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June 30, 2016

VIA FEDEX

Ms. Shirley Liggins
NC Brownfields Program
217 West Jones Street
Raleigh, NC 27603



RE: Mohican Mills, Inc. – Application for Brownfields Agreement under the Ready for Reuse Program for Property at 1515 West Academy Street, Cherryville, NC (“the Property”)

Dear Ms. Liggins:

This law firm represents Mohican Mills, Inc. (“Mohican”). Mohican is the current owner of the above-referenced Property. This letter is transmitting Mohican’s application for a Brownfields Agreement for the above Property under the Ready for Reuse Program. Mohican has not operated at the Property and does not believe it, nor its parent company or affiliates, are responsible parties for the soil and groundwater contamination discovered at the Property. However, while our investigation continues, Mohican has decided at this time that the Ready for Reuse Program makes the most sense to pursue a Brownfields Agreement at the Property. Mohican may later amend its application as a Prospective Developer for your review.

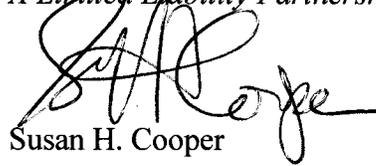
The Property was formerly used as a textile dyeing and finishing operation. Currently, part of the building is leased as a warehouse and the tenant desires to purchase the Property to expand his business. Last year, during the tenant’s due diligence to purchase the Property, impacted soil and groundwater was discovered. Mohican reported this contamination to the NC Inactive Hazardous Sites Branch (IHSB) and has been cooperating with IHSB to make sure there is no threat to human health in the area. It is our understanding the tenant does not want to purchase the Property unless there is a Brownfields Agreement.

Mohican proposes to be the Proxy Prospective Developer with the intent of the tenant ultimately becoming the Prospective Developer. Mohican is also interested in the Redevelopment Now Program.

We look forward to hearing from you soon.

Best regards,

WOMBLE CARLYLE SANDRIDGE & RICE
A Limited Liability Partnership



Susan H. Cooper

SHC/ngb

Enclosure (Brownfields Application, CD with reports, photos and Site Figure)

cc via email: Mr. Bruce Nicholson
cc via email and US Mail: Mr. James Sitterly
Mr. Steve Myers

Brownfields Property Application
North Carolina Brownfields Program
www.ncbrownfields.org

I. PROSPECTIVE DEVELOPER (PD) INFORMATION {USE TAB KEY TO GET TO NEXT DATA ENTRY LINE – DO NOT USE THE RETURN KEY}

A. PD information:

Entity name	Mohican Mills, Inc.
Principal Officer	Steven Myers
Representative	James Sitterly
Mailing Address	Attn: Jim Sitterly, P.O. Box 190, Lincolton, NC 28092
E-mail address	jimsitterly@mohicanmills.com
Phone No.	704-735-2574
Fax No.	
Web site	



B. PD contact person information (i.e., individual who will serve as the NCBP's point of contact if different than above):

Name	James Sitterly
Company	Mohican Mills, INc.
Mailing Address	P.O. Box 190, Lincolton, NC 28092
E-Mail Address	jimsitterly@mohicanmills.com
Phone No.	704-735-2574
Fax No.	

C. Information regarding all parent companies, subsidiaries or other affiliates of PD (attach separate sheet(s) if necessary):

(Use for LLCs)

Member-managed or manager-managed? **Answer:**

If manager-managed, provide name of manager and percent of ownership:

Name

Ownership (%)

Mailing Address

E-Mail Address

Phone No.

Fax No.

For all LLCs, list all members of the LLC and provide their percent of ownership:

Name

Ownership (%)

Mailing Address

E-Mail Address

Phone No.

Fax No.

Name

Ownership (%)

Mailing Address

E-Mail Address

Phone No.

Fax No.

Name

Ownership (%)

Mailing Address

E-Mail Address

Phone No.

Fax No.

Managers of manager-managed LLCs are required to execute all brownfield documents for the LLC; as to member-managed LLCs, state name of member who will sign these documents.

List all parent companies, subsidiaries and other affiliates:

(Use for Partnerships)

Check one: General Partnership Limited Partnership

List all partners and percent of ownership:

Name

Ownership (%)

Mailing Address

E-Mail Address

Phone No.

Fax No.

Is this person a general or limited partner?

Name

Ownership (%)

Mailing Address

E-Mail Address

Phone No.

Fax No.

Is this person a general or limited partner?

List all parent companies, subsidiaries and other affiliates:

(Use for corporations other than LLCs)

(If information is the same as shown in 1.A., please indicate "same as 1.A." below.)

Name same as 1.A.

Mailing Address

E-Mail Address

Phone No.

Fax No.

List all parent companies, subsidiaries and other affiliates:

Fab Industries Corp. is the parent company of Mohican Mills, Inc. Salisbury Manufacturing Corp. is another subsidiary of Fab Industries Corp. Fab Industries Corp. is wholly owned by SSJJJ Manufacturing, LLC

(Use for individuals)

(If individual is the same as shown in 1.A., -please indicate "same as 1.A." above.)

Name

Mailing Address

E-Mail Address

Phone No.

Fax No.

- D. Does PD have or can it obtain the financial means to fully implement a brownfields agreement and assure the safe reuse of the property? *(Attach supporting documentation such as letters of credit, financial statements, etc.)*

Answer This is an application for a Ready for Reuse brownfields agreement. Mohican Mills does have the financial means to develop a draft brownfields agreement.

Explanation

- E. Does PD have or can it obtain the managerial means to fully implement a brownfields agreement and assure the safe use of the property?

Answer This is an application for a Ready for Reuse brownfields agreement. Mohican Mills has an experienced business manager that will team with experienced brownfields consultant and attorney.

Explanation

- F. Does PD have or can it obtain the technical means to fully implement a brownfields agreement and assure the safe use of the property?

Answer Yes. See above response

Explanation

- G. Does PD commit that it will comply (and has complied, if PD has had a prior project in the NCBP) with all applicable procedural requirements of the NCBP, including prompt payment of all statutorily required fees?

Answer Yes

(List all NCBP project name(s) and NCBP project ID numbers where PD or any parent company, subsidiary and other affiliate of PD has been a party to.)

- H. Does PD currently own the property?

Answer Yes

If yes, when did PD purchase the property and from whom? (Provide name, address, telephone number and email address of the contact person for the current property owner.)

This is an application for a Ready for Reuse brownfields agreement. Mohican Mills merged with its affiliate, Travis Knits, Inc. on November 14, 2005. Mohican Mills is the surviving company. The property was previously owned by Travis Knits, Inc..

If no, provide the name, address, telephone number and e-mail address of the contact person for the current property owner

- I. If PD does not currently own the property, does PD have the property under contract to purchase?

Answer

If yes, provide date of contract.

If no, when does the PD intend to purchase the property (e.g., after the project is determined to be eligible for participation in the NCBP, after PD receives a draft BFA, after the conclusion of the brownfields process)?

- J. Describe all activities that have taken place on the property since PD or PD's parents, subsidiaries and/or other affiliates, and/or lessees or sublessees of PD, took ownership of or operated at the property (e.g., industrial, manufacturing or commercial activities, etc.). *(Include a list of all regulated substances as defined at NCGS § 130A-310.31(b)(11) that have been used, stored on, or otherwise present at the property while those activities were conducted, and explain how they were used.)*

This is an application for a Ready for Reuse brownfields agreement. Mohican Mills nor it's former affiliate, Travis Knits, have operated at the Site as affiliates of Fab Industries, Corp. Mohican Mills currently leases part of the facility as a warehouse.

II. SITE INFORMATION

- A. Information regarding the proposed brownfields property:

Proposed project name Former Knitronic, Inc.

acreage 12.13 County Gaston

street address(es) 1515 West Academy Street

city Cherryville zip 28021

tax ID(s) or PIN(s) Parcel ID #130326 and PIN #2589470926

past use(s) The property building was constructed in 1971 for Knitronic Knitting Mills, Inc. (subsequently called Knitronic, Inc.) and additions to the site building were made in the mid-1980's and mid-1990's. The site use history includes textile dyeing, finishing, and warehousing.

current use(s) The current facility is partially vacant in the eastern side of the facility, and the western side is partially used as warehouse storage space by a tenant.

cause(s)/source(s) of contamination:

known In July 2015, soil and groundwater samples were collected at the site by a consultant for the current tenant as part of its due diligence for a potential purchase to assess for potential impacts in the eastern portion of the developed property. The results of the soil analyses indicated that tetrachloroethene (PCE) was detected above the DEQ

Protection of Groundwater (POG) Preliminary Soil Remedial Goal (PSRG). Additionally, cis,1,2-dichloroethene (1,2-DCE), PCE, trichloroethene (TCE), chromium, and lead were detected in groundwater above DEQ 15A NCAC 2L Groundwater Quality Standards (2L Standards). PCE was detected in groundwater at concentrations up to 100,000 µg/l. On November 5, 2015, Subslab vapor (SSV) and indoor air assessment activities were completed by H&H at the facility on behalf of Mohican Mills. Two SSV samples on the eastern, unoccupied end of the building contained PCE concentrations above the NC DEQ Inactive Hazardous Sites Branch (IHSB) Non-Residential Soil Gas Screening Level (SGSL) and one SSV sample on the eastern, unoccupied end of the building contained TCE at a concentration above the Non-Residential SGSL. Four indoor air samples collected in the central and eastern, unoccupied portion of the building contained PCE concentrations above the NC DEQ IHSB Non-Residential Indoor Air and Crawlspace Screening Concentration (IASL).

In January and February 2016, H&H completed soil and groundwater sampling activities at the facility. The assessment activities included the installation and groundwater sampling of nine permanent groundwater monitoring wells and the collection of six soil samples at the site. The results of the assessment indicated a concentration of PCE in the nine soil samples above the IHSB POG PSRGs. Additionally, the residential PSRG for PCE was also exceeded in one soil sample. The result of the groundwater sampling indicated a concentration of PCE above the NCAC 15A 2L Groundwater Standard in five of the nine installed wells. In addition, PCE concentrations in two shallow monitoring wells and three deeper monitoring were detected above its DWM Non-Residential Vapor Intrusion Ground Water Screening Level.

suspected There is a potential for petroleum impacts associated with historical fuel oil use.

- B. Regulatory Agency Involvement: List the site names and all identifying numbers (ID No.) previously or currently assigned by any federal, state or local environmental regulatory agencies for the property. The ID No's may include [CERCLIS numbers](#), RCRA generator numbers for past and present operations, [UST database](#), [Division of Water Quality's incident management database](#), and/or [Inactive Hazardous Sites Branch inventory numbers](#). *(In many instances, the PD will need to actively seek out this information by reading environmental site assessment reports, reviewing government files, contacting government officials, and through the use of government databases, many of which may be available over the internet.)*

Agency Name/ID No: DEQ UST Section LUST/8294

Agency Name/ID No: DEQ UST Section AST/36038

Agency Name/ID No: EPA AIRS/110000348026

Agency Name/ID No: DAQ Air Permit 3489R10 (historical)

Agency Name/ID No: NONCD0002787

Agency Name/ID No:

C. In what way(s) is the property is abandoned, idled, or underused?

The property is located within the city limits of Cherryville and is mostly vacant and is not used to its full potential.

D. In what way(s) is the actual or possible contamination at the property a hindrance to development or redevelopment of the property (attach any supporting documentation such as letters from lending institutions)?

The site is proposed to be redeveloped for warehousing or other industrial purposes. Currently, the tenant is interested in buying the property but wants a brownfields agreement in place. A brownfields agreement will ensure that the property can be safely used, and that future owners and occupants will have the protections and benefits afforded by a Brownfields Agreement. Thus, given the current conditions of the property, Brownfields protection is critical for the success of the project.

E. In what way(s) is the redevelopment of the property difficult or impossible without a brownfields agreement (attach any supporting documentation such as letters form lending institutions)?

The environmental conditions is inhibiting the sale of the property. See response above.

F. What are the planned use(s) of the redeveloped brownfields property to which the PD will commit? Be as specific as possible.

Industrial warehousing. The tenant wants to buy the property to expand his business.

G. Current tax value of brownfields property: \$685,999.00

H. Estimated capital investment in redevelopment project: \$The tenant estimates \$1 million - a new roof is needed and many other upgrades.

I. List and describe the public benefits that will result from the property's redevelopment. Be as specific as possible. (Examples of public benefits for brownfields projects include job creation, tax base increases, revitalization of blighted areas, preserved green space, preserved historic places, improving disadvantaged neighborhood quality-of-life related retail shopping opportunities, affordable housing, environmental cleanup activities or set asides that have community or environmental benefits. In gauging public benefit, NCBP places great value upon letters of support from community groups and local government that describe anticipated improvements in quality of life for neighboring communities that the project will bring about. The inclusion of such support letters with this application is recommended and encouraged.)

Redevelopment of the property will put an idled, former textile mill back to productive use that will create construction and service jobs for the local community; revitalize blighted property and address historical environmental issues making the property safe for reuse.

Special Note: Please describe all environment-friendly technologies and designs PD plans to utilize in its redevelopment strategy. For example, environment friendly redevelopment

plans could include: Leadership in Energy and Environmental Design (LEED) Certification, green building materials; green landscaping techniques such as using drought resistant plants; energy efficient designs, materials, appliances, machinery, etc.; renewable sources of energy, and/or recycling/reuse of old building materials such as brick or wood.

- J. Who will own the brownfields property when the Notice of Brownfields Property is filed with the register of deeds at the conclusion of the brownfields process? (If information is the same as 1.A. above, please indicate.)

Name

Mailing Address

E-Mail Address

Phone No.

Fax No.

III. OTHER REQUIRED INFORMATION

- A. Brownfields Affidavit: PD must provide its certification, in the form of a signed and notarized original of the unmodified model brownfields affidavit provided by NCBP, that it did not cause or contribute to contamination at the property and that it meets all other statutory eligibility requirements. *(Note: The form to use for this affidavit is attached to this application. An original hard copy of this affidavit must be filled out, signed, notarized and submitted with this application.)*

Is the required affidavit, as described above, included with this application?

Answer No - this is a Ready for Reuse application

- B. Proposed Brownfields Agreement Form: PD must provide the completed form Proposed Brownfields Agreement. *(Note: The form to use for this document is attached to this application. It must be filled out, initialed, and attached on your submittal.)*

Is the required Proposed Brownfields Agreement, as described above, included with this application?

Answer Yes

- C. Location Map: PD must provide a copy of the relevant portion of the 1:24,000 scale U.S.G.S. topographic quadrangle map that shows the location of the property, clearly plotted, and that measures at least an 8 ½ by 11 inches. *(Note: these maps can be purchased through the above link, or often through retail outdoor recreation stores that can print out the relevant map. Often environmental reports have location maps that use this type of map format as the base for its location map.)*

Is the required location map included with this application?

Answer yes

D. **Survey Plat:** PD must provide a preliminary survey plat of the brownfields property with the property boundaries clearly identified, and a metes and bounds legal description that matches the property description on the plat. At this stage of the brownfields process, one or more existing survey plats from a previous property conveyance will suffice. *(Before the brownfields project enters the public comment phase of the brownfields process, the PD will be required to submit a final brownfields survey plat which includes the information listed in the brownfields survey plat guidance.)*

Is the required preliminary survey plat included with this application?

Answer **to be provided

E. **Site Photographs:** PD must provide at least one pre-redevelopment photograph of the property, in either hard copy or electronic format, that shows existing facilities and structures. **Please note that the NCBP prefers to have electronic photos instead of or in addition to hard copies. Electronic copies of photographs should be emailed to: Shirley.Liggins@ncdenr.gov with a clear indication as to which Brownfields Application they apply to.**

Are photographs of the property included with this application?

Answer Yes

Have electronic copies of the photographs been emailed to NCBP?

Answer They will be on a disc with other documents and mailed to the NCBP Project Manager

F. **Environmental Reports/Data:** If it makes an affirmative eligibility determination, the NCBP will request that PD provide any and all existing environmental reports and data for the property on **CD only**. The brownfields process may be expedited if PD submits such reports/data with this application.

Are any environmental reports/data being submitted with this application?

Answer Yes

If environmental reports/data are being submitted with this application, please provide the title, date and author of each item being submitted:

Phase I Environmental Site Assessment; 7/27/2015; Blue Ridge Environmental Services (Please note that previous assessment reports related to the site are included in the Appendix F of this report)

Phase II Environmental Site Assessment; 8/20/15; Blue Ridge Environmental Services Subslab/Indoor Air Assessment; 12/16/15; Hart & Hickman, PC

Soil and Groundwater Assessment Report; March 15, 2015; Hart & Hickman, PC

IV. ADDITIONAL REQUIRED FORMS

The following forms are to be filled out and submitted with the application including the Responsibility and Compliance Affidavit and the Proposed Brownfields Agreement. Submittal of the Affidavit requires signature and notarization, and the Proposed Brownfields Application requires an initial.

NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY

NORTH CAROLINA BROWNFIELDS PROGRAM

IN THE MATTER OF: <<Company Name>>

**UNDER THE AUTHORITY OF) AFFIDAVIT
NORTH CAROLINA GENERAL) RE: RESPONSIBILITY
STATUTES 3 130A-310.30, et. seq.) AND COMPLIANCE**

<<PROSPECTIVE DEVELOPER NAME>>, being duly sworn, hereby deposes and says:

1. I am <<Title>> of <<Company>>.
2. [if signatory is not President, add this paragraph: "I am fully authorized to make the declarations contained herein and to legally bind <<Company>>."]
3. <<Company>> is applying for a Brownfields Agreement with the North Carolina Department of Environmental Quality, pursuant to N.C.G.S. 3 130A, Article 9, Part 5 (Brownfields Act), in relation to the following <<Parcel Number(s)>>parcel(s) in <<City>>, <<County>> , County, North Carolina: <<Street Address No. 1, Street Address No. 2, etc.>>
4. I hereby certify, under the pains and penalties of perjury and of the Brownfields Act, that <<Company>>, and any parent, subsidiary or other affiliate meets the eligibility requirements of N.C.G.S. 3 130A-310.31(b)(10), in that it has a *bona fide*, demonstrable desire to develop or redevelop, and did not cause or contribute to the contamination at, the parcel(s) cited in the preceding paragraph.
5. I hereby certify, under the pains and penalties of perjury and of the Brownfields Act, that <<Company>> meets the eligibility requirement of N.C.G.S.3130A-310.32(a)(1) in that it and any parent, subsidiary or other affiliate have substantially complied with:
 - a. the terms of any brownfields or similar agreement to which it or any parent, subsidiary or other affiliate has been a party;
 - b. the requirements applicable to any remediation in which it or any parent, subsidiary or other affiliate has previously engaged;
 - c. federal and state laws, regulations and rules for the protection of the environment.

Affiant further saith not.

Signature/Printed Name

Date

Sworn to and subscribed before me

this _____ day of _____, 20__.

Notary Public

My commission expires: _____

(SEAL)

Preliminary Proposed Brownfields Agreement

I. Property Facts

a. Property Address(es): 1515 West Academy Street

b. Property Seller: Mohican Mills, Inc.

c. Property Buyer: Buyer is anticipated to be an affiliate of the current tenant in a portion of the warehouse, Carolina Fibers, LLC

d. Brief Property Usage History: Historical information available for the site indicated that the building located at 1515 West Academy Street was constructed in 1971 with additions being built on to the building between 1983 to 1993 and 1993 to 1998. During that time, the facility was used as a textile drying and finishing facility. The facility is currently partially utilized as a warehouse storage space.

e. The planned reuse will potentially involve the following use classification(s) (check all that apply):

- School/childcare/senior care
- Residential
- Commercial, retail (specify)
- Other commercial (specify) warehousing
- Office
- Light industrial
- Heavy industrial
- Recreational
- Open space
- Other (specify)

II. Contaminant Information

a. The contaminant situation at the property is best described by the following (check all that apply):

- Contaminants are from an on-property source(s)
- Contaminants are from an off-property source(s)
- Contaminants are from an unknown source(s)
- Contaminants have not yet been documented on the property

b. Contaminated Media Table. (If known, check appropriate boxes below)

Contaminant Types	Soil		Groundwater and/or Surface Water		Private Wells		Vapor Intrusion	
	known	Suspected	known	Suspected	known	suspected	known	suspected
o r g a n i c s	Chlorinated Solvents (list):	X PCE 1,1,1,2-PCE		X PCE cis-1,2-DCE, TCE			X PCE	
	Petroleum: ASTs <input checked="" type="checkbox"/> USTs <input checked="" type="checkbox"/> Other <input type="checkbox"/>		X					
	Other (list):							
i n o r g a n i c s	Metals (list):	X Cr Pb						
	Other (list):							

III. Protective Measures

I am prepared to take steps necessary to make the property suitable for its planned uses while fully protecting public health and the environment. I propose that NCBP consider a brownfields agreement that will make the property suitable for the planned use(s) through the following mechanism(s) (check all that apply):

- Contaminant remediation to risk-based levels.
- Engineered Controls (e.g., low permeability caps, vapor mitigation systems, etc)
- Land use restrictions that run with the land that will restrict or prohibit uses that are unacceptable from a risk assessment/management perspective. (*Important Note: In any*

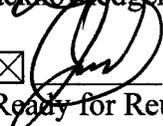
final brownfields agreement generated by the NCBP, land use restrictions will ultimately come with the continuing obligation to submit an annual certification that the Land Use Restrictions are being complied with and remain recorded at the applicable register of deeds office.)

IV. Fees

In connection with a brownfields agreement, the Act requires that the developer pay fees to offset the cost to the Department of Environmental Quality and the Department of Justice. In satisfaction of the Act, the following fees apply to a brownfields agreement that is developed for this project under the standard program, subject to negotiation of the brownfields agreement:

- a. A \$2,000 initial fee will be due from the applicant PD when **both** of the following occur:
 - 1) NCBP receives this application, the affidavit and proposed brownfields agreement, AND
 - 2) NCBP notifies the applicant in writing that the applicant PD and the project are eligible for participation in the NCBP and continued negotiation of a brownfields agreement.
- b. A second fee of \$6,000 will be due from the PD prior to execution of the brownfields agreement. Should the prospective developer choose to negotiate changes to the agreement that necessitate evaluation by the Department of Justice, additional fees shall apply.
- c. Any addendum/modifications to the BFA or NBP after they are in effect will result in an additional fee of at least \$1,000.
- d. In the unexpected event that the environmental conditions at the property are unusually complex, such that NCBP's costs will clearly exceed the above amounts, NCBP and PD will negotiate additional fees.
- e. Additional fees are charged for the Ready for Reuse and Redevelopment Now programs.

 Please check this box and initial in space provided to indicate your acknowledgement of the standard brownfields fee structure.

 Please check this box and initial in space provided to indicate your interest in the Ready for Reuse or the Redevelopment Now programs, and your acknowledgement of the alternate fee structure as outlined in the Ready for Reuse or the Redevelopment Now Fee Consent Document (under separate cover).

Date of Submittal: 6/29/2016