

Property Owner: Riverwalk Development LLC
Recorded in Book ____, Page ____
Associated plat recorded in Plat Book ____, Page ____

*CARLTON HARLOW
MAIL TO: P.O. BOX 8851 Rocky Mount
N.C. 27804*

NOTICE OF BROWNFIELDS PROPERTY

This documentary component of a Notice of Brownfields Property ("Notice"), as well as the plat component, have been filed this 4~~th~~ day of JUNE, 2008 by Riverwalk Development LLC (hereinafter "Prospective Developer").

The Notice concerns contaminated property.

A copy of this Notice certified by the North Carolina Department of Environment and Natural Resources (hereinafter "DENR") is required to be filed in the Register of Deeds' Office in the county or counties in which the land is located, pursuant to North Carolina General Statutes (hereinafter "NCGS"), Section (hereinafter "§") 130A-310.35(b).

This Notice is required by NCGS § 130A-310.35(a), in order to reduce or eliminate the danger to public health or the environment posed by environmental contamination at a property (hereinafter the "Brownfields Property") being addressed under the Brownfields Property Reuse Act of 1997, NCGS § 130A, Article 9, Part 5 (hereinafter the "Act").

Pursuant to NCGS § 130A-310.35(b), the Prospective Developer must file a certified copy of this Notice within 15 days of Prospective Developer's receipt of DENR's approval of the Notice or Prospective Developer's entry into the Brownfields Agreement required by the Act, whichever is later. Pursuant to NCGS § 130A-310.35(c), the copy of the Notice certified by DENR must be recorded in the grantor index under the names of the owners of the land and, if Prospective Developer is not the owner, also under Prospective Developer's name.

The Brownfields Property is located along the Smith River in Eden, Rockingham County, North Carolina. It includes the sites of two former textile mills and nearby residential properties, and comprises 18.439 acres. Prospective Developer plans a mixed use redevelopment, which may include a hotel and conference center, museum, arts and crafts studios, office space, theater, restaurants, retail space, warehousing and open public space in the form of a greenway and park along the river. The redevelopment plan also includes preservation and reuse of the historic and

architecturally significant Nantucket textile mill.

The Brownfields Agreement between Prospective Developer and the North Carolina Brownfields Program (hereinafter "NCBP") within DENR is attached hereto as Exhibit A. It sets forth the use that may be made of the Brownfields Property and the measures to be taken to protect public health and the environment, and is required by NCGS § 130A-310.32.

Attached hereto as Exhibit B is a reduction, to 8 1/2" x 11", of the survey plat required by NCGS § 130A-310.35(a). It is a plat of areas designated by DENR that has been prepared and certified by a professional land surveyor and that meets the requirements of NCGS § 47-30. That plat contains the following information required by NCGS § 130A-310.35(a):

(1) The location and dimensions of the areas of potential environmental concern with respect to permanently surveyed benchmarks.

(2) The type, location and quantity of regulated substances and contaminants known to exist on the Brownfields Property. The following table also sets forth the type and quantity of such substances:

Table A

Groundwater Contaminant	Sample Location	Date of Max. Concentration Sampling	Maximum Concentration above Std. (µg/L)	Standard (µg/L)
Tetrachloroethene	MW-7	January 17, 2005	1.41	0.7
Trichloroethene	MW-7	January 17, 2005	35.8	2.8
1,1-Dichloroethene	MW-7	January 17, 2005	47.1	7

Attached hereto as Exhibit C is a legal description of the Brownfields Property that would be sufficient as a description of the property in an instrument of conveyance.

LAND USE RESTRICTIONS

NCGS 130A-310.35(a) also requires that the Notice identify any restrictions on the current and future use of the Brownfields Property that are necessary or useful to maintain the level of protection appropriate for the designated current or future use of the Brownfields Property and that are designated in the Brownfields Agreement. **The restrictions shall remain in force in perpetuity unless canceled by the Secretary of DENR (or its successor in function), or his/her designee, after the hazards have been eliminated, pursuant to NCGS § 130A-310.35(e). All references to DENR and NCBP shall be understood to include any successors in function. These Land Use Restrictions are hereby imposed on the Brownfields Property, and are as follows:**

- 1. The portion of the Brownfields Property designated "Nantucket Mill Area" on the plat component of this Notice may only be used for a performing arts center complex, defined as including a hotel and conference center, museum, arts and crafts studios, office**

space, warehousing, theater, restaurants, retail space and open space. The portion of the Brownfields Property designated "Fieldcrest Mill Area" on the plat component of this Notice may only be used for warehousing, office, theater, restaurants, parking and retail space purposes. The following definitions also apply for purposes of this restriction, and none of the uses permitted by this restriction may occur other than in conformance with the other land use restrictions below:

a. "Hotel" refers to a building containing more than four individual rooms that provides overnight lodging facilities and reservation, cleaning, utilities and on-site management and reception services for paying customers.

b. "Office" refers to a place where business or professional services are provided.

c. "Retail" refers to the sale of goods, products or merchandise directly to the consumer, and includes restaurant use.

d. "Open Space" refers to an outdoor area within a development site that is useable for the enjoyment of patrons of the development or the public.

e. "Warehousing" refers to the storage of goods for a business or other enterprise.

2. Field screening techniques described in a plan approved in writing in advance by NCBP shall be employed during any soil cutting, penetrating, excavating and grading activities conducted at the Brownfields Property. Soil that field screening and/or field observation indicates, subject to DENR inspection, may be contaminated with regulated substances shall be stockpiled pending sampling and laboratory analysis. All stockpiles shall be covered by a material impervious to water in a manner that prevents water infiltration or run-off. Stockpiled soil shall be sampled and analyzed in accordance with a plan approved, in writing in advance, by NCBP. The stockpiled soil may be spread on the Brownfields Property if any areas on which such soil is spread are capped to NCBP's written satisfaction by a minimum of two (2) feet of clean fill dirt or an impervious structure such as a building or pavement, unless NCBP determines that the analytical results are such that spreading the stockpiled soil on the Brownfields Property will leave the Brownfields Property suitable for the uses specified in Land Use Restriction 1 above while fully protecting public health and the environment, in which case the subject soil shall, to NCBP's written satisfaction, be disposed of.

3. No fill material may be placed on the Brownfields Property prior to provision of a minimum of 10 business days' written notice to NCBP of the fill material's source, and the performance of any analytical testing that NCBP requires in writing to demonstrate the absence from the fill material of any regulated substances at concentrations that would render the Brownfields Property unsuitable for the uses specified in Land Use Restriction 1 above while fully protecting public health and the environment.

4. As of the expiration of the period in which NCBP determines that Prospective Developer is engaged in the redevelopment contemplated by this Agreement, or when Prospective Developer submits the Redevelopment Summary Report required by paragraph 17 of Exhibit A hereto, whichever occurs first unless NCBP agrees in writing in advance to a different period, soil at the Brownfields Property may not be disturbed without a minimum of 10 business days advance written notice to NCBP, unless NCBP states otherwise in writing in advance. At the time such soil is disturbed, NCBP may inspect and sample, or require implementation of an environmental monitoring and testing plan approved by NCBP in writing in advance, to determine whether environmental contamination may exist within the footprint of all structures and pavement appearing on the Redevelopment Summary Report's survey plat. If soil contamination is discovered that NCBP determines would likely contaminate groundwater even if capped, or that may pose an imminent threat to public health or the environment if exposed, as much soil as NCBP requires shall be removed and disposed of in accordance with applicable law, and any other actions that NCBP requires to make the Brownfields Property suitable for the uses specified in Land Use Restriction 1 above while fully protecting public health and the environment shall be taken. If soil contamination is discovered that NCBP determines would not likely contaminate groundwater or likely pose an imminent threat to public health or the environment if capped, as much soil as NCBP requires shall be capped or removed and disposed of in accordance with applicable law to the written satisfaction of NCBP.

5. Unless compliance with this Land Use Restriction is waived in writing by NCBP in advance in regard to particular buildings, demolition of any building on the Brownfields Property depicted on the plat component of this Notice shall be carried out in accordance with applicable legal requirements, including without limitation those administered by the Lead and Asbestos Abatement Program of DENR's Division of Public Health.

6. No building on the Brownfields Property may be used until mechanical ventilation with outdoor air is provided in compliance with the most current version of the Mechanical Ventilation section of the Ventilation chapter of the North Carolina State Building Code ("Code") or another standard approved in writing in advance by NCBP, notwithstanding any exceptions the Code or alternative standard may contain, unless compliance with this land use restriction is waived in writing by NCBP in advance in regard to particular buildings. Within 30 days following installation of the subject mechanical ventilation in a building, or modification of an existing ventilation system such that the subject mechanical ventilation is provided, a professional engineer licensed in North Carolina shall provide NCBP certification under seal that the ventilation system was installed or modified in accordance with its design specifications and complies with the Code.

7. No building may be constructed on the Brownfields Property until NCBP has been consulted regarding the proximity of the planned building to one or more volatile contaminant plumes on the Brownfields Property. NCBP may require such testing as it

determines is necessary to determine the nature and extent of volatile contaminants on the Brownfields Property. If DENR determines that the footprint of a building proposed to be constructed on the Brownfields Property would fall within 100 feet of such a plume, it may not be constructed until Prospective Developer: i. installs a vapor barrier system and/or mechanical or passive vapor mitigation system based on the testing and pursuant to a plan approved in writing in advance by DENR and approved in writing by DENR as installed; or ii. prepares an assessment of the risk posed by plume-related soil gas that demonstrates to DENR's written satisfaction that neither a vapor barrier nor mitigation system is required. Within thirty 30 days following installation of any vapor barrier system and/or mechanical or passive vapor mitigation system pursuant to this Land Use Restriction, DENR shall be provided certification of proper installation under seal of a professional engineer licensed in North Carolina, as well as photographs illustrating the installation and a brief narrative describing it, only after which may the building be used. DENR's UST Section retains any jurisdiction it possesses over the matters addressed in this Land Use Restriction.

8. Except for environmental testing, remediation and monitoring required by DENR, no activities that remove or use groundwater (for example, installation of water supply wells, fountains, ponds, lakes or swimming pools, or construction or excavation activities) may occur on the Brownfields Property without prior sampling and analysis of groundwater to the satisfaction of NCBP, and submittal of the analytical results to NCBP. Any water pumped from the ground shall be containerized, sampled and disposed of to NCBP's written satisfaction, unless this requirement is waived in writing in advance by NCBP regarding a particular instance of pumping. If the analytical results disclose to NCBP contamination in excess of North Carolina's groundwater quality standards, the proposed activities may not occur without the approval of NCBP on such conditions as NCBP imposes, including at a minimum legal approval of plans and procedures to protect public health and the environment during the proposed activities.

9. Contours at the Brownfields Property may not be disturbed without the prior written approval of NCBP, except in connection with mowing and pruning of above-ground vegetation.

10. 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.

11. Nothing may be constructed below grade on the Brownfields Property, including without limitation swimming pools, basements and parking, without NCBP's prior written approval and venting in conformance, as determined by NCBP, with applicable building codes.

12. None of the contaminants known to be present in the environmental media at the Brownfields Property, including those listed in Table A above, may be used or stored at the Brownfields Property without the prior approval of NCBP, except in *de minimis*

amounts for cleaning and other routine housekeeping activities, petroleum products used in the operation of motor vehicle engines, and emergency generator fuel if stored and used in compliance with a plan approved in writing in advance by NCBP.

13. The owner of any portion of the Brownfields Property where any existing or later DENR-approved monitoring well is damaged shall be responsible, at DENR's discretion, for abandonment or repair of such well(s) in compliance with, as determined by DENR, Title 15A of the North Carolina Administrative Code, Subchapter 2C ("15A NCAC 2C"), and within a time period acceptable to DENR. Upon DENR's written request to abandon any monitoring well or supply well on the Brownfields Property, the owner of the portion of the Brownfields Property containing the well shall effect abandonment in compliance with 15A NCAC 2C. Said owner shall provide DENR a written report setting forth the abandonment procedures used, as well as well abandonment log(s), within thirty (30) days after abandonment.

14. Within 30 days after any written NCBP request to do so, the then owner of each portion of the Brownfields Property containing any groundwater monitoring wells, injection wells, recovery wells, piezometers and other man-made points of groundwater access at the Brownfields Property shall effect the abandonment of same in accordance with Subchapter 2C of Title 15A of the North Carolina Administrative Code, and shall, within 30 days after concluding such abandonment, provide NCBP, DENR's Inactive Hazardous Sites Branch and DENR's Division of Water Quality a written report setting forth the abandonment procedures used, as well as well abandonment log(s).

15. No party conducting environmental assessment or remediation at the Brownfields Property at the direction of, or pursuant to a permit or order issued by, DENR may be denied access to the Brownfields Property for purposes of conducting such assessment or remediation, which is to be conducted using reasonable efforts to minimize interference with authorized uses of the Brownfields Property.

16. During January of each year after the year in which this Notice is recorded, the then current owner of any part of the Brownfields Property shall submit a notarized Land Use Restrictions Update ("LURU") to NCBP certifying that the Notice of Brownfields Property containing these land use restrictions remains recorded at the Rockingham County Register of Deeds office and that the land use restrictions are being complied with on the part(s) of the Brownfields Property owned by the party submitting the LURU, and stating:

a. the full name, mailing address, telephone and facsimile numbers, and e-mail address of the owner submitting the LURU if said owner acquired any part of the Brownfields Property during the previous calendar year;

b. the transferee's full name, mailing address, telephone and facsimile numbers, and e-mail address, if said owner transferred any part of the Brownfields Property during the previous calendar year;

c. whether any caps installed on the subject part(s) of the Brownfields Property pursuant to Land Use Restrictions 2 and 4 above remain in good condition and intact;

d. whether buildings and pavement on the subject parts of the Brownfields Property are being maintained in good repair; and the date(s) and nature of any building- and/or pavement-related construction, maintenance or repair work performed since the last LURU regarding the subject part(s) of the Brownfields Property;

e. whether any vapor barrier and/or mitigation systems installed on the subject part(s) of the Brownfields Property pursuant to Land Use Restriction 7 above are performing as designed; any maintenance and repair of any such system(s) performed since the last LURU regarding the subject part(s) of the Brownfields Property; and whether the uses of the ground floors of any buildings on the subject part(s) of the Brownfields Property that contain such vapor barrier and/or mitigation system(s) have changed, and, if so, how;

f. whether any mechanical ventilation systems installed on the subject part(s) of the Brownfields Property pursuant to Land Use Restriction 6 above are performing as designed; and any maintenance and repair of any such system(s) performed since the last LURU regarding the subject part(s) of the Brownfields Property; and

g. a summary of the uses of the subject part(s) of the Brownfields Property during the preceding year that includes drawings illustrating the location of such uses.

For purposes of the land use restrictions set forth above, the DENR point of contact shall be the DENR official referenced in paragraph 41.a. of Exhibit A hereto, at the address stated therein.

ENFORCEMENT

The above land use restrictions shall be enforceable without regard to lack of privity of estate or contract, lack of benefit to particular land, or lack of any property interest in particular land. The land use restrictions shall be enforced by any owner of the Brownfields Property. The land use restrictions may also be enforced by DENR through the remedies provided in NCGS 130A, Article 1, Part 2 or by means of a civil action; by any unit of local government having jurisdiction over any part of the Brownfields Property; and by any person eligible for liability protection under the Brownfields Property Reuse Act who will lose liability protection if the restrictions are violated. Any attempt to cancel any or all of this Notice without the approval of the Secretary of DENR (or its successor in function), or his/her delegate, shall be subject to enforcement by DENR to the full extent of the law. Failure by any party required or authorized to enforce any of the above restrictions shall in no event be deemed a waiver of the right to do so thereafter as to the same violation or as to one occurring prior or subsequent thereto.

FUTURE SALES, LEASES, CONVEYANCES AND TRANSFERS

When any portion of the Brownfields Property is sold, leased, conveyed or transferred, pursuant to NCGS § 130A-310.35(d) the deed or other instrument of transfer shall contain in the description section, in no smaller type than that used in the body of the deed or instrument, a statement that the Brownfields Property has been classified and, if appropriate, cleaned up as a brownfields property under the Brownfields Property Reuse Act.

IN WITNESS WHEREOF, Prospective Developer has caused this instrument to be duly executed this

4th day of JUNE, 2008.

Riverwalk Development LLC

By: Carlton Harlow
Carlton Harlow
Member/Manager

NORTH CAROLINA
Rockingham COUNTY

I, Angela D. Martin, a Notary Public of the county and state aforesaid, certify that Carlton Harlow personally came before me this day and acknowledged that he/she is a Member of Riverwalk Development LLC, a North Carolina limited liability company, and its Manager, and that by authority duly given and as the act of the company, the foregoing Notice of Brownfields Property was signed in its name by him/her.

WITNESS my hand and official stamp or seal, this 4 day of June, 2008

Angela D. Martin
Name typed or printed: Angela D. Martin
Notary Public

My Commission expires: January 23, 2012



APPROVAL AND CERTIFICATION OF NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

The foregoing Notice of Brownfields Property is hereby approved and certified.

North Carolina Department of Environment and Natural Resources

By: Linda M. Culpepper June 4, 2008
Linda M. Culpepper Date
Deputy Director, Division of Waste Management

CERTIFICATION OF REGISTER OF DEEDS

The foregoing documentary component of the Notice of Brownfields Property, and the associated plat, are certified to be duly recorded at the date and time, and in the Books and Pages, shown on the first page hereof.

Register of Deeds for Rockingham County

By: _____
Name typed or printed: _____ Date _____
Deputy/Assistant Register of Deeds

EXHIBIT A

NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

IN THE MATTER OF: Riverwalk Development LLC

UNDER THE AUTHORITY OF THE)	BROWNFIELDS AGREEMENT re:
BROWNFIELDS PROPERTY REUSE ACT)	Fieldcrest Blanket Mill,
OF 1997, N.C.G.S. § 130A-310.30, <i>et seq.</i>)	206 Warehouse Street, <i>et al.</i>
Brownfields Project No. 09018-05-79)	Eden, Rockingham County

I. INTRODUCTION

This Brownfields Agreement (“Agreement”) is entered into by the Brownfields Program (“NCBP”) of the North Carolina Department of Environment and Natural Resources (“DENR”) and Riverwalk Development LLC (collectively the “Parties”) pursuant to the Brownfields Property Reuse Act of 1997, N.C.G.S. § 130A-310.30, et seq. (the “Act”).

Riverwalk Development LLC is a North Carolina-chartered corporation created for the purpose of redeveloping two former textile mills and nearby residential properties along the Smith River in Eden, North Carolina. Riverwalk Development LLC plans a mixed use redevelopment, which may include a hotel and conference center, museum, arts and crafts studios, office space, theater, restaurants, retail space, warehousing and open public space in the form of a greenway and park along the river. The redevelopment plan also includes preservation and reuse of the historic and architecturally significant Nantucket textile mill. A map showing the location of the property which is the subject of this Agreement is attached hereto as Exhibit 1.

The Parties agree to undertake all actions required by the terms and conditions of this Agreement. The purpose of this Agreement is to settle and resolve, subject to reservations and limitations contained in Section VIII (Certification), Section IX (DENR’s Covenant Not to Sue

and Reservation of Rights) and Section X (Prospective Developer's Covenant Not to Sue), the potential liability of Riverwalk Development LLC for contaminants at the property which is the subject of this Agreement.

The Parties agree that Riverwalk Development LLC's entry into this Agreement, and the actions undertaken by Riverwalk Development LLC in accordance with the Agreement, do not constitute an admission of any liability by Riverwalk Development LLC.

The resolution of this potential liability, in exchange for the benefit Riverwalk Development LLC shall provide to DENR, is in the public interest.

II. DEFINITIONS

Unless otherwise expressly provided herein, terms used in this Agreement which are defined in the Act or elsewhere in N.C.G.S. 130A, Article 9 shall have the meaning assigned to them in those statutory provisions, including any amendments thereto.

1. "Property" shall mean the Brownfields Property which is the subject of this Agreement, and which is depicted in Exhibit 1 to the Agreement.

2. "Prospective Developer" shall mean Riverwalk Development LLC.

III. STATEMENT OF FACTS

3. The Property comprises approximately 18.439 acres consisting of two parcels (A and B) that are the sites of former textile mills, and three parcels (C, 0.814 acres; D; 0.855 acres; E, 1.170 acres) that were formerly used residentially, on the west side of Eden's Warehouse Street. Prospective Developer has committed itself to redevelopment of the Property that may include a hotel and conference center, museum, arts and crafts studios, office space, theater, restaurants, retail space, warehousing and a greenway and park.

4. The Property is bordered to the north by undeveloped wooded land and the floodplain of the Smith River; to the east and southeast by abandoned textile mill properties and, further east, by the Smith River and a canal; to the south by Church Street and, beyond that, undeveloped land zoned for commercial and residential uses; to the west by Warehouse Street and, beyond that, vacant former residential properties, vacant businesses (including an abandoned gas station, vacant print shop, abandoned former dry cleaner) and active commercial properties; and to the northwest by Grove Street, along which lie both vacant and occupied residential properties.

5. Prospective Developer obtained or commissioned the following reports, referred to hereinafter as the “Environmental Reports,” regarding the Property:

Title	Prepared by	Date of Report
Brownfields Receptor Survey, Former Fieldcrest Blanket Mill, Warehouse Street, Eden, North Carolina	ENRISCO	July 27, 2007
Phase I and II Environmental Site Assessment, Fieldcrest Blanket Mill, Warehouse Street, Eden, North Carolina	ENRISCO	March 7, 2005

6. For purposes of this Agreement, DENR relies on the following representations by Prospective Developer as to use and ownership of the Property:

a. The Fieldcrest Blanket Mill (a.k.a. “American Mill”) building has stood since approximately 1900. It is a large three- and four-story building historically used for various processes associated with textile manufacturing, including bleaching, starching, printing, dyeing and warehousing. Areas of the ground floor of the building were also used as a machine shop, repair shop and chemical storage area. An associated boiler room was adjacent to the building.

i. A 1908 Sanborn Fire Insurance Company (“Sanborn”) map showed the building as owned by the American Warehouse Company, and as including six (6) warehouses

and box-making and packaging areas. At least eleven mill houses were shown north of the mill, while several were shown west of the mill property across Warehouse Street.

ii. A 1915 Sanborn map shows the building, now expanded to the north, as owned by Thread Mills Company. The map shows approximately 11 warehouses in the building, as well as an engine room in the southeast corner, box-making and packaging areas, and a sample room. Several dwellings appear to the north and west of the mill.

iii. A 1921 Sanborn map shows the mill as still owned by Thread Mills Company and appearing to cover approximately the same area as in 1915. Interior areas of the building are designated for bleaching, drying, calendaring, folding, mending, finishing and packing. A machine shop and transformers are shown in the southern part of the building. A one million-gallon reservoir appears northwest of the mill along Warehouse Street. Three dwellings are shown north of the mill building, along Warehouse Street between the mill and the reservoir.

iv. A 1930 Sanborn map shows the Fieldcrest Blanket Mill as owned by Carolina Cotton & Woolen Mills Company and as covering approximately the same area as in 1915 and 1921. The mill is divided into finishing, warping, calendaring and folding, bleaching, machine shop and stockroom areas. The houses and reservoir shown in the 1921 map remain along Warehouse Street.

v. In a 1941 Sanborn map, the mill is shown as owned by Marshall Field & Company (formerly Carolina Cotton & Woolen Company). The mill has been enlarged to the west since 1930 and is shown as divided into finishing, warping, calendaring and folding, bleaching, machine shop, warehousing and stockroom areas. A small warehouse is shown north

of the mill. Most of the former dwellings on this part of the Property are no longer shown.

vi. A 1954 Sanborn map shows the Fieldcrest Blanket Mill as owned by Fieldcrest Mills, Inc. The building is divided into areas of use similar to those shown on the 1941 map. A large bank of electrical transformers is shown south of the mill near entrance to the mill on Wall Street. A dwelling is shown north of the reservoir near Grove Street.

b. The Nantucket Mill was built in approximately 1900 and comprises a three-story brick mill building (with two machine shop on the ground floor, two boiler rooms in additions to the building and an engine room in later-connected separate building), an adjacent two-story office building and the foundations of three demolished buildings on the western side of the mill, near Morgan Street. One of the referenced boiler rooms utilized a 20,000 gallon underground storage tank which remains at the Property.

i. The 1908 Sanborn map shows the Nantucket Mill to be at the northeast corner of the intersection of Church Street and Morgan Road. Weaving areas appear on the first floor of the mill, with carding and spinning areas on the third floor. Dyeing and “berming” areas appear in the south central portion of the mill. A “picker” room and an engine room appear next to one of the boiler rooms. The machine shops appear at the southeast and southwest portions of the building, respectively.

ii. The 1930 Sanborn map shows the Nantucket Mill as owned by Carolina Cotton & Woolen Mills Company. The mill was shown divided into spinning, weaving, carding and slashing departments, along with a dye house and “drug” (chemical) storage area.

iii. The 1941 the Sanborn map shows the mill as owned by Marshall Field

& Company. The layout depicted is similar to that on the 1930 map. Chemicals were shown as stored in a separate building southwest of the mill.

iv. The 1954 Sanborn map shows the Nantucket Mill as owned by Fieldcrest Mills, Inc. The mill was described as non-operational and used for warehousing and offices. A boiler room is shown to the northeast of the mill building. A drycleaning business is shown as located west of the mill across Morgan Road.

c. On April 26, 2005, after being declared eligible for the NCBP, Prospective Developer purchased the Property from B&S Warehouse & Storage LLC.

7. In 1988, DENR's Hazardous Waste Section ("HWS") designated the Fieldcrest Blanket Mill a "small quantity exempt generator" (of hazardous waste) and assigned U.S. Environmental Protection Agency Generator Identification Number NCD982088700. In 1998, the then owner of the mill, B&S Warehouse & Storage LLC, successfully requested by letter that HWS deactivate that identification number.

8. In January 2005, Prospective Developer conducted a limited due diligence environmental site assessment ("ESA") at the Property; however, because much of the Property was covered by abandoned buildings in various states of disrepair, access to the soil and groundwater for testing was limited. The following activities were part of the limited ESA:

a. Three (3) monitoring wells were installed on the Nantucket Mill property, one (1) west (upgradient) of the mill and downgradient from a former drycleaning site across Warehouse Street, and two (2) east and downgradient of the Nantucket Mill.

b. Nine (9) monitoring wells were installed on or near the Fieldcrest Blanket Mill property, two (2) west and upgradient of the Property across Warehouse Street on former

residential property, and four (4) east and downgradient of the mill.

c. Groundwater samples were collected from the monitoring wells and analyzed for volatile organic compounds (“VOCs”) and semi-volatile organic compounds (“SVOCs”). Low concentrations of VOCs were detected in one (1) sample collected on the Property from well “MW-7,” downgradient of the Fieldcrest Blanket Mill. No SVOCs were detected in the groundwater samples.

d. Soil samples were collected at the Property from borings and test pits. The samples were screened in the field for VOCs using a flame ionization detector. Selected samples were analyzed at a laboratory for VOCs, SVOCs and metals. Laboratory analyses of the samples did not identify contaminants at concentrations that exceeded unrestricted use standards.

9. Prospective Developer submitted the due diligence ESA to DENR’s Division of Water Quality, which subsequently sent to Prospective Developer a Notice of Violation dated December 18, 2006 for the minimal exceedances reflected in the ESA. The Notice of Violation stated that the Property was ranked as “low priority.” Following a DENR reorganization in early 2007, jurisdiction regarding contamination at the Property shifted from the Division of Water Quality to DENR’s Inactive Hazardous Sites Branch (“IHSB”). IHSB sent Prospective Developer a letter dated March 12, 2007 informing Prospective Developer of the change and requesting that Prospective Developer proceed with remediation under IHSB’s Registered Environmental Consultant Program. Prospective Developer responded by letter dated June 18, 2007 that it had applied to NCBP on March 31, 2005, had been determined eligible and had subsequently purchased the Property, and was therefore not a responsible party for IHSB purposes. The letter stated that Prospective Developer was working with NCBP to determine the

environmental work required and negotiate a brownfields agreement regarding the Property.

10. The most recent environmental sampling at the Property reported in the Environmental Reports occurred on January 17, 2005. The following table sets forth, for contaminants that have been detected above unrestricted use standards in the one environmental medium at the Property in which such exceedances have been detected (groundwater), the maximum concentration found at each sample location (in micrograms per liter, the equivalent of parts per billion) and the applicable standard from Title 15A of the North Carolina Administrative Code, Subchapter 2L, Rule .0202:

Groundwater Contaminant	Sample Location	Date of Max. Concentration Sampling	Maximum Concentration above Std. ($\mu\text{g/L}$)	Standard ($\mu\text{g/L}$)
Tetrachloroethene	MW-7	January 17, 2005	1.41	0.7
Trichloroethene	MW-7	January 17, 2005	35.8	2.8
1,1-Dichloroethene	MW-7	January 17, 2005	47.1	7

11. For purposes of this Agreement, DENR relies on Prospective Developer's representations that Prospective Developer's involvement with the Property has been limited to obtaining or commissioning the Environmental Reports, preparing and submitting to DENR a Brownfields Letter of Intent dated March 31, 2005, and:

- a. on April 26, 2005, purchasing the Property.
- b. entering into a contract to sell the Fieldcrest Blanket Mill portion of the Property after this Agreement is executed. The buyer under contract has begun to demolish part of the mill, starting at the roof and working down, in order to reclaim copper, roofing, flooring, beams, tile and other building materials of value. Prospective Developer has made a commitment that no soil will be exposed during deconstruction without the approval of NCBP.

12. Prospective Developer has provided DENR with information, or sworn certifications regarding that information on which DENR relies for purposes of this Agreement, sufficient to demonstrate that:

a. Prospective Developer and any parent, subsidiary, or other affiliate has substantially complied with federal and state laws, regulations and rules for protection of the environment, and with the other agreements and requirements cited at N.C.G.S. § 130A-310.32(a)(1);

b. as a result of the implementation of this Agreement, the Property will be suitable for the uses specified in the Agreement while fully protecting public health and the environment;

c. Prospective Developer's reuse of the Property will produce a public benefit commensurate with the liability protection provided Prospective Developer hereunder;

d. Prospective Developer has or can obtain the financial, managerial and technical means to fully implement this Agreement and assure the safe use of the Property; and

e. Prospective Developer has complied with all applicable procedural requirements.

13. Prospective Developer has paid the \$2,000 fee to seek a brownfields agreement required by N.C.G.S. § 130A-310.39(a)(1). Pursuant to N.C.G.S. § 130A-310.39(a)(2), the procedure upon which Prospective Developer and DENR have agreed for payment of the full cost to DENR and the North Carolina Department of Justice ("DOJ") of all activities related to this Agreement is that Prospective Developer shall pay any amount by which DOJ's hours, multiplied by \$36.24, exceed the \$2,000 fee referenced above in this paragraph. (DENR has

incurred no costs.)

IV. BENEFIT TO COMMUNITY

14. The redevelopment of the Property proposed herein would provide the following public benefits:

- a. a return to productive use of the Property and elimination of the drawbacks of unoccupied property;
- b. a spur to additional community redevelopment, through improved neighborhood appearance and otherwise;
- c. approximately 125 jobs;
- d. tax revenue for affected jurisdictions;
- e. additional retail, hotel, office, restaurant, cultural and public recreational space for the area;
- f. reuse of building materials (e.g., copper, brick, beams, flooring) from buildings to be demolished;
- g. preservation of an historic landmark; and
- h. “smart growth” through use of land in an already developed area, which avoids development of land beyond the urban fringe (“greenfields”).

V. WORK TO BE PERFORMED

15. Within 360 days after the effective date of this Agreement, and prior to construction of any building, or refurbishment of any building depicted on the plat component of the Notice referenced in paragraph 26 below, Prospective Developer shall effect sampling and analytical testing of soil and groundwater on the Property in accordance with a plan approved in writing in

advance by NCBP, and provide the results in writing to NCBP.

16. Unless this requirement is waived in writing in advance by NCBP, within 360 days after the effective date of this Agreement, Prospective Developer shall, in accordance with a plan approved in writing in advance by NCBP (unless NCBP exempts a particular portion of track in advance), cap all abandoned railroad lines and spurs on the Property, including all railroad bed material (e.g., gravel and ties) and/or an area not smaller than six (6) feet on both sides of the centerline of the track, whichever is greater in horizontal extent, with one or more of the following materials: gravel, compacted soil, concrete, asphalt or another material approved in writing in advance by NCBP. The capping shall occur to DENR's written satisfaction and shall be documented, with photographs, in the Redevelopment Summary Report required by paragraph 17 below.

17. Within 90 days after the fifth anniversary of the effective date of this Agreement (unless NCBP agrees in writing in advance to a different period), and thereafter within a period established by NCBP if NCBP deems the first submittal inadequate, Prospective Developer shall provide NCBP a written Redevelopment Summary Report, and illustrative drawings, of the following activities conducted since initiation of the redevelopment contemplated by this Agreement:

- a. soil grading and cut and fill actions;
- b. methodology(ies) employed for field screening of environmental media;
- c. stockpiling, handling, laboratory analysis and disposition of any soil or other materials suspected or confirmed to be contaminated with regulated substances;
- d. type and quantity of materials used to cap any area of the Property; and

e. removal of any soil from the Property (and all manifests required by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq. or its North Carolina counterpart shall be provided).

The report shall also include a survey plat showing all structures, paved areas and landscaped areas on the Property; figure(s) (i.e., isopach maps) showing the thickness (in vertical feet) of fill material placed throughout the Property during redevelopment; and all environmental data and analytical reports generated during redevelopment.

18. Notwithstanding subparagraph 21.d. below, during the period in which NCBP determines that Prospective Developer is engaged in the redevelopment contemplated by this Agreement, soil at the Property may be disturbed for the exclusive purposes of installing utilities, pouring footers or installing other permanent structures, or for any other purpose approved by NCBP in writing in advance, provided that any soil excavated must remain *in situ* unless NCBP approves an exception to this requirement in writing in advance, and upon condition of strict compliance with all applicable law. Prospective Developer shall include a summary of all activities conducted pursuant to this paragraph in the Redevelopment Summary Report required by paragraph 17 above.

19. Within 60 days after the effective date of this Agreement, Prospective Developer shall effect whatever testing NCBP determines is necessary to identify the contents of any containers, drums and other receptacles present on the Property. Prospective Developer shall effect disposal off-site of all such receptacles and their contents in compliance with applicable law. Prospective Developer shall include a summary of all activities conducted pursuant to this paragraph in the Redevelopment Summary Report required by paragraph 17 above.

20. Based on the information in the Environmental Reports, and subject to imposition of and compliance with the land use restrictions set forth below, and subject to Section IX of this Agreement (DENR's Covenant Not to Sue and Reservation of Rights), NCBP is not requiring Prospective Developer to perform any active remediation at the Property.

21. By way of the Notice of Brownfields Property referenced below in paragraph 26, Prospective Developer shall impose the following land use restrictions under the Act, running with the land, to make the Property suitable for the uses specified in this Agreement while fully protecting public health and the environment. All references to DENR and NCBP shall be understood to include any successor in function.

a. The portion of the Property designated "Nantucket Mill Area," on the plat component of the Notice referenced below in paragraph 26, may only be used for a performing arts center complex, defined as including a hotel and conference center, museum, arts and crafts studios, office space, warehousing, theater, restaurants, retail space and open space. The portion of the Property designated "Fieldcrest Mill Area," on the plat component of the Notice referenced below in paragraph 26, may only be used for warehousing, office, theater, restaurants, parking and retail space purposes. The following definitions also apply for purposes of this restriction, and none of the uses permitted by this restriction may occur other than in conformance with the other land use restrictions below:

i. "Hotel" refers to a building containing more than four individual rooms that provides overnight lodging facilities and reservation, cleaning, utilities and on-site management and reception services for paying customers.

ii. "Office" refers to a place where business or professional services are

provided.

iii. "Retail" refers to the sale of goods, products or merchandise directly to the consumer, and includes restaurant use.

iv. "Open Space" refers to an outdoor area within a development site that is useable for the enjoyment of patrons of the development or the public.

v. "Warehousing" refers to the storage of goods for a business or other enterprise.

b. Field screening techniques described in a plan approved in writing in advance by NCBP shall be employed during any soil cutting, penetrating, excavating and grading activities conducted at the Property. Soil that field screening and/or field observation indicates, subject to DENR inspection, may be contaminated with regulated substances shall be stockpiled pending sampling and laboratory analysis. All stockpiles shall be covered by a material impervious to water in a manner that prevents water infiltration or run-off. Stockpiled soil shall be sampled and analyzed in accordance with a plan approved, in writing in advance, by NCBP. The stockpiled soil may be spread on the Property if any areas on which such soil is spread are capped to NCBP's written satisfaction by a minimum of two (2) feet of clean fill dirt or an impervious structure such as a building or pavement, unless NCBP determines that the analytical results are such that spreading the stockpiled soil on the Property will leave the Property suitable for the uses specified in subparagraph 21.a. above while fully protecting public health and the environment, in which case the subject soil shall, to NCBP's written satisfaction, be disposed of.

c. No fill material may be placed on the Property prior to provision of a minimum of 10 business days' written notice to NCBP of the fill material's source, and the performance of any analytical testing that NCBP requires in writing to demonstrate the absence from the fill material of any regulated substances at concentrations that would render the Property unsuitable for the uses specified in subparagraph 21.a. above while fully protecting public health and the environment.

d. As of the expiration of the period in which NCBP determines that Prospective Developer is engaged in the redevelopment contemplated by this Agreement, or when Prospective Developer submits the Redevelopment Summary Report required by paragraph 17 above, whichever occurs first unless NCBP agrees in writing in advance to a different period, soil at the Property may not be disturbed without a minimum of 10 business days advance written notice to NCBP, unless NCBP states otherwise in writing in advance. At the time such soil is disturbed, NCBP may inspect and sample, or require implementation of an environmental monitoring and testing plan approved by NCBP in writing in advance, to determine whether environmental contamination may exist within the footprint of all structures and pavement appearing on the Redevelopment Summary Report's survey plat. If soil contamination is discovered that NCBP determines would likely contaminate groundwater even if capped, or that may pose an imminent threat to public health or the environment if exposed, as much soil as NCBP requires shall be removed and disposed of in accordance with applicable law, and any other actions that NCBP requires to make the Property suitable for the uses specified in paragraph 21.a. above while fully protecting public health and the environment shall be taken. If soil contamination is discovered that NCBP determines would not likely contaminate

groundwater or likely pose an imminent threat to public health or the environment if capped, as much soil as NCBP requires shall be capped or removed and disposed of in accordance with applicable law to the written satisfaction of NCBP.

e. Unless compliance with this Land Use Restriction is waived in writing by NCBP in advance in regard to particular buildings, demolition of any building on the Property depicted on the plat component of the Notice referenced in paragraph 26 below shall be carried out in accordance with applicable legal requirements, including without limitation those administered by the Lead and Asbestos Abatement Program of DENR's Division of Public Health.

f. No building on the Property may be used until mechanical ventilation with outdoor air is provided in compliance with the most current version of the Mechanical Ventilation section of the Ventilation chapter of the North Carolina State Building Code ("Code") or another standard approved in writing in advance by NCBP, notwithstanding any exceptions the Code or alternative standard may contain, unless compliance with this land use restriction is waived in writing by NCBP in advance in regard to particular buildings. Within 30 days following installation of the subject mechanical ventilation in a building, or modification of an existing ventilation system such that the subject mechanical ventilation is provided, a professional engineer licensed in North Carolina shall provide NCBP certification under seal that the ventilation system was installed or modified in accordance with its design specifications and complies with the Code.

g. No building may be constructed on the Property until NCBP has been consulted regarding the proximity of the planned building to one or more volatile contaminant

plumes on the Property. NCBP may require such testing as it determines is necessary to determine the nature and extent of volatile contaminants on the Property. If DENR determines that the footprint of a building proposed to be constructed on the Property would fall within 100 feet of such a plume, it may not be constructed until Prospective Developer: i. installs a vapor barrier system and/or mechanical or passive vapor mitigation system based on the testing and pursuant to a plan approved in writing in advance by DENR and approved in writing by DENR as installed; or ii. prepares an assessment of the risk posed by plume-related soil gas that demonstrates to DENR's written satisfaction that neither a vapor barrier nor mitigation system is required. Within thirty 30 days following installation of any vapor barrier system and/or mechanical or passive vapor mitigation system pursuant to this subparagraph, DENR shall be provided certification of proper installation under seal of a professional engineer licensed in North Carolina, as well as photographs illustrating the installation and a brief narrative describing it, only after which may the building be used. DENR's UST Section retains any jurisdiction it possesses over the matters addressed in this subparagraph.

h. Except for environmental testing, remediation and monitoring required by DENR, no activities that remove or use groundwater (for example, installation of water supply wells, fountains, ponds, lakes or swimming pools, or construction or excavation activities) may occur on the Property without prior sampling and analysis of groundwater to the satisfaction of NCBP, and submittal of the analytical results to NCBP. Any water pumped from the ground shall be containerized, sampled and disposed of to NCBP's written satisfaction, unless this requirement is waived in writing in advance by NCBP regarding a particular instance of pumping. If the analytical results disclose to NCBP contamination in excess of North Carolina's

groundwater quality standards, the proposed activities may not occur without the approval of NCBP on such conditions as NCBP imposes, including at a minimum legal approval of plans and procedures to protect public health and the environment during the proposed activities.

i. Contours at the Property may not be disturbed without the prior written approval of NCBP, except in connection with mowing and pruning of above-ground vegetation.

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

k. Nothing may be constructed below grade on the Property, including without limitation swimming pools, basements and parking, without NCBP's prior written approval and venting in conformance, as determined by NCBP, with applicable building codes.

l. None of the contaminants known to be present in the environmental media at the Property, including those listed in paragraph 10 of this Agreement, may be used or stored at the Property without the prior approval of NCBP, except in *de minimis* amounts for cleaning and other routine housekeeping activities, petroleum products used in the operation of motor vehicle engines, and emergency generator fuel if stored and used in compliance with a plan approved in writing in advance by NCBP.

m. The owner of any portion of the Property where any existing or later DENR-approved monitoring well is damaged shall be responsible, at DENR's discretion, for abandonment or repair of such well(s) in compliance with, as determined by DENR, Title 15A of the North Carolina Administrative Code, Subchapter 2C ("15A NCAC 2C"), and within a time period acceptable to DENR. Upon DENR's written request to abandon any monitoring well or supply well on the Property, the owner of the portion of the Property containing the well shall

effect abandonment in compliance with 15A NCAC 2C. Said owner shall provide DENR a written report setting forth the abandonment procedures used, as well as well abandonment log(s), within thirty (30) days after abandonment.

n. Within 30 days after any written NCBP request to do so, the then owner of each portion of the Property containing any groundwater monitoring wells, injection wells, recovery wells, piezometers and other man-made points of groundwater access at the Property shall effect the abandonment of same in accordance with Subchapter 2C of Title 15A of the North Carolina Administrative Code, and shall, within 30 days after concluding such abandonment, provide NCBP, DENR's Inactive Hazardous Sites Branch and DENR's Division of Water Quality a written report setting forth the abandonment procedures used, as well as well abandonment log(s).

o. No party conducting environmental assessment or remediation at the Property at the direction of, or pursuant to a permit or order issued by, DENR may be denied access to the Property for purposes of conducting such assessment or remediation, which is to be conducted using reasonable efforts to minimize interference with authorized uses of the Property.

p. During January of each year after the year in which the Notice referenced below in paragraph 26 is recorded, the then current owner of any part of the Property shall submit a notarized Land Use Restrictions Update ("LURU") to NCBP certifying that the Notice of Brownfields Property containing these land use restrictions remains recorded at the Rockingham County Register of Deeds office and that the land use restrictions are being complied with on the part(s) of the Property owned by the party submitting the LURU, and stating:

i. the full name, mailing address, telephone and facsimile numbers, and e-mail address of the owner submitting the LURU if said owner acquired any part of the Property during the previous calendar year;

ii. the transferee's full name, mailing address, telephone and facsimile numbers, and e-mail address, if said owner transferred any part of the Property during the previous calendar year;

iii. whether any caps installed on the subject part(s) of the Property pursuant to subparagraphs 21.b. and 21.d. above remain in good condition and intact;

iv. whether buildings and pavement on the subject parts of the Property are being maintained in good repair; and the date(s) and nature of any building- and/or pavement-related construction, maintenance or repair work performed since the last LURU regarding the subject part(s) of the Property;

v. whether any vapor barrier and/or mitigation systems installed on the subject part(s) of the Property pursuant to subparagraph 21.g. above are performing as designed; any maintenance and repair of any such system(s) performed since the last LURU regarding the subject part(s) of the Property; and whether the uses of the ground floors of any buildings on the subject part(s) of the Property that contain such vapor barrier and/or mitigation system(s) have changed, and, if so, how;

vi. whether any mechanical ventilation systems installed on the subject part(s) of the Property pursuant to subparagraph 21.f. above are performing as designed; and any maintenance and repair of any such system(s) performed since the last LURU regarding the subject part(s) of the Property; and

vii. a summary of the uses of the subject part(s) of the Property during the preceding year that includes drawings illustrating the location of such uses.

22. The desired result of the above-referenced land use restrictions is to make the Property suitable for the uses specified in the Agreement while fully protecting public health and the environment.

23. The guidelines, including parameters, principles and policies within which the desired results are to be accomplished are the Guidelines of the Inactive Hazardous Sites Branch of DENR's Superfund Section, as embodied in their most current version.

24. The consequences of achieving or not achieving the desired results will be that the uses to which the Property is put are or are not suitable for the Property while fully protecting public health and the environment.

VI. ACCESS/NOTICE TO SUCCESSORS IN INTEREST

25. In addition to providing access to the Property pursuant to subparagraph 21.o. above, Prospective Developer shall provide DENR, its authorized officers, employees, representatives, and all other persons performing response actions under DENR oversight, access at all reasonable times to other property controlled by Prospective Developer in connection with the performance or oversight of any response actions at the Property under applicable law. While Prospective Developer owns the Property, DENR shall provide reasonable notice to Prospective Developer of the timing of any response actions to be undertaken by or under the oversight of DENR at the Property. Notwithstanding any provision of this Agreement, DENR retains all of its authorities and rights, including enforcement authorities related thereto, under the Act and any other applicable statute or regulation, including any amendments thereto.

26. DENR has approved, pursuant to N.C.G.S. § 130A-310.35, a Notice of Brownfields Property for the Property containing, inter alia, the land use restrictions set forth in Section V (Work to Be Performed) of this Agreement and a survey plat of the Property. Pursuant to N.C.G.S. § 130A-310.35(b), within 15 days of the effective date of this Agreement Prospective Developer shall file the Notice of Brownfields Property in the Rockingham County, North Carolina Register of Deeds' office. Within three (3) days thereafter, Prospective Developer shall furnish DENR a copy of the documentary component of the Notice containing a certification by the register of deeds as to the Book and Page numbers where both the documentary and plat components of the Notice are recorded, and a copy of the plat with notations indicating its recordation.

27. This Agreement shall be attached as Exhibit A to the Notice of Brownfields Property. Subsequent to recordation of said Notice, any deed or other instrument conveying an interest in the Property shall contain the following notice: "The property which is the subject of this instrument is subject to the Brownfields Agreement attached as Exhibit A to the Notice of Brownfields Property recorded in the Rockingham County land records, Book ____, Page ____." A copy of any such instrument shall be sent to the persons listed in Section XV (Notices and Submissions), though financial figures related to the conveyance may be redacted.

28. The Prospective Developer shall ensure that a copy of this Agreement is provided to any current lessee or sublessee on the Property as of the effective date of this Agreement and shall ensure that any subsequent leases, subleases, assignments or transfers of the Property or an interest in the Property are consistent with this Section (Access/Notice To Successors In Interest), Section V (Work to be Performed) and Section XI (Parties Bound &

Transfer/Assignment Notice) of this Agreement.

VII. DUE CARE/COOPERATION

29. The Prospective Developer shall exercise due care at the Property with respect to regulated substances and shall comply with all applicable local, State, and federal laws and regulations. The Prospective Developer agrees to cooperate fully with any remediation of the Property by DENR and further agrees not to interfere with any such remediation. In the event the Prospective Developer becomes aware of any action or occurrence which causes or threatens a release of contaminants at or from the Property, the Prospective Developer shall immediately take all appropriate action to prevent, abate, or minimize such release or threat of release, and shall, in addition to complying with any applicable notification requirements under N.C.G.S. 130A-310.1 and 143-215.84, and Section 103 of CERCLA, 42 U.S.C. § 9603, or any other law, immediately notify DENR of such release or threatened release.

VIII. CERTIFICATION

30. By entering into this agreement, the Prospective Developer certifies that, without DENR approval, it will make no use of the Property other than that committed to in the Brownfields Letter of Intent dated March 31, 2005 by which it applied for this Agreement. That use is for mixed use redevelopment, which may include a hotel and conference center, museum, arts and crafts studios, office space, theater, restaurants, retail space, warehousing and open public space in the form of a greenway and park. Prospective Developer also certifies that to the best of its knowledge and belief it has fully and accurately disclosed to DENR all information known to Prospective Developer and all information in the possession or control of its officers, directors, employees, contractors and agents which relates in any way to any regulated

substances at the Property and to its qualification for this Agreement, including the requirement that it not have caused or contributed to the contamination at the Property.

IX. DENR'S COVENANT NOT TO SUE AND RESERVATION OF RIGHTS

31. Unless any of the following apply, Prospective Developer shall not be liable to DENR, and DENR covenants not to sue Prospective Developer, for remediation of the Property except as specified in this Agreement:

- a. The Prospective Developer fails to comply with this Agreement.
- b. The activities conducted on the Property by or under the control or direction of the Prospective Developer increase the risk of harm to public health or the environment, in which case Prospective Developer shall be liable for remediation of the areas of the Property, remediation of which is required by this Agreement, to the extent necessary to eliminate such risk of harm to public health or the environment.
- c. A land use restriction set out in the Notice of Brownfields Property required under N.C.G.S. 130A-310.35 is violated while the Prospective Developer owns the Property, in which case the Prospective Developer shall be responsible for remediation of the Property to unrestricted use standards.
- d. The Prospective Developer knowingly or recklessly provided false information that formed a basis for this Agreement or knowingly or recklessly offers false information to demonstrate compliance with this Agreement or fails to disclose relevant information about contamination at the Property.
- e. New information indicates the existence of previously unreported contaminants or an area of previously unreported contamination on or associated with the

Property that has not been remediated to unrestricted use standards, unless this Agreement is amended to include any previously unreported contaminants and any additional areas of contamination. If this Agreement sets maximum concentrations for contaminants, and new information indicates the existence of previously unreported areas of these contaminants, further remediation shall be required only if the areas of previously unreported contaminants raise the risk of the contamination to public health or the environment to a level less protective of public health and the environment than that required by this Agreement.

f. The level of risk to public health or the environment from contaminants is unacceptable at or in the vicinity of the Property due to changes in exposure conditions, including (i) a change in land use that increases the probability of exposure to contaminants at or in the vicinity of the Property or (ii) the failure of remediation to mitigate risks to the extent required to make the Property fully protective of public health and the environment as planned in this Agreement.

g. The Department obtains new information about a contaminant associated with the Property or exposures at or around the Property that raises the risk to public health or the environment associated with the Property beyond an acceptable range and in a manner or to a degree not anticipated in this Agreement.

h. The Prospective Developer fails to file a timely and proper Notice of Brownfields Property under N.C.G.S. 130A-310.35.

32. Except as may be provided herein, DENR reserves its rights against Prospective Developer as to liabilities beyond the scope of the Act, including those regarding petroleum underground storage tanks pursuant to Part 2A, Article 21A of Chapter 143 of the General

Statutes.

33. This Agreement does not waive any applicable requirement to obtain a permit, license or certification, or to comply with any and all other applicable law, including the North Carolina Environmental Policy Act, N.C.G.S. § 113A-1, *et seq.*

X. PROSPECTIVE DEVELOPER'S COVENANT NOT TO SUE

34. In consideration of DENR's Covenant Not To Sue in Section IX of this Agreement and in recognition of the absolute State immunity provided in N.C.G.S. § 130A-310.37(b), the Prospective Developer hereby covenants not to sue and not to assert any claims or causes of action against DENR, its authorized officers, employees, or representatives with respect to any action implementing the Act, including negotiating, entering, monitoring or enforcing this Agreement or the above-referenced Notice of Brownfields Property.

XI. PARTIES BOUND & TRANSFER/ASSIGNMENT NOTICE

35. This Agreement shall apply to and be binding upon DENR, and on the Prospective Developer, its officers, directors, employees, and agents. Each Party's signatory to this Agreement represents that she or he is fully authorized to enter into the terms and conditions of this Agreement and to legally bind the Party for whom she or he signs.

36. No later than 14 days prior to any transfer or assignment by Prospective Developer of any interest in the Property, Prospective Developer shall provide in writing to DENR the transferee or assignee's name, mailing address, telephone and facsimile numbers, and e-mail address.

XII. DISCLAIMER

37. This Agreement in no way constitutes a finding by DENR as to the risks to public

health and the environment which may be posed by regulated substances at the Property, a representation by DENR that the Property is fit for any particular purpose, nor a waiver of Prospective Developer's duty to seek applicable permits or of the provisions of N.C.G.S. § 130A-310.37.

38. Except for N.C.G.S. § 130A-310.33(a)(1)-(5)'s provision of the Act's liability protection to certain persons to the same extent as to a prospective developer, no rights, benefits or obligations conferred or imposed upon Prospective Developer under this Agreement are conferred or imposed upon any other person.

XIII. DOCUMENT RETENTION

39. The Prospective Developer agrees to retain and make available to DENR all business and operating records, contracts, site studies and investigations, and documents relating to operations at the Property, for ten years following the effective date of this Agreement, unless otherwise agreed to in writing by the Parties. At the end of ten years, the Prospective Developer shall notify DENR of the location of such documents and shall provide DENR with an opportunity to copy any documents at the expense of DENR.

XIV. PAYMENT OF ENFORCEMENT COSTS

40. If the Prospective Developer fails to comply with the terms of this Agreement, including, but not limited to, the provisions of Section V (Work to be Performed), it shall be liable for all litigation and other enforcement costs incurred by DENR to enforce this Agreement or otherwise obtain compliance.

XV. NOTICES AND SUBMISSIONS

41. Unless otherwise required by DENR or a Party notifies the other Party in writing of a

change in contact information, all notices and submissions pursuant to this Agreement shall be sent by prepaid first class U.S. mail, as follows:

a. for DENR:

Lisa Taber
N.C. Division of Waste Management
Brownfields Program
401 Oberlin Road, Suite 150
Raleigh, NC 27605

b. for Prospective Developer:

Carlton Harlow
Riverwalk Development LLC
P.O. Box 8851
Rocky Mount, NC 27804

Prospective Developer shall also send any and all notices and submissions this Agreement requires it to send to any and all other state and federal agencies regulating any matters pertaining to the Property's environment, and to the chief public health and environmental officials of the county where the Property lies. Notices and submissions sent by prepaid first class U.S. mail shall be effective on the third day following postmarking. Notices and submissions sent by hand or by other means affording written evidence of date of receipt shall be effective on such date.

XVI. EFFECTIVE DATE

42. This Agreement shall become effective on the date the Prospective Developer signs it, after receiving it, signed, from DENR. Prospective Developer shall sign the Agreement within seven (7) days following such receipt.

XVII. TERMINATION OF CERTAIN PROVISIONS

43. If any Party believes that any or all of the obligations under Section VI (Access/Notice to Successors in Interest) are no longer necessary to ensure compliance with the requirements of the Agreement, that Party may request in writing that the other Party agree to terminate the provision(s) establishing such obligations; provided, however, that the provision(s) in question shall continue in force unless and until the Party requesting such termination receives written agreement from the other Party to terminate such provision(s).

XVIII. CONTRIBUTION PROTECTION

44. With regard to claims for contribution against Prospective Developer in relation to the subject matter of this Agreement, Prospective Developer is entitled to protection from such claims to the extent provided by N.C.G.S. § 130A-310.37(a)(5)-(6). The subject matter of this Agreement is all remediation taken or to be taken and response costs incurred or to be incurred by DENR or any other person in relation to the Property.

45. The Prospective Developer agrees that, with respect to any suit or claim for contribution brought by it in relation to the subject matter of this Agreement, it will notify DENR in writing no later than 60 days prior to the initiation of such suit or claim.

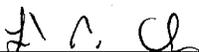
46. The Prospective Developer also agrees that, with respect to any suit or claim for contribution brought against it in relation to the subject matter of this Agreement, it will notify DENR in writing within 10 days of service of the complaint on it.

XIX. PUBLIC COMMENT

47. This Agreement shall be subject to a public comment period of at least 30 days starting the day after publication of the approved summary of the Notice of Intent to Redevelop a Brownfields Property required by N.C.G.S. § 130A-310.34 in the North Carolina Register, or the

day after publication of the same in a newspaper of general circulation serving the area in which the Property is located, whichever occurs later. After expiration of that period, or following a public meeting if DENR holds one pursuant to N.C.G.S. § 130A-310.34(c), DENR may modify or withdraw its consent to this Agreement if comments received disclose facts or considerations which indicate that this Agreement is inappropriate, improper or inadequate.

IT IS SO AGREED:
NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

By:  June 4, 2008
Linda M. Culpepper Date
Deputy Director, Division of Waste Management

IT IS SO AGREED:
Riverwalk Development LLC

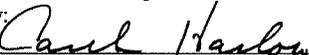
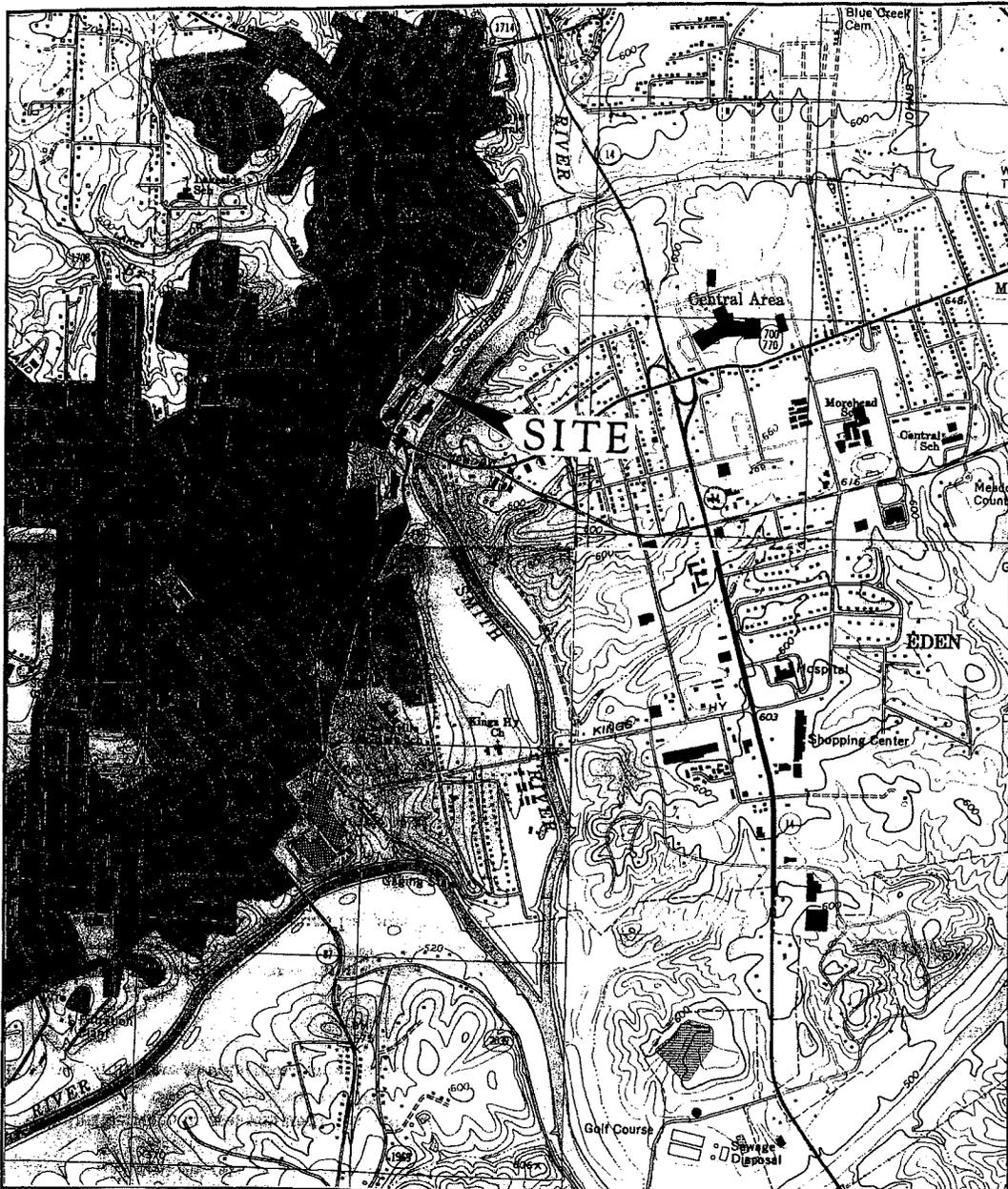
By:  JUNE 4, 2008
Carlton Harlow Date
Member/Manager

EXHIBIT 1



TITLE **FIGURE 1**
SITE TOPOGRAPHIC MAP
FIELDCREST MILLS
WAREHOUSE STREET
EDEN, NORTH CAROLINA

THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS.

ENRISCO, INC.
 ENVIRONMENTAL SERVICES

P. O. Box 548
 Wake Forest, North Carolina 27588

919-570-0186 - Office
 919-417-0627 - Mobile

CAD FILE	PROJECT NO.	SCALE	DATE
600-021.DGN	4015	1:2000	02-05-05

E-mail - enriscob@aol.com

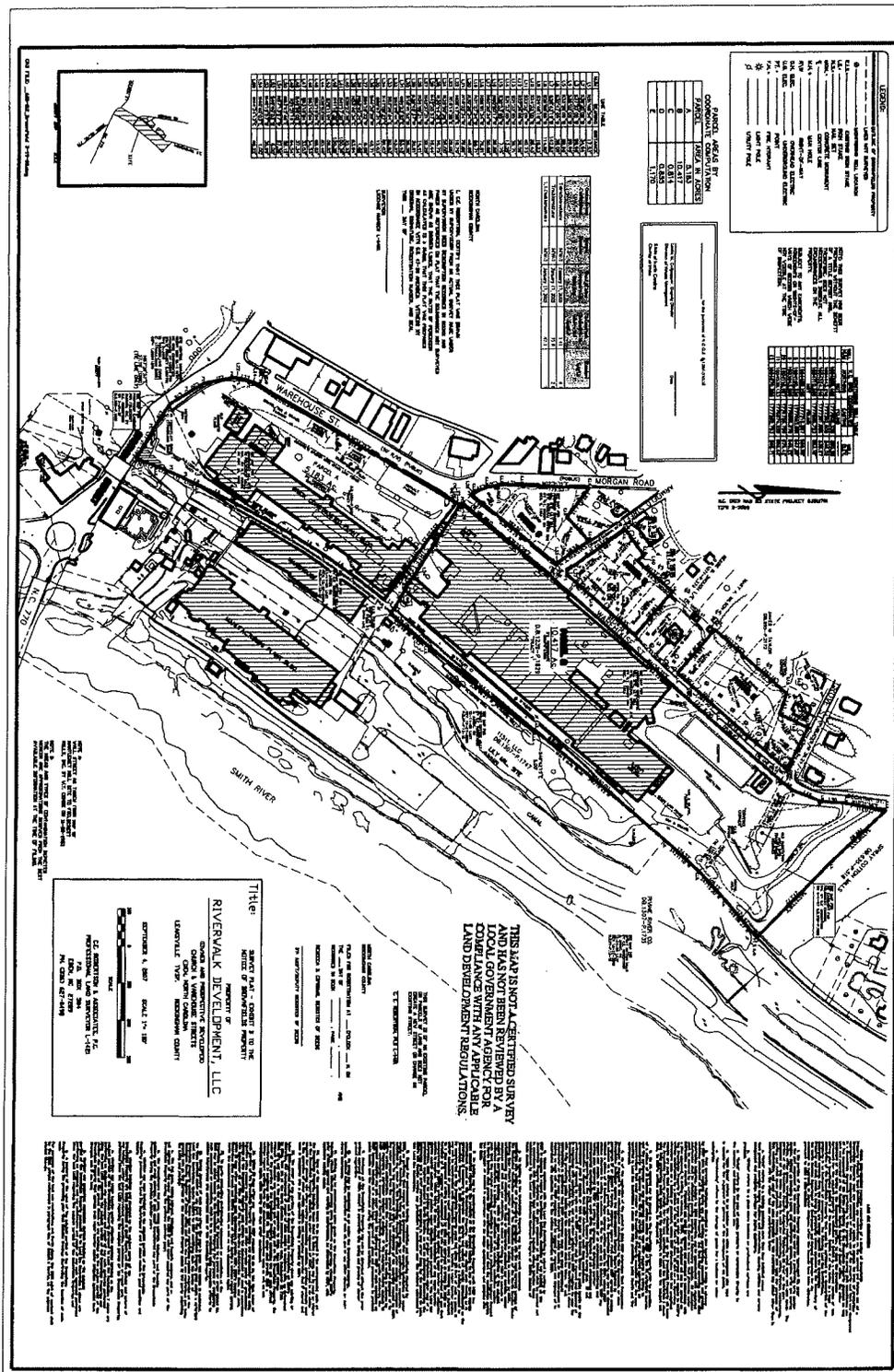


EXHIBIT B:
FULL-SIZE PLAT MAP FILED SEPARATELY

EXHIBIT C

Parcel A:

BEGINNING at a point at the intersection of the eastern property line of Warehouse Street with the southern property line of Wall Street as shown on map hereinafter referred; thence along the southern property line of Wall Street, S. 52 deg. 55' 23" E. 319.29 to a point at a railroad spur line; thence curving in a southwesterly direction, by chord measurement, the following courses and distances: S. 37 deg. 22' 05" W. 99.98 feet, S. 35 deg. 02' 06" W. 99.98 feet, S. 32 deg. 26' 06" W. 99.98 feet, S. 30 deg. 47' 06" W. 28.09 feet, S. 28 deg. 43' 19" W. 142.52 feet, S. 26 deg. 50' 56" W. 114.80 feet, S. 24 deg. 48' 10" W. 10.23 feet, S. 24 deg. 32' 05" W. 26.43 feet, S. 23 deg. 32' 06" W. 40.73 feet, S. 22 deg. 36' 06" W. 38.59 feet, S. 21 deg. 32' 05" W. 36.71 feet, S. 21 deg. 32' 05" W. 13.79 feet and S. 20 deg. 53' 05" W. 7.75 feet to a point in the northern property line of Church Street; thence along the northern property line of Church Street in a curving westerly northeasterly direction, by chord measurement, the following courses and distances: N. 60 deg. 00' 17" W. 38.88 feet, N. 60 deg. 30' 34" W. 50.89 feet, N. 56 deg. 01' 34" W. 76.81 feet, N. 31 deg. 37' 34" W. 58.71 feet, N. 30 deg. 35' 34" W. 49.99 feet, N. 10 deg. 22' 34" W. 76.86 feet, N. 08 deg. 47' 26" E. 16.70 feet, N. N. 16 deg. 14' 26" E. 25 feet and N. 25 deg. 50' 26" E. 25 feet to an iron stake in the eastern property line of Warehouse Street; thence along the eastern property line of Warehouse Street, N. 30 deg. 19' 29" E. 614.89 feet to the point of beginning, being Parcel A containing 5.183 acres as per Survey Plat for Riverwalk Development, LLC, dated September 4, 2007, recorded in Map Book 62, Page 83, Rockingham County Registry.

Parcel B:

BEGINNING at a point at the intersection of the northern property line of Wall Street with the eastern property line of Warehouse Street as shown on map hereinafter referred to; thence along the eastern property line of Warehouse Street, N. 39 deg. 25' 29" E. 285.11 feet, N. 44 deg. 34' 13" E. 45.22 feet, N. 41 deg. 18' 32" E. 784.42 feet to an iron stake; thence continuing N. 44 deg. 34' 13" E. 48 feet to an iron stake at the intersection with the eastern property line of Decatur Street; thence generally along the eastern property line of Decatur Street, which is a curve, by chord measurement, the following courses and distances: N. 21 deg. 31' 10" E. 84.54 feet and N. 03 deg. 42' 46" E. 59.12 to a nail set; thence N. 10 deg. 31' 58" E. 114.07 feet to an iron stake, corner with Spray Cotton Mills; thence along the southern property line of Spray Cotton Mills, S. 43 deg. 08' 53" E. to an iron stake and S. 45 deg. 22' 05" E. 273.72 feet to a point, cornering; thence in a general southwesterly direction, S. 49 deg. 05' 27" W. 124.97 feet to an iron stake, S. 47 deg. 15' 20" W. 105.13 feet to an iron stake, S. 42 deg. 11' 10" W. 124.52 feet to an iron stake, S. 40 deg. 14' 45" W. 450.01 feet to an iron stake, S. 49 deg. 42' 15" E. 5.00 feet to an iron stake, S. 38 deg. 48' 27" W. 365.01 feet to an iron stake and S. 38 deg. 49' 26" W. 126.06 feet to an iron stake in a spur line; thence N. 51 deg. 48' 54" W. 17.53 feet to a point at the eastern terminus of Wall Street; thence generally along the northern property line of Wall Street, N. 57 deg. 13' 57" W. 67.38 feet to a point, S. 40 deg. 40' 03" W. 6.00 feet to a point, N. 49 deg. 19' 57" W. 35.99 feet to a point, N. 40 deg. 40' 03" E. 1.00 feet to an iron stake; thence N. 57 deg. 13' 33" W. 219.05 feet to a point and N. 42 deg. 35' 57" W. to the point of beginning being Parcel B containing 10.417 acres as per Survey Plat for Riverwalk Development, LLC, dated September 4, 2007, recorded in Map Book 62, Page 83, Rockingham County Registry.

EXHIBIT C**Parcel C:**

BEGINNING at a stake at the intersection of the western property line of Warehouse Street with the northern property line of Morgan Road as shown on map hereinafter referred to; thence along the property line of Morgan Road, which is a curve, in a north westerly direction by chord measurement, the following courses and distances: N. 34 deg. 45' 41" W. 14.41 feet to an iron stake, N. 20 deg. 45' 37" W. 30.91 feet to an iron stake, N. 10 deg. 41' 52" W. 35.36 feet to an iron stake and N. 01 deg. 23' 32" W. 53.42 feet to an iron stake; thence continuing along the eastern property line of Morgan Road, N. 02 deg. 31' 11" E. 179.03 feet to an iron stake, cornering; thence S. 52 deg. 26' 41" E. 43.37 feet to an iron stake; thence S. 52 deg. 26' 34" E. 52.93 feet to an iron stake, cornering; thence N. 47 deg. 08' 27" E. 86.03 feet to an iron stake in the southwestern property line of Armfield Street; thence along the southwestern property line of Armfield Street, S. 35 deg. 03' 01" E. to an iron stake at the point of curve of Armfield Street at its intersection with Warehouse Street; thence along the curve, by chord measurement, S. 08 deg. 07' 31" E. 12.03 feet to a nail set in the western property line of Warehouse Street; thence along the western property line of Warehouse Street, S. 39 deg. 25' 29" W. 282.01 feet to the point of beginning being Parcel C as per Survey Plat for Riverwalk Development, LLC, dated September 4, 2007, recorded in Map Book 62, Page 83, Rockingham County Registry.

Parcel D:

BEGINNING at a point at the intersection of the western property line of Warehouse Street with the northern property line of Armfield Street as shown on map hereinafter referred to; thence along the northern property line of Armfield Street, which is a curve, by chord measurement, S. 84 deg. 18' 32" W. 9.05 feet to a point; thence continuing along the northern property line of Armfield Street, N. 35 deg. 03' 31" W. 189.12 feet to an iron stake; thence N. 53 deg. 45' 34" E. 1.82 feet, N. 53 deg. 45' 34" E. 83.64 feet to an iron stake and S. 35 deg. 23' 35" E. 22.33 feet to an iron stake; thence N. 41 deg. 17' 20" E. 124.50 feet to an iron stake; thence S. 48 deg. 41' 28" E. 149.85 feet to a point in the western property line of Warehouse Street; thence along the western property line of Warehouse Street to an through an iron stake, S. 41 deg. 18' 32" W. 240.76 feet to the point of beginning and being Parcel D as per Survey Plat for Riverwalk Development, LLC, dated September 4, 2007, recorded in Map Book 62, Page 83, Rockingham County Registry.

Parcel E:

BEGINNING at a concrete monument at the intersection of the southern property line of Grove Street with the western property line of Warehouse Street as shown on map hereinafter referred to; thence along the western property line of Warehouse Street to an through an iron stake, S. 41 deg. 18' 32" W. 384.30 feet to an iron stake, cornering; thence N. 48 deg. 39' 38" W. 149.91 feet to an iron stake, cornering; thence to an through and iron stake, N. 41 deg. 17' 20" E. 252.18 feet to an iron stake, cornering; thence S. 70 deg. 11' 04" E. 56.25 feet to an iron stake, cornering; thence N. 26 deg. 03' 06" E. 83.49 feet to an iron stake in the southern property line of Grove Street; thence along the southern property line of Grove Street, S. 63 deg. 10' 04" E. 69.02 feet and S. 63 deg. 10' 04" E. 54.53 feet to a concrete monument at the point of beginning and being Parcel E as per Survey Plat for Riverwalk Development, LLC, dated September 4, 2007, recorded in Map Book 62, Page 83, Rockingham County Registry.