

**REPORT OF
PHASE I ENVIRONMENTAL
SITE ASSESSMENT**

**CENTER PARK DEVELOPMENT SITE
1150 FLEMINGSBURG ROAD (SR 32)
MOREHEAD, KENTUCKY**

Prepared For:

Center Park Development, LLC
P.O. Box 125
Salt Lick, Kentucky

Prepared By:

MACTEC Engineering and Consulting, Inc.
2456 Fortune Drive, Suite 100
Lexington, Kentucky 40509

MACTEC Project No. 3111-07-0388

March 22, 2007

March 22, 2007

Mr. Gregg Whitt
Center Park Development, LLC
PO Box 125
Salt Lick, Kentucky 40371

Subject: **Report of Phase I Environmental Site Assessment
1150 Flemingsburg Road (SR 32)
Morehead, Rowan County, Kentucky
MACTEC Project No. 3111-07-0388**

Dear Mr. Whitt:

MACTEC Engineering and Consulting, Inc. (MACTEC) is pleased to submit this report of our Phase I Environmental Site Assessment of that portion of a property located at 1150 Flemingsburg Road (also known as State Route 32), Morehead, Kentucky being developed by Center Park Development, LLC (Center Park). The purpose of our services was to identify recognized environmental conditions and obvious potential recognized environmental conditions.

This report is intended for the use of Center Park only, subject to the contractual terms agreed to for this project. Reliance on this document by any other party is forbidden without the express written consent of MACTEC, and that party's acceptance of mutually agreeable terms and conditions. Use of this report for purposes beyond those reasonably intended by Center Park and MACTEC will be at the sole risk of the user.

This report presents project information, which includes survey procedures and limitations, along with our findings, conclusions and recommendations. We appreciate your selection of MACTEC for this project and look forward to assisting you further on this and other projects. If you have any questions, please do not hesitate to contact us.

Sincerely,

MACTEC ENGINEERING AND CONSULTING, INC.

Kathleen D. Regan, P.E.
Environmental Professional/Principal

Matthew Moustakas
Senior Scientist

TABLE OF CONTENTS

	<u>Page</u>
COVER LETTER	
EXECUTIVE SUMMARY	
1.0 INTRODUCTION	1-1
1.1 PURPOSE	1-1
1.2 SCOPE OF WORK	1-1
1.3 SIGNIFICANT ASSUMPTIONS	1-2
1.4 LIMITATIONS AND EXCEPTIONS	1-2
1.5 SPECIAL TERMS AND CONDITIONS	1-2
1.6 RELIANCE	1-3
2.0 SITE DESCRIPTION	2-1
2.1 SITE LOCATION	2-1
2.2 SITE AND VICINITY GENERAL CHARACTERISTICS	2-1
2.3 CURRENT USE OF PROPERTY	2-2
2.4 SITE IMPROVEMENTS	2-2
2.5 CURRENT USES OF ADJOINING PROPERTIES	2-2
3.0 USER AND OWNER PROVIDED INFORMATION	3-1
3.1 REASON FOR PERFORMING PHASE I ESA	3-1
3.2 TITLE RECORDS	3-1
3.3 ENVIRONMENTAL LIENS	3-2
3.4 VALUATION REDUCTION FOR ENVIRONMENTAL ISSUES	3-2
3.5 SPECIALIZED KNOWLEDGE	3-2
3.6 PREVIOUS REPORTS	3-2
4.0 RECORDS REVIEW	4-1
4.1 STANDARD ENVIRONMENTAL RECORD SOURCES	4-1
4.1.1 EDR Map Findings Summary	4-1
4.1.2 EDR Identified Sites	4-4
4.2 ADDITIONAL ENVIRONMENTAL RECORD SOURCES	4-5
4.3 HISTORICAL USE INFORMATION FOR THE SITE AND VICINITY	4-6
4.3.1 Interviews	4-6
4.3.2 Historical Topographic Maps and Aerial Photographs	4-7
4.3.3 Sanborn Maps and City Directories	4-7
4.4 PHYSICAL SETTING	4-7
4.4.1 Physical Setting Source Information	4-7
4.4.2 Topography and Drainage	4-8
4.4.3 Wetlands	4-8
4.4.4 Flood Zones	4-9
4.4.5 Soils	4-9
4.4.6 Geology and Groundwater	4-9

5.0	SITE RECONNAISSANCE	5-1
5.1	METHODOLOGY AND LIMITING CONDITIONS	5-1
5.2	GENERAL SITE SETTING	5-1
5.3	EXTERIOR OBSERVATIONS	5-1
5.3.1	Roadways	5-2
5.3.2	Pits, Ponds, Lagoons and Surface Waters	5-2
5.3.3	Stained Soil or Pavement.....	5-2
5.3.4	Stressed Vegetation	5-2
5.3.5	Solid Waste.....	5-3
5.3.6	Potable Water Supply and Wells	5-3
5.3.7	Natural Gas Wells.....	5-3
5.3.8	Septic Systems	5-3
5.3.9	Electrical Transformers and High Voltage Power Lines	5-3
5.3.10	Drums and Unidentified Substance Containers	5-4
5.3.11	Storage Tanks	5-4
5.3.12	Dry Cleaning	5-4
5.3.13	Odors	5-4
5.3.14	Fill Material	5-4
6.0	INTERVIEWS	6-1
6.1	OWNERS REPRESENTATIVES	6-1
6.2	OCCUPANTS.....	6-1
6.3	LOCAL GOVERNMENT OFFICIALS	6-1
6.4	OTHERS	6-1
7.0	DEVIATIONS AND LIMITATIONS	7-1
8.0	FINDINGS AND OPINION.....	8-1
9.0	CONCLUSIONS	9-1
10.0	ENVIRONMENTAL PROFESSIONAL STATEMENT	10-1

LIST OF FIGURES

- 1 TOPOGRAPHIC MAP
- 2 SITE VICINITY (AERIAL PHOTOGRAPH)
- 3 LOCATION OF SITE PHOTOGRAPHS

APPENDICES

- A PHOTOGRAPHS -- JANUARY 31, 2007 AND FEBRUARY 9, 2007
- B USER QUESTIONNAIRE
- C EDR RADIUS MAP™ REPORT
- D REGULATORY AGENCY RESPONSES
- E PHYSICAL SETTING INFORMATION
- F STATEMENT OF QUALIFICATIONS
- G RESUMES

EXECUTIVE SUMMARY

Center Park Development, LLC (Center Park) has engaged MACTEC Engineering and Consulting, Inc. (MACTEC) to perform a Phase I Environmental Site Assessment (ESA) of a property in Morehead, Rowan County, Kentucky (the Site). The Site is located approximately 1.3 miles west-northwest of downtown Morehead. It consists of four separate parcels totaling approximately 57 acres in size, located just north of State Route 32, west of Bartlett Drive. The Site is currently undeveloped. Center Park has purchased the Site for future commercial development.

The Site is located outside the urbanized area of Morehead, and the vicinity of the site is still primarily agricultural and low-density residential. Commercial uses occur east of the Site, toward downtown Morehead. The immediate surrounding area consists residential and some commercial properties along Bartlett Drive and SR 32, with the remainder being undeveloped land. The Daniel Boone National Forest lies to the west of the Site, and the Sheltowee Trace (A National Recreational Trail) borders the Site to the north.

This Phase I ESA has been conducted in conformance with the scope and limitations of ASTM Standard Practice E 1527-05.

REGULATORY REVIEW

A search of environmental databases provided by EDR was reviewed to identify facilities that are either on the Site or located within the required search distances specified in ASTM Standard Practice E 1527-05. The Site was not reported by EDR as being listed in any of the researched databases. A total of 25 sites were identified in the EDR databases, 21 of which were unmappable ("orphan sites") due to poor or inadequate address information. The four mapped sites were assessed by MACTEC and are not considered recognized environmental conditions that would affect the Site. Of the orphan sites, all were located more than one mile from the Site, or were assessed by MACTEC and are not considered recognized environmental conditions that would affect the Site.

HISTORICAL REVIEW

Based on MACTEC's review of historic sources, as well as limited aerial photographs and historical maps, the Site has never been developed.

ONSITE CONCERNS

During MACTEC's assessment, no recognized environmental conditions were identified on the Site.

OFFSITE CONCERNS

No known or suspected off-site recognized environmental conditions were identified during MACTEC's assessment.

1.0 INTRODUCTION

Center Park Development, LLC (Center Park) has engaged MACTEC Engineering and Consulting, Inc. (MACTEC) to perform a Phase I Environmental Site Assessment (ESA) of a property in Morehead, Rowan County, Kentucky (the Site). The Site is located approximately 1.3 miles west-northwest of downtown Morehead. It consists of four separate parcels totaling approximately 57 acres in size, located just north of State Route 32 at Old Flemingsburg Road. The Site is currently undeveloped. Center Park has purchased the Site for future commercial development. This Phase I ESA has been conducted in general conformance with the scope and limitations of ASTM Standard Practice E 1527-05.

1.1 PURPOSE

The purpose of the Phase I ESA is to identify and evaluate potential or existing recognized environmental conditions (RECs) in connection with the Site. As defined in ASTM E 1527-05 (3.2.74), recognized environmental conditions include "the presence or likely presence of hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property. The term includes hazardous substances or petroleum products even under conditions in compliance with laws. The term is not intended to include de minimis conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be de minimis are not recognized environmental conditions."

1.2 SCOPE OF WORK

MACTEC prepared this Phase I ESA based on readily available information and site observations. The following services were provided for the ESA:

- A review of the Site physical setting to determine significant factors that might influence contaminant release and/or migration on and around the Site, based on published information and Site observations;
- A review of previous land ownership information and other information provided by the User (Center Park).

- A review of other readily available land usage records, maps and aerial photographs for indications of past and present land uses and operational practices;
- Interviews with the current owner with regard to past and present land uses and operational practices;
- A review of information from cognizant local, state, and federal environmental regulatory agencies to determine if the subject property and nearby properties are included on selected environmental lists;
- A site and surrounding area reconnaissance for obvious indications of present or past activities that pose environmental concern to the Site.

1.3 SIGNIFICANT ASSUMPTIONS

None.

1.4 LIMITATIONS AND EXCEPTIONS

The findings and opinions presented are relative to the date of our Site work and should not be relied upon to represent conditions on other dates. The opinions reported herein are based on information obtained during the study and our experience. If additional information potentially affecting our work becomes available, we request the opportunity to review the information, reassess potential concerns, and modify our opinions as warranted.

Although this assessment has been performed in an effort to identify the potential for adverse environmental conditions affecting the Subject Site, potential sources of contamination may not have been identified by MACTEC due to: (1) the limited scope of this assessment; (2) the inaccuracy of public records; (3) the presence of undetected or unreported environmental incidents; (4) inaccessible areas; and/or (5) deliberate concealment of detrimental information. It was not the purpose of this study to determine the actual presence, degree or extent of contamination, if any, at the subject site.

1.5 SPECIAL TERMS AND CONDITIONS

The terms and conditions of our work are those agreed to by Center Park in MACTEC Proposal No. PROP07LEXI-020, dated January 22, 2007 and executed by Center Park on February 20, 2007.

1.6 RELIANCE

This report is certified to, can be relied upon by, and has been prepared for the exclusive use of Center Park Development, LLC. Reliance on this document by any other parties is prohibited without the express written consent of MACTEC and that party's acceptance of mutually agreeable terms and conditions. It is intended for the sole use of Center Park Development, LLC subject to the contractual terms between Center Park Development, LLC and MACTEC. Use of this report for purposes beyond those reasonably intended by Center Park Development, LLC and MACTEC will be at the sole risk of the user.

2.3 CURRENT USE OF PROPERTY

The Site is currently undeveloped. No structures were observed on the Site during our reconnaissance.

2.4 SITE IMPROVEMENTS

Primary access to the site is from SR 32, currently via a gravel construction road across SR 32 from Old Flemingsburg Road. The site is also accessible from Bartlett Drive via a driveway between the residences at 130 and 137 Bartlett Drive. According to Mr. Whitt, the following utilities serve the residential and commercial properties in the area:

- Natural Gas is supplied by Columbia or Delta;
- Potable Water is supplied by Morehead Utility Plant Board;
- Electrical Service is supplied by Kentucky Utilities;
- Sanitary Sewer is supplied by Morehead Utility Plant Board; and
- Trash Collection is removed by Allied Waste

2.5 CURRENT USES OF ADJOINING PROPERTIES

North

The Site is bounded to the north by the Sheltowee Trace (A National Recreational Trail), followed by undeveloped property. The undeveloped property has reportedly been used for logging in the past. A logging road beginning on Bartlett Drive was the only observed improvement on the property.

East

Immediately east of the property to the southeast is undeveloped property followed by single family residential and a veterinarian office along Bartlett Drive. Due east is property owned by Center Park, with two residences off of Bartlett Drive, as well as a barn, and a small "in-law" apartment. This property is not part of the current development plans, and will continue to be leased to tenants by Center Park. Northeast of the Site is a former logging road branching off of Bartlett Drive and leading into the undeveloped property to the north. East of Bartlett Drive and the logging road is additional undeveloped property.

South

SR 32 bounds the Site to the south, followed by apartments and houses along Old Flemingsburg Road which runs parallel to SR 32. Keith Drive extends south from Old Flemingsburg Road with limited residential development along it, followed by undeveloped property.

West

A portion of the Daniel Boone National Forest lies to the west of the Site, followed by the Pine Ridge Apartments on Pine Ridge Drive off of SR 32. Also to the west is a parcel of land leased from the Dixie Moore Living Trust by Center Park. It is being used during development of the Site as a maintenance and storage area for construction equipment. The leased parcel is south of the Moore parcel included as part of the Site, and north of the Thorsby parcel.

3.0 USER AND OWNER PROVIDED INFORMATION

3.1 REASON FOR PERFORMING PHASE I ESA

This Phase I ESA has been performed to update the available environmental due diligence information for the Site prior to development by Center Park, which has purchased the property earlier this year. Center Park intends to develop the Site as a commercial park.

Center Park Development, LLC is the User of this Phase I ESA report. A User Questionnaire signed by a Center Park representative, is provided in Appendix B.

3.2 TITLE RECORDS

MACTEC has reviewed only those title records provided by the User, provided by Ms. Jessica Robinson of The Law Office of Kim Hunt Price, PLLC, on behalf of Center Park. The information provided for review by MACTEC included:

- Chain of title and exceptions for the Wireman-Flatt property;
- Chain of title and exceptions for the Dixie Moore Living Trust property; and
- Chain of title and exceptions for the Wright property.

A chain of title showing property ownership for these parcels back to 1892 (Wireman-Flatt and Dixie Moore) and 1916 (Wright) was provided to MACTEC as part of this assessment. These records did not contain evidence of developed usage of the parcels comprising the Site. This assessment was confirmed by a telephone conversation with Ms. Jessica Robinson, a paralegal with the Law Office of Kim Hunt Price, PLLC. The information provided did not indicate evidence of recognized environmental conditions associated with current or past uses of the Site. The information provided did not indicate evidence of environmental liens or activity and use limitations (AULs) associated with environmental issues on the property.

No title information was provided for the fourth parcel, identified by Mr. Whitt as owned by Aida Thorsby. While this is technically a data failure for the title record review, MACTEC does not believe it prevents establishing prior use of the parcel. All other sources consulted for this ESA confirm that this parcel has never been developed.

3.3 ENVIRONMENTAL LIENS

No information title information provided to MACTEC indicated the presence of environmental liens on the Site. Mr. Whitt (the Center Park representative) was not aware of any environmental liens or activity and use limitations associated with environmental issues on the property.

3.4 VALUATION REDUCTION FOR ENVIRONMENTAL ISSUES

MACTEC did not conduct an assessment of the value of the Site compared to the potential purchase price of the Site. According to information contained in the User Questionnaire (Appendix B), the purchase price of the property reflects fair market value.

3.5 SPECIALIZED KNOWLEDGE

According to Mr. Whitt, there may have been minor amounts of logging conducted on the property. This is all he knows about previous site use.

3.6 PREVIOUS REPORTS

Mr. Whitt stated that the only previous report he was aware of was a hydrogeologic report prepared for the Site by Heritage Engineering. He did not have a copy of this report available for MACTEC review.

4.0 RECORDS REVIEW

The purpose of the records review is to obtain and review records that will help identify recognized environmental conditions (RECs) associated with the Site. MACTEC conducted a review of selected regulatory lists published by the state and federal regulatory agencies, and contacted state and local agencies to determine if the Site or nearby properties are listed as having a past or present record of actual or potential environmental impact, or are under investigation for an environmental impact. The tasks performed and associated findings are described in the following sections.

4.1 STANDARD ENVIRONMENTAL RECORD SOURCES

Much of the record information reviewed as part of this assessment was obtained from Environmental Data Resources, Inc. (EDR). MACTEC provided the geographic coordinates (latitude and longitude) of the Site to EDR, which performed a search of publicly-available federal and state databases within an expanded search distance (1 mile) from the Site location. Reports were obtained from EDR on February 06, 2007. The EDR Radius Map with GeoCheck® Report is provided in Appendix C. Please note that regulatory listings in the EDR report include only those sites that are known to the regulatory agencies at the time of publication of each database to be: 1) contaminated; 2) in the process of evaluation for potential contamination; or 3) regulated.

4.1.1 EDR Map Findings Summary

The most recent EDR report was reviewed for information regarding the Site, properties located adjacent or in close proximity to the subject Site, and those properties having the potential to impact the Site. The Site was not identified in any of the databases researched by EDR. Surrounding sites are classified into two major categories within the "reasonably ascertainable" government records: mappable sites, and "orphan" (unmappable) sites. The two categories are discussed separately below.

The mappable sites are listed properties that have sufficient associated location information to be mapped relative to the subject Site (referred to as target property in the EDR report). These sites are classified according to the databases where they are listed and the search distances (in miles). The standard search distances provided by EDR are currently the search distances required in ASTM E 1527-05. The target property was not listed on any of the databases searched by EDR. Three mappable sites were identified in the EDR database searches (on six different lists) within the ASTM recommended minimum search

distances around the Site. A fourth facility was identified by EDR as just over one mile from the site; it is included in the discussion below given large size of the property (the facility may actually be less than one mile from one of the Site property boundaries).

The following table summarizes the number of mappable sites (including the target property) identified by EDR in its database searches (note that the same site may be listed in one or more databases):

1- MILE RADIUS	
National Priorities List (NPL), Proposed NPL, and Delisted NPL	0
Corrective Action Report (CORRACTS)	0
Department of Defense (DOD) sites	0
Formerly Used Defense Sites (FUDS)	0
Superfund Consent Decrees (CONSENT)	0
Record of Decision (ROD)	0
State Hazardous Waste Sites	1
Indian Reservations	0
Manufactured Gas Plants (MGP)	0
1/2- MILE RADIUS	
Comprehensive Environmental Response Compensation and Liability Information System (CERCLIS) and CERCLIS – No Further Remedial Action Planned (NFRAP)	0
Resource Conservation and Recovery Act Treatment, Storage and Disposal (RCRA TSD) Facilities	0
US Brownfields and Sites with Engineering and Institutional Controls	0
Uranium Mine Tailings Sites (UMTRA)	0
Open Dump Inventory (ODI)	0
State Landfill Sites (Active and Historical)	0
SB193 (Kentucky Leaking UST Sites)	2
State Superfund Sites with Institutional Controls (INST CONTROL)	0
Voluntary Cleanup Program (VCP) sites	0
1/4- MILE RADIUS	
RCRA Large Quantity Generators	0
RCRA Small Quantity Generators	0
Mines Master Index File (MINES)	0
UST Sites	4
Dry Cleaner Sites	0
NPDES Permitted Facilities	0
TARGET PROPERTY	
Federal Superfund Liens (NPL RECOVERY)	0
Toxic Chemical Release Inventory System (TRIS)	0
Facility Index System (FINDS)	1
Toxic Substances Control Act (TSCA)	0
Emergency Response Notification System (ERNS)	0
Hazardous Materials Information Reporting System (HMIRS)	0
Federal Insecticide, Fungicide, & Rodenticide Act (FIFRA)/TSCA Tracking System (FTTS)	0
Section 7 Tracking Systems (SSTS)	0
Integrated Compliance Information System (ICIS)	0
PCB Activity Database System (PADS)	0

Material Licensing Tracking System (MLTS)	0
RCRA Administrative Action Tracking System (RAATS)	0
Environmental Lead Site (LEAD)	0

EDR also provides a second category of sites, referred to as the "orphan site list", which includes sites without adequate location information to be mapped precisely in the EDR system. The orphan site list provided in the EDR report includes 21 unmappable sites. None of the facilities listed on the orphan sites list were observed adjacent to or near the subject Site during MACTEC's site reconnaissance visits, on January 31 or February 9, 2007.

The following paragraphs provide additional information about the databases included in the EDR database searches performed as part of this Phase I ESA, including the dates that each database was last updated by EDR from public records (only the databases with listed sites are included below, for more information on the other databases, refer to the full EDR report in Appendix C):

- State Hazardous Waste Sites (SHWS), State Leads List, dated June 28, 2006. State hazardous waste site records are the states' equivalent to the federal CERCLIS. These sites may or may not be already listed in the CERCLIS list, and include sites where cleanup may be conducted using state funds as well as sites where cleanup will be paid by potentially responsible parties.
- SB 193 Branch Site Inventory List, dated May 25, 2006. The inventory indicates facilities that have performed permanent closure activities at a regulated underground storage tank facility and have known soil and/or groundwater contamination.
- Underground Storage Tank (UST) List, dated July 11, 2006. The UST data base contains registered USTs which are regulated under Subtitle I of the Resource Conservation and Recovery Act (RCRA). Please note that the Kentucky Department of Environmental Protection does not generate or maintain a list of Leaking Underground Storage Tank (LUSTs). Also, please note that regulatory listings are limited, and include only those facilities or properties which are known to the regulatory agencies at the time of publication to be contaminated, or in the process of evaluation for potential contamination.
- EPA Emergency Response Notification System (ERNS), dated December 31, 2005. The ERNS List is a national database used to collect information on reported releases of oil and hazardous substances.
- Hazardous Materials Information Reporting System (HMIRS), dated July 3, 2006. The HMIRS list contains hazardous material spill incidents reported to DOT.

- Facility Index System/Facility Registry System (FINDS), dated July 21, 2006. The FINDS databases included in the search consisted of: Permit Compliance System (PCS), Aerometric Information Retrieval System (AIRS), DOCKET (enforcement docket used to manage and track information on civil judicial enforcement cases for all environmental statutes), Federal Underground Injection Control (FURS), C-DOCKET (criminal docket system used to track criminal enforcement actions for all environmental statutes), Federal Facilities Information System (FFIS), STATE (state environmental laws and statutes), and PCB Activity Data System (PADS).
- National Pollution Discharge Elimination System (NPDES), dated May 30, 2006. The NPDES is a list of permitted wastewater facilities.

A summary of the available information for each of the sites identified in the database search within the standard search distances is provided in the following section.

4.1.2 EDR Identified Sites

Only one site was mapped in the February 2007 EDR report as being within the specified search distances from the target property (Site):

BROGAN'S CHEVRON, 1690 Flemingsburg Road – This facility is located approximately 300 feet west-southwest of the Site on Flemingsburg Road (SR 32). It appears on the ERNS and HMIR lists for a spill of approximately 40 gallons of diesel fuel in May 1990. It also appears on the UST List for having active and removed USTs. According to the EDR Report, the active tanks include three 10,000 gallon gasoline USTs and one 6,000 gallon diesel UST. One 1,000 gallon used oil UST was reportedly removed in 1996, but closure is unverified. The facility also appears on the SB 193 Leaking UST list with groundwater impacts reported. Since the facility is located a lower elevation than the subject Site, no files were reviewed for the property.

J C WELLS & SONS INC, 1801 Flemingsburg Road – This facility is a sawing and planing mill located approximate 2,000 feet west-northwest of the Site on SR 32. It appears on the NPDES list because it has a permitted wastewater discharge, and which also causes it to appear on the FINDS list due to the Permit Compliance System for tracking NPDES reports. The facility appears on the UST List for having removed USTs. According to the EDR report, one 1,000 gallon diesel tank and one 10,000 gasoline tank were removed from the property in March 1998, and closure verified by the state UST Branch.

VIKING FOOD MART INC, 2335 Flemingsburg Road – This convenience store is located about 3,300 feet west-northwest of the Site on SR 32. It appears on the UST List for having active USTs. According to the EDR Report, these include three 10,000 gallon gasoline USTs and one 3,000 gallon diesel UST. The facility also appears on the SB 193 Leaking UST list with soil and groundwater impacts reported. Since the facility is located a lower elevation than the subject Site, no files were reviewed for the property.

I 64 SERVICE, 1694 Flemingsburg Rd. -- This facility is only listed on the UST List for having active and removed USTs. According to the EDR Report, the active tanks include one 8,000 and one 10,000 gallon gasoline UST. Four USTs were closed prior to 1998: two 10,000 gallon gasoline USTs, one 8,000 gasoline UST and one 1,000 oil UST.

DOWNTOWN BP INC, 335 Main Street -- This facility is located over one mile to the east of the Site. It appears on the State Hazardous Waste Sites list for a petroleum cleanup. According to the EDR report, no action was necessary and the site is closed.

These facilities have been assessed by MACTEC and determined not to represent recognized environmental conditions with relation to the Site, based upon location, distance, topographic relation to the Site and/or regulatory status.

4.2 ADDITIONAL ENVIRONMENTAL RECORD SOURCES

MACTEC sent written requests via facsimile to state and local agencies for environmental files or information that could pertain to the subject site. Copies of the regulatory agency responses, if received, are included in Appendix D. Requests for information were sent to the following parties:

- Mr. Jerry W. Milburn, II, Kentucky Division of Water;
- Ms. Maria Wood, Kentucky Division of Waste Management;
- Ms. Nancy Tanner, Kentucky Division of Waste Management – UST Branch;
- Mr. Bob Wells, Rowan County Solid Waste Coordinator;
- Fire Chief Brad Wade, Morehead Fire Department; and
- Ms. Deb Thomas, Rowan County Health Department.

MACTEC has received a written or response from the first five of the above listed parties, stating that there were no files found for the Site at their agencies. MACTEC is still awaiting a response from the following local agency:

- Ms. Deb Thomas, Rowan County Health Department

Upon receipt of the response, MACTEC will issue an addendum letter with copies of the response for incorporation in the appendix. If a response requires modification to MACTEC's findings, opinions, conclusions, and/or recommendations, this Phase I ESA report will be revised and resubmitted.

4.3 HISTORICAL USE INFORMATION FOR THE SITE AND VICINITY

MACTEC reviewed available historical information and conducted interviews of persons knowledgeable of the Site in order to evaluate the site history. The following sources were reviewed:

- Aerial photography dated February 18, 1995 and April 6, 2004, available online through www.terraserver.com. MACTEC visited the Natural Resources Conservation Service (NRCS) field office in Rowan County and learned they had no historical aerial photography available for the area.
- Historical USGS 7.5-minute topographic quadrangle maps provided by EDR (1953, 1970 and 1978).
- No Sanborn Fire Insurance Maps were available for the Site (Sanborn Maps are usually only available in historically urbanized and commercial/industrial areas, and no Sanborn Map coverage was available for the target Site according to EDR).
- Interviews with, Gregg Whitt, representative for the current owner (Center Park).

4.3.1 Interviews

MACTEC interviewed Mr. Gregg Whitt of Center Park to obtain additional information on land uses prior to and since purchase of the Site and surrounding property.

According to Mr. Whitt, the Site is composed of four parcels of land purchased by Center Park. Mr. Whitt stated that the first parcel was approximately 39.5 acres, obtained from Mr. Charles D. Wright; the second was approximately 5 acres, obtained from the Dixie Moore Living Trust; the third was 4.2 acres, obtained from Ms. Aida Thorsby; and the fourth parcel was approximately 8 acres, obtained from Mr. Danny Lewis. Mr. Whitt stated that the Site has been undeveloped historically, and that the site has not been utilized for any purpose with the possible exception of some minor logging. Center Park plans to remove the top of the southern ridge on site, and other grading on the southern portion of the Site.

Mr. Whitt stated that there had been several complaints to the Kentucky Department of Environmental Protection, Division of Water regarding red storm water discharge from the site. However, Mr. Whitt stated that the DEP had determined that these incidents were due to the high iron content in the Site soils.

Mr. Whitt also stated that Center Park had obtained 2 additional tracts of land to the east adjacent to Bartlett Drive, but that they were not part of the Site as they are not part of the current development plans.

Mr. Whitt also stated that Center Park had leased a parcel of land to the west of the Site to be used during development of the Site as a maintenance and storage area for construction equipment.

All respondents stated that they had no knowledge of previous environmental conditions or potential current activities being conducted on the Site that would be considered a recognized environmental condition.

4.3.2 Historical Topographic Maps and Aerial Photographs

Aerial photography for the site and vicinity from 1995 is reproduced in Figures 2. MACTEC visited the Rowan County Property Valuation Administrator (PVA) office and the local field office for the Natural Resources Conservation Service (NRCS) to view other historical aerial photographs. Both locations reported that they did not have historical aerial photograph coverage for the Site.

Historical USGS 7.5-minute topographic quadrangle maps, obtained from EDR, provide coverage from 1958 through 1993. The 1958 topographic map shows SR 32 located south of Town Branch, with residential housing shown south of the Site. In 1973, the topographic map indicates that SR 32 had been relocated north of both Town Branch and the houses located along Town Branch. The 1978 topographic map does not show change in the type or amount of development surrounding the Site. All three maps show the Site as undeveloped.

4.3.3 Sanborn Maps and City Directories

No Sanborn Fire Insurance Map coverage is available for the Site. No historical city directories were available for the areas.

4.4 PHYSICAL SETTING

4.4.1 Physical Setting Source Information

MACTEC reviewed the following sources to obtain information regarding the physical setting of the site:

- One historical aerial photograph and three USGS 7.5-minute topographic quadrangle maps, as listed above in Section 4.3.2.
- The EDR-Radius Map with GeoCheck, prepared by EDR, dated February 6, 2007 (Appendix B).
- U.S. Department of Interior, Fish and Wildlife Service, National Wetlands Inventory, online mapping, available digitally at <http://wetlandsfws.er.usgs.gov> (Appendix E).
- Flood Insurance Rate Map Community Panel 210204 0005 B, published by the Federal Emergency Management Agency (FEMA), revised January 16, 1992, available digitally at <http://msc.fema.gov/webapp/wcs/stores> (Appendix E).
- Geologic Map of the Morehead Quadrangle, Rowan County, published by the USGS and the Kentucky Geological Survey (KGS) at a scale of 1:24,000 in 1972 (GQ-1022, 1972).
- The Soil Survey of Menifee and Rowan and Northwestern Morgan Counties, published by the United States Department of Agriculture, Soil Conservation Service (USDA-SCS) in 1974.
- Soil Conservation Service STATSGO data, target property, published in 2006 by the Soil Conservation Service of the United States Department of Agriculture, as reported in the EDR report.

4.4.2 Topography and Drainage

The topographic quadrangle map (Figure 1) shows the site occupying an area which encompasses two east-west trending ridges that peak at an elevation approximately 1,100 feet above USGS datum (NGVD29, commonly referred to as mean sea level or MSL). A stream runs northwest-southeast between the two ridgelines at an elevation approximately 860 feet MSL. The portion of the property south of the southern-most ridgeline is drained by a ditch that runs along SR 32. Both the stream and the drainage ditch eventually discharge into Triplett Creek, which runs east of downtown Morehead.

4.4.3 Wetlands

The National Wetlands Inventory (NWI) Map covering the Site did not indicate the presence of potential jurisdictional wetlands on the Site or on the surrounding land. A portion of the map is reproduced in Appendix E. An unnamed tributary to Triplett Creek runs south of SR 32, and the map indicates that only hardcopy data are available for the area surrounding this creek. A portion of this area lies on the property, along the right-of-way of SR 32.

4.4.4 Flood Zones

The Flood Insurance Rate Map (FIRM) published by FEMA (Appendix E) shows the Site as being in Zone C, the area of minimal flooding, outside the 500-year and 100-year flood plains.

4.4.5 Soils

Natural soils in the Rowan County area consist of residual clayey and silty soils developed from weathering of the underlying limestone and shale bedrock.

In the Soil Survey of Menifee and Rowan Counties and northwestern Morgan County, Kentucky, published by the USDA-SCS in 1974, the Site and surrounding area are shown as underlain by soils of the Cranston-Berks association: deep and moderately deep, well-drained, dominantly steep and very steep soils formed from weathered siltstone and shale. The dominant soils in the area of the Site are the Cranston and Berks silt loams, each having moderate infiltration rates. The Berks silt loam (40 to 70 percent slopes) occurs mostly on the upper side slopes and ridges, and is generally unsuitable for cultivation since it is prone to erosion. The Cranston gravelly silt loam (30 to 60 percent slopes) occurs on the lower side slopes, and is also unsuitable for cultivation due to erosional soil loss. The valley bottoms are filled with Cranston gravelly silt loam (2 to 6 percent slopes), which can support root growth to 48 inches or more.

4.4.6 Geology and Groundwater

Published geologic mapping (Geologic Map of the Morehead Quadrangle, Rowan County, Kentucky, GQ-767, dated 1974) shows the Site is underlain by the Cowbell Member of the Borden Formation of Mississippian age. This Cowbell Member consists of siltstone interbedded with silty shale. The rock is very resistant to weathering, forming steep slopes throughout the area. As it erodes, it grades to underlying shales.

Assuming that groundwater occurs in the overburden (the unconsolidated material above bedrock), the water table in the overburden is likely to mirror the local topography. Groundwater flow in the overburden beneath the Site would most likely occur from the ridge tops toward the drainage ways at the midpoint and south of the property, which carry surface water to the southeast.

Groundwater most likely occurs in bedrock as well as in the unconsolidated overburden, and the direction of groundwater flow at the Site cannot be accurately predicted based solely on topographic observations.

5.0 SITE RECONNAISSANCE

5.1 METHODOLOGY AND LIMITING CONDITIONS

As part of the Phase I ESA, Mr. Matt Moustakas of MACTEC conducted a reconnaissance of the Site and surrounding properties on January 31, 2007. Additional Site reconnaissance was conducted by Mr. Matt Moustakas and Ms. Alison Dunn, a MACTEC Environmental Professional on February 9, 2006.

The Site reconnaissance visits were made to determine if there were obvious visual indications of present or past activities that could represent RECs for the Site. Reconnaissance of the Site and immediately surrounding area was conducted on foot and four wheel drive cart, supplemented by a driving reconnaissance of the area surrounding the Site. Visual observations of the property were limited during the site reconnaissance due to the presence of dense trees and brush throughout most of the Site. Photographs from the Site reconnaissance visits are provided in Appendix A.

5.2 GENERAL SITE SETTING

The Site is located north of SR 32 (Flemingsburg Road), and west of Bartlett Drive, within the city limits of Morehead (Rowan County), Kentucky (Figure 1). Primary access to the site is from SR 32, currently via a gravel construction road across SR 32 from Old Flemingsburg Road. The site is also accessible from Bartlett Drive via a driveway between the residences at 130 and 137 Bartlett Drive. The site consists of an approximate 57 acre tract of land comprised of four parcels of land purchased by Center Park. The surrounding area consists residential and some commercial properties along Bartlett Drive and SR 32, with the remainder being undeveloped land. The Daniel Boone National Forest lies to the west of the Site, and the Sheltowee Trace (A National Recreational Trail) borders the Site to the north. Center Park has leased an additional parcel from the Dixie Moore Living Trust which lies west of the Site. Center Park is using this parcel during development of the Site as a maintenance and storage area for construction equipment.

5.3 EXTERIOR OBSERVATIONS

Limited evidence of prior use was observed during MACTEC's reconnaissance. The Site was covered with mature trees with the exception of a few dirt trails, and the area that had been cleared and was in the process of being graded to the time of the site visits. Therefore, the entire ground surface of the Site

could not reasonably be observed. The conditions described below were specifically assessed for their potential to represent RECs.

5.3.1 Roadways

No paved roadways provide access to the Site. A dirt and gravel construction road provides vehicular access to the site from SR 32. A dirt and gravel driveway provides limited vehicular access from Barrett Drive. Narrow dirt trails provide access by foot and small four wheel drive vehicles. The trails were accessible from the cleared area to the south and from the driveway off Barrett Drive. The primary trails generally run along the top of the ridgelines to the north and south of the site, with a connecting trail running north-south. The trail along the north ridge merges with the Sheltopee Trace, a National Recreational Trail. Another trail descends into the central valley from the northern ridge and connects to the driveway from Bartlett Drive.

5.3.2 Pits, Ponds, Lagoons and Surface Waters

A storm ditch was observed along the construction road in the southern section of the Site which flowed to the manmade stormwater conduits under SR 32. In addition, there was a small intermittent (non-blue line on USGS topographic maps) creek in the central valley flowing east along the trail and driveway. This creek entered manmade stormwater structures along Bartlett Drive.

5.3.3 Stained Soil or Pavement

MACTEC did not observe stained soil or pavement on the Site during the site reconnaissance. However, MACTEC observed soil stained with petroleum products on the leased parcel used by the contractor for equipment and storage to the west of the site. During conversations with MACTEC, the contractor has indicated that best management practices will be implemented to prevent petroleum product from migrating onto the Site.

5.3.4 Stressed Vegetation

No stressed vegetation was observed on the Site.

5.3.5 Solid Waste

A trailer, wheels, a damaged fence gate, and small piles of wood and metal debris were observed along the trail in the central valley close to the residences on Bartlett Drive (Photographs 29-31).

A small refrigerator was observed mounted to a wooden pole on the northern ridge of the property (Photograph 24). It had reportedly been used by one of the residences on Bartlett Drive as a junction box for an antenna that had previously been mounted in the area. An antenna base mounted in concrete was observed nearby.

MACTEC did not observe the presence of staining or stressed vegetation in these areas, and therefore considered observed debris piles to be “de minimus” and not considered recognized environmental conditions.

5.3.6 Potable Water Supply and Wells

No evidence of potable water supply wells were observed at the Site.

5.3.7 Natural Gas Wells

No natural gas wells were observed at the Site.

5.3.8 Septic Systems

No evidence of sanitary sewer services, septic tank systems or leach fields was observed at the Site.

5.3.9 Electrical Transformers and High Voltage Power Lines

Electrical transformers are a source of recognized environmental condition due to the potential presence of polychlorinated biphenyls (PCBs) contained in dielectric fluids used in some units. No transformers were observed on the Site.

No high voltage power lines are located on the Site.

5.3.10 Drums and Unidentified Substance Containers

No drums or unidentified substance containers were observed on the site.

5.3.11 Storage Tanks

No storage tanks were observed on the Site.

5.3.12 Dry Cleaning

Dry cleaning operations are frequently sources of recognized environmental conditions due to the chlorinated solvents used in the cleaning process. No dry cleaning services were observed on the Site or in the area immediately surrounding the Site.

5.3.13 Odors

No unusual or suspicious odors were detected during MACTEC's site reconnaissance visits.

5.3.14 Fill Material

No evidence of fill material was observed on Site. Mr. Whitt stated that fill was placed north of the Site by the Kentucky Department of Transportation during construction of SR 32.

6.0 INTERVIEWS

6.1 OWNERS REPRESENTATIVES

Mr. Gregg Whitt of Center Park was interviewed on January 31, 2007 prior to the initial site reconnaissance visits. Refer to Section 4.4.3 for details regarding information obtained from these interviews.

6.2 OCCUPANTS

The Site is currently undeveloped and no structures are present, so no interviews were conducted.

6.3 LOCAL GOVERNMENT OFFICIALS

MACTEC submitted letters of inquiry to several State and local government agencies on February 6, 2007. Refer to Sections 4.2 and 4.3 above, as well as Appendix D, for details of the agency responses.

6.4 OTHERS

None.

7.0 DEVIATIONS AND LIMITATIONS

No deviations from the ASTM Standard Practice E 1527-05 or Wal-Mart's Environmental Due Diligence Policy have been identified by MACTEC.

8.0 FINDINGS AND OPINION

In MACTEC's opinion, no recognized environmental conditions currently exist on-site or off-site that would impact the Site.

In addition, a chain of title showing property ownership back to 1940 was not available at the time of report preparation. Based on interviews, historical topographical maps and aerial photos, the Site is not now and has never been developed.

At the time of the site reconnaissance, the subject Site was heavily wooded in areas. While MACTEC walked all ridgelines, trails and other accessible areas, we were not able to reasonably observe the entire ground surface of the subject Site due to the significant overgrowth of vegetation. However, given the lack of development on the property, confirmed by observations of visible areas, in MACTEC's opinion this limitation does not materially affect the assessment of recognized environmental conditions.

MACTEC observed soil stained with petroleum products on the leased parcel used by Center Park for equipment and storage to the west of the site. During conversations with MACTEC, the contractor has indicated that best management practices will be implemented to prevent petroleum product from migrating onto the Site. MACTEC does not believe that this is a Recognized Environmental Condition for the Site at this time.

9.0 CONCLUSIONS

MACTEC has performed a Phase I Environmental Site Assessment Update of a property proposed for commercial development in Morehead, Rowan County, Kentucky (Site). This Phase I ESA has been conducted in general conformance with the scope and limitations of ASTM Standard Practice E 1527-05.

This assessment has not revealed evidence of existing recognized environmental conditions in connection with the Site.

10.0 ENVIRONMENTAL PROFESSIONAL STATEMENT

I declare that, to the best of my professional knowledge and belief, I meet the definition of Environmental Professional as defined in § 312.10 of 40 CFR 312 and I have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the subject property. I have developed and performed all the appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

Kathleen D. Regan, P.E.
Environmental Professional

Date