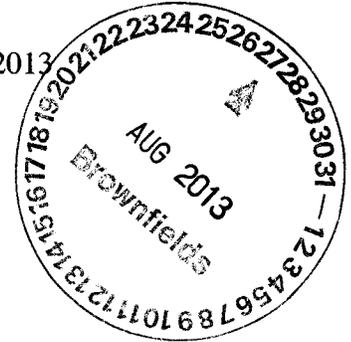




MILKCO, INC.
220 Deaverview Road
Post Office Box 16160
Asheville, North Carolina 28816

(828) 254-9560
Fax (828) 252-6052

August 22, 2013



Mr. David Peacock
Brownfields Compliance Coordinator
1646 Mail Service Center
Raleigh, NC 27699

Dear Mr. Peacock,

I sincerely apologize for the oversight of this report, but Mr. Charles Gaither has now retired two years ago and I have assumed his responsibilities. I have never heard of this report until I received your letter.

We do own the property, with the former owner Andrex Industries Corporation responsible for the Brownfields agreement. We are continually working with Bunnell-Lammons Engineering Inc. for remediation. I know they have been in touch with Tracy Wahl, the Brownfields Project Manager.

I hope this belated report will cover our needs and address what NCDENR is looking for.

Thank you for your consideration of this late report.

Sincerely,

Keith Collins
President, Milkco, Inc.

Brownfields Project #: 07022-03-11
Brownfields Property: Andrex, 180 Deaverview Road
Property Owner (In whole or part): Milkco, Inc.



LAND USE RESTRICTIONS ("LUR") UPDATE

LUR 1: No use may be made of the Brownfields Property other than for truck and trailer parking, expansion of Milkco, Inc.'s milk production facility, light industry, warehousing, storage and office space. In this context, the following definitions apply.

- a. Light Industry: The assembly, fabrication, or processing of goods and materials using processes that ordinarily do not create noise, smoke, fumes, odors, glare, or health or safety hazards outside of the building or lot where such assembly, fabrication, or processing takes place, where such processes are housed entirely within a building, or where the area occupied by the outdoor storage of goods and material used in such processes does not exceed 25 percent of the floor area of all the buildings on the property; also includes an industrial use at which no process water or wastewater is generated, other than that which can be discharged directly to a publicly owned treatment works without pretreatment other than for pH.
- b. Office Space: Structure or area where business or professional services are conducted or rendered.

In compliance Out of compliance

Remarks: _____

LUR 2: Surface water and underground water at the Brownfields Property may not be used for any purpose without the approval of the Department of Environment and Natural Resources ("DENR") or its successor in function.

In compliance Out of compliance

Remarks: _____

LUR 3: No activities that encounter, expose, remove or use groundwater (for example, installation of water supply wells, fountains, ponds, lakes or swimming pools, or construction or excavation activities that encounter or expose groundwater) may occur on the Brownfields Property without prior sampling and analysis of groundwater to the satisfaction of DENR or its successor in function in any areas proposed for such activities, and submittal of the analytical results to DENR or its successor in function. If such results disclose to DENR or its successor in function contamination in excess of North Carolina's groundwater quality standards, the proposed activities may not occur without the approval of DENR or its successor in function on such conditions as DENR or its successor in function imposes, including at a minimum requisite legal approval of plans and procedures to protect public health and the environment during the proposed activities.

In compliance Out of compliance

Remarks: _____

LUR 4: Prior to any building demolition or site excavation work, any soil underlying paved surfaces and buildings at the Brownfields Property may not be exposed without prior sampling and analysis of such soil to the satisfaction of DENR or its successor in function, and submittal of the analytical results to DENR or its successor in function. If such results disclose contamination in excess of the applicable standards as determined by DENR or its successor in function, the soil may not be exposed without the approval of DENR or its successor in function on such conditions as DENR or its successor in function imposes, including at a minimum compliance with plans and procedures, approved pursuant to applicable law, to protect public health and the environment during the activities that would expose such soil.

In compliance Out of compliance

Remarks: _____

LUR 5: Soil, landscaping and contours at the Brownfields Property may not be disturbed without the approval of DENR or its successor in function, except for mowing and pruning of above-ground vegetation.

In compliance Out of compliance

Remarks: _____

LUR 6: No mining may be conducted on or under the Brownfields Property, including, without limitation, extraction of coal, oil, gas or any other minerals or non-mineral substances.

In compliance Out of compliance

Remarks: _____

LUR 7: No basements may be constructed on the Brownfields Property unless they are, as determined by DENR or its successor in function, vented in conformance with applicable building codes.

In compliance Out of compliance

Remarks: _____

LUR 8: None of the contaminants known to be present in the environmental media at the Brownfields Property, including those listed in paragraph 12 of the Brownfields Agreement ("Agreement") may be used or stored at the Brownfields Property without the prior approval of DENR or its successor in function, except in *de minimis* amounts for cleaning and other routine housekeeping activities.

In compliance Out of compliance

Remarks: _____

LUR 9: The Brownfields Property may not be used as a park or for sports of any kind, including, but not limited to, golf, football, soccer and baseball, without the approval of DENR or its successor in function.

In compliance Out of compliance

Remarks: _____

LUR 10: The Brownfields Property may not be used for agriculture, grazing, timbering or timber production.

In compliance Out of compliance

Remarks: _____

LUR 11: The Brownfields Property may not be used as a playground, or for child care centers or schools.

In compliance Out of compliance

Remarks: _____

LUR 12: The Brownfields Property may not be used for kennels, private animal pens or horse-riding.

In compliance Out of compliance

Remarks: _____

LUR 13: During January of each year after the Agreement becomes effective, the then current owner of any part of the Brownfields Property shall submit a notarized Land Use Restrictions Update to DENR or its successor in function certifying that the Notice of Brownfields Property containing these land use restrictions remains recorded at the Buncombe County Register of Deeds office, and that the land use restrictions are being complied with.

In compliance _____ Out of compliance

Remarks: My predecessor retired in September 2011 and I did not know about this LUR update. We have maintained remediation with the engineering firm BLE in Greenville, S.C. since purchase.

Notarized signing and submittal of this Land Use Restrictions Update constitutes certification that the Notice remains recorded at the Buncombe County Register of Deeds office and that the Land Use Restrictions are being complied with.

This Land Use Restrictions Update is certified by Keith Collins, owner of at least part of the Brownfields Property.

Name typed or printed of party making certification: Keith Collins

In the case of owners that are entities:

Signature of individual signing: Keith Collins
Name typed or printed: Keith Collins
Title: President MilkCo, Inc

In the case of all owners:

Date: 8/19/13

[Insert notary block from among the following that is pertinent to type of party submitting LURU: corporation, LLC, partnership or individual.]

[use for corporations]

[Insert Name of Corporation] Milko, Inc.

By: Keith Collins President

Name typed or printed:

Title typed or printed:



ATTEST:

Patricia E. Jackson

Name typed or printed:

Secretary, Ingles Markets, Inc and Milko, Inc (corporation name)

NORTH CAROLINA
Buncombe COUNTY

I, Barbara A. Arnold, a Notary Public of the county and state aforesaid, certify that Patricia E. Jackson personally came before me this day and acknowledged that he/she is the Secretary of Ingles Markets, Inc & Milko, Inc. (corporation name), a North Carolina (state) corporation, and that by authority duly given and as the act of the corporation, the foregoing Land Use Restriction Update was signed in its name by its President and attested by him/her as its Secretary.

WITNESS my hand and official stamp or seal, this 20th day of August, 2013.

Barbara A. Arnold

Name: Barbara A. Arnold
Notary Public

My Commission expires: 3/20/2015

[Stamp/Seal]

