the potential presence or absence of contamination at the site by hazardous substances. The resumes of the environmental professionals responsible for the Phase I ESA of the proposed Nelson County Industrial Park property are included in Appendix D.

Pro-Tek cannot warrant or guarantee that recommendations made pursuant to this agreement will comply with all Federal, state, or local governmental requirements, nor can Pro-Tek warrant that recommendations made pursuant to this agreement will provide results expected or hoped for by the client.

The client should carefully evaluate the report contents, and contact the Pro-Tek Project Manager if there are any questions regarding the extent of the investigation, findings, conclusions, or recommendations presented in this report. Pro-Tek normally makes recommendations for further investigation only when such action is deemed necessary to determine questionable site conditions, or when unverifiable or insufficient historical information suggests that further investigation would be prudent.

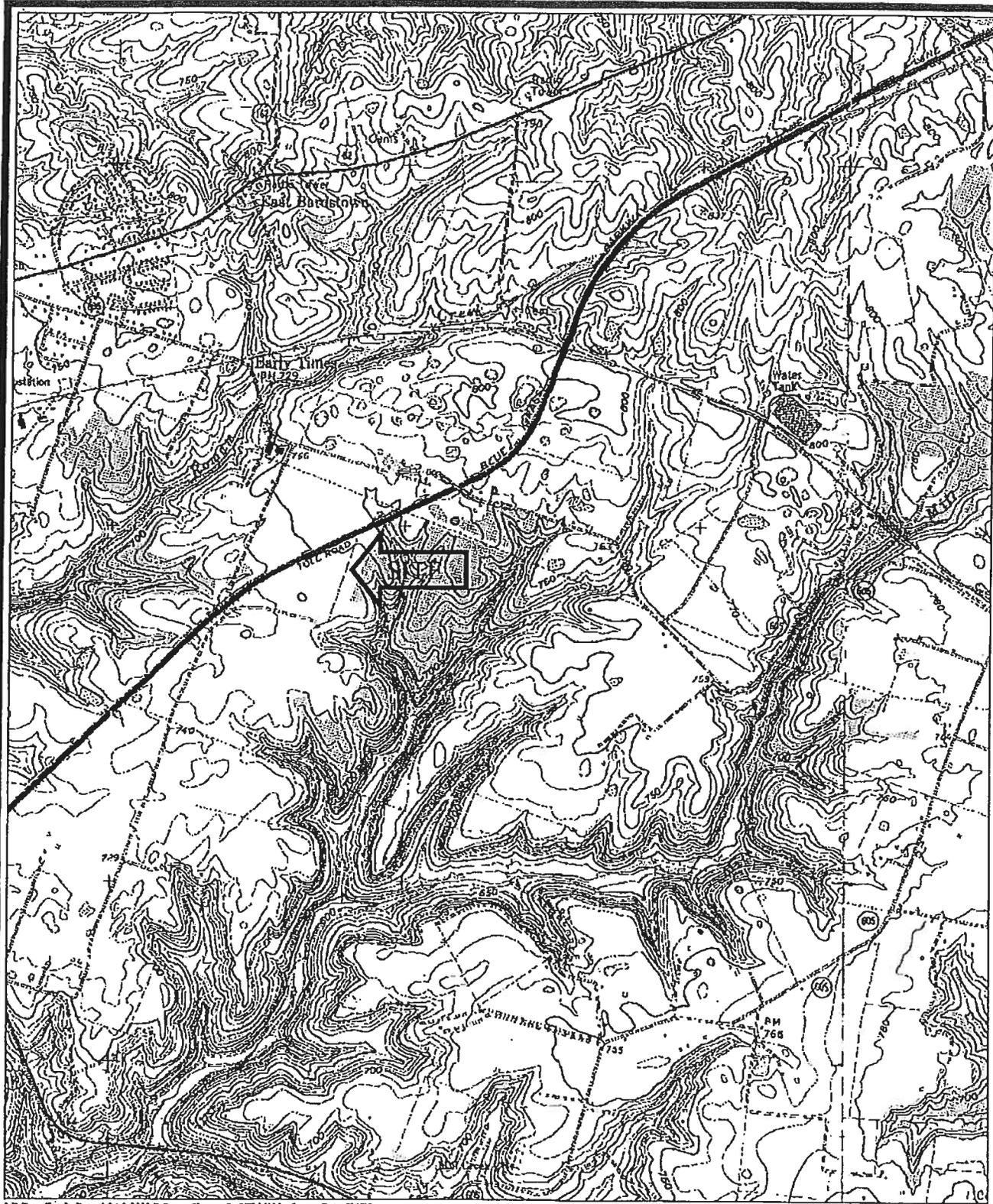


Ron Zavitz, Principal



William C. Eddins, Chairman

FIGURE 1
Site Location Map



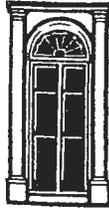
8-D Topo Quad Copyright © 1999 DeLorme, Westbrook, ME 04096 Source Data: USGS 742 ft. Scale: 1:25,000 Detail: 1:4 Detail: WG504

This Map is a
Portion of the
Bardstown,
Kentucky
Topographical
Quadrangle Map

Figure 1
Site Location
Nelson County Industrial Park
Nelson County, Kentucky

Date: May 17, 2004
Project Number: 24065
Scale: 1:25,000
Project Manager: RZ





NELSON COUNTY CODE ENFORCEMENT

Logan T. Spaulding
Building Official/Director
One Court Square Suite 202
Bardstown, KY 40004
Phone: (502) 348-1862 - Fax: (502) 348-1897

10/03/2013

SALT RIVER ELECTRIC
111 WEST BRASHEAR AVENUE
BARDSTOWN, KENTUCKY 40004

Re: WAREHOUSE & OPERATIONS BUILDING 1
STORAGE WAREHOUSE 2 & 3
SALT RIVER ELECTRIC 2230 PARKWAY DRIVE
BARDSTOWN/NELSON COUNTY

Nelson County
Permit # 13355
Full Approval

Dear RIVER ELECTRIC SALT,

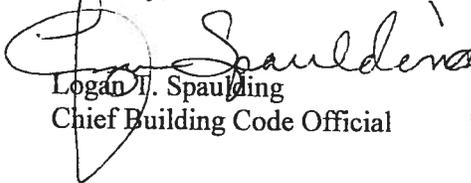
Nelson County Code Enforcement has reviewed the drawings for the above referenced project under the provisions of the Kentucky Building Code. This letter is authorization to proceed with construction subject to any conditions that may be noted on the attached page.

This authorization does not release the Applicant from complying with additional local ordinance requirements. Please note the electrical plans were not reviewed for compliance with the National Electrical Code. All electrical wiring and equipment will be subject to the approval and inspection of the certified electrical inspector as required by Section 111.4 of the Kentucky Building Code and a copy of that inspectors' certificate of compliance will be required at the completion of the project.

A final inspection shall be made at the request of the Applicant and a "Certificate of Occupancy" issued by this office prior to occupancy. The issuance of a final "Certificate of Occupancy" by this office does not relieve the Applicant from complying with any additional local ordinance or requirements prior to occupancy. Also, other inspection or test certificates, such as flame spread ratings of interior finishes, manufacturer's installation procedures for specific appliance installations, plumbing certificate and copy of engineered truss detail drawing with engineering stamp affixed shall be made available at the time of final inspection if requested by the building official.

Any changes made during construction must be agreed to, by this office. This Application to construct will become null and void if construction does not begin within six (6) months of the date of this letter as required by Section 105.3.2 Kentucky Building Code.

Sincerely,



Logan J. Spaulding
Chief Building Code Official

LTS/lts

cc: File

NOTE: Licensed HVAC Contractor Required: The installation of all Heating, Ventilating and Air-Conditioning Systems (HVAC), whether in additions or new construction shall be performed by a **Licensed Kentucky Master HVAC Contractor and a permit shall be applied for from this office prior to installation.**

NOTE: Electrical Permit Required: shall be applied for prior to electrical installation. Contact Nelson County Code Enforcement at (502)-348-1862.

NOTE: Failure of the Code Enforcement Department to note all violations in the review of plans and or specifications does not relieve the applicant/owner and contractors of the responsibility of complying with all applicable rules, regulations, and codes.

Please call this office to schedule inspections. A minimum 24-hour notice is required. Inspections can be scheduled from 8-9 am M-F by calling (502) 348-1862.

Nelson County Code Enforcement ATTACHMENT 13
One Court Square Suite 202 Pg. 3 of 4
Bardstown, Kentucky 40004
Telephone: (502) 348-1862
Fax: (502) 348-1897

*******PERMIT RECEIPT*******

Receipt #: 20131407

Date: 09/13/2013

Owner: SALT RIVER ELECTRIC

Address: 2230 PARKWAY DRIVE

Application #: 20131246 Permit #: 13355

Fees: B-WAREHOUSE 758.00

Total Fees: \$3,518.00

Amount Paid: \$3,518.00

Owner/Contractor: OWNER

Payment Type: CHK-27296

By: 
Office Manager

Nelson County Code Enforcement

ATTACHMENT 13

Pg. 4 of 4

One Court Square, Suite 202
Bardstown, Kentucky 40004
Telephone: (502) 348-1862
Fax: (502) 348-1897

BUILDING PERMIT

Permit No.: 13355

Receipt No.: 20131213, 20131407

Address: 2230 PARKWAY DRIVE
Lot #: SALT RIVER ELECTRIC

N/A

Owner: SALT RIVER ELECTRIC

Date: 09/11/2013

To be occupied as: S-2

I hereby apply for a Permit for the following work:

COMMERCIAL BUILDING

Contractor Name: OWNER
111 WEST BRASHEAR AVENUE
BARDSTOWN, KY 40004
Telephone: 502-350-1523

Total Estimated Cost: \$0

Comments: BUILDING PERMIT 13-355

If construction is not started within 6 months this permit expires.

The undersigned hereby certifies that the statements contained herein are true and correct and in consideration of the granting of the permit, agrees to save Nelson County harmless from any and all damages and agrees to perform the work covered by this permit in conformity with the laws of the State of Kentucky and the Ordinances of Nelson County, Kentucky.

Cc: File

John Douglas Hubbard
Attorney at Law
PO Box 88
Bardstown KY 40004-0088

Case No. 2013 – 00343
Service List
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