

August 24, 2006

Mr. Tony Duque
Program Manager, NC Brownfields Program
Division of Waste Management
NC Department of Environment and Natural Resources
401 Oberlin Road, Suite 150
Raleigh, North Carolina 27605

Re: Brownfields Letter of Intent

Dear Mr. Duque:

Proposed Developer AZAS LLC (“AZAS”) respectfully submits this Brownfields Letter of Intent with respect to a proposed redevelopment project at 6012 High Point Road, Greensboro, Guilford County, North Carolina.

AZAS is aware that another Letter of Intent for this property has been submitted previously to your office on behalf of a different prospective developer: DaimlerChrysler Commercial Buses North Carolina LLC (“DCCBNC”). DCCBNC is the present owner of the project site. AZAS is the prospective purchaser.

AZAS qualifies as a separate prospective developer under the North Carolina Brownfields Program and its governing statutes and rules. AZAS requests that its letter of intent be evaluated separately from that of DCCBNC; that is, this letter of intent is not a request that AZAS and DCCBNC be treated as co-prospective developers.

1. NAME AND CONTACT INFORMATION OF PROSPECTIVE DEVELOPER.

The prospective developer, AZAS LLC is a manager-managed limited liability company organized under North Carolina law. Andrew Zimmerman is the manager. The other member of AZAS is Arthur Samet. The prospective developer may be contacted with the following information:

Address: 6012 High Point Road
Greensboro, NC 27407
E-mail: andyz@legacypaddlesports.net
Telephone: (336) 454-8385
Facsimile: (336) 858-1222

2. NAME, CONTACT INFORMATION OF CONTACT PERSON FOR THE PROSPECTIVE DEVELOPER.

Name: Andrew Zimmerman
Title: Managing Partner
Address: 6012 High Point Road
Greensboro, NC 27407
E-mail: andyz@legacypaddlesports.net
Telephone: (336) 454-8385
Facsimile: (336) 858-1222

and

Legal representative: George W. House
Address: 230 N. Elm St., Suite 2000
Greensboro, NC 27401
E-mail: ghouse@brookspierce.com
Telephone: (336) 373-8850
Facsimile: (336) 378-1001

3. NAME AND CONTACT INFORMATION OF ALL PARENTS, SUBSIDIARIES, AND OTHER AFFILIATES.

The majority of the site will be leased to Legacy Paddlesports LLC (“Legacy”), a manager-managed limited liability company organized under North Carolina law. Andrew Zimmerman is also the manager of this corporation. Legacy may be contacted with the following information:

Name: William W. Medlin
Title: Executive Vice President and Chief Operations Officer
Address: 6012 High Point Road
Greensboro, NC 27407
E-mail: billm@legacypaddlesports.net
Telephone: (336) 454-8385
Facsimile: (336) 858-1222

and

Legal representative: George W. House
Address: 230 N. Elm St., Suite 2000
Greensboro, NC 27401
E-mail: ghouse@brookspierce.com
Telephone: (336) 373-8850
Facsimile: (336) 378-1001

The other member of Legacy is Holyoke L. Whitney. Legacy also has an eight-member board of directors. The members of the board are Messrs. Zimmerman and Whitney and the following individuals: Merriam Beckman, Carolyn Shea, Mike Hooks, Micah Goldstein, Jack Africk, and William Medlin. The officers of Legacy are the following:

President and CEO	Andy Zimmerman
Executive Vice President and COO	William W. Medlin
Vice President of Sales	Mike Hooks
Treasurer / Secretary	Joseph Mallory

Legacy will be operated pursuant to an operating agreement among Andy Zimmerman, Holyoke Whitney, Legacy, and Heritage BoatWorks, Inc. Heritage is a Rhode Island corporation that has manufactured kayaks since 1997. It is owned and managed by Mr. Whitney. The contact information for Mr. Whitney at Heritage is as follows:

Address: 6012 High Point Road
Greensboro, NC 27407
E-mail: hlw@thewhitneygroup.net
Telephone: (336) 454-8385
Facsimile: (336) 858-1222

4. PROPERTY DESCRIPTION, PAST AND PRESENT USE, AND KNOWN CONTAMINATION.

Address: 6012 High Point Rd.
Greensboro, Guilford County, North Carolina 27407

Acreage: approximately 37 acres

Description: The site is presently owned by DaimlerChrysler Commercial Buses North Carolina LLC (“DCCBNC”), which purchased the site in October 2004. The site is located near Guilford Technical Community College and New Guilford College Road, in Jamestown.

The site has been graded and developed with a main building of approximately 250,000 square feet under roof and a vehicle wash building (bay) located west of the main building. A hazardous materials storage shed (with a concrete floor) is located east of the wash bay. Access to the site is from High Point Road to the east. There are parking areas between High Point Road and the main building. Parking areas for employees and for buses are located south and west of the main building. A chain link fence separates the developed portion of the site property from a wooded area north of the main building. An inactive rail spur is located in this area and extends to the adjoining Alberdingk Boley property to the east.

Until recently, the main building was divided into space for DCCBNC (the present owner) and for Setra of North America (a tenant). Both are in the business of customizing and servicing transport vehicles; Setra services large buses and DCCBNC concentrates on smaller, Sprinter vans. DCCBNC occupied a majority of the space, though it has been actively using only a portion of its space. Its space in the main building consists of office space, production areas (including areas for maintenance, painting, and customization of bus vehicles), and storage areas. Its operations include two paint booths, though painting operations have been limited recently. Its space also includes a hazardous materials and paint storage room with a concrete floor and a floor drain connected to an oil water separator located outside the southwest corner of the main building. Setra of North America continues to use space for offices, a showroom, and a maintenance area. Recently, Legacy has also begun to use some space in the facility to make preparations for manufacturing canoes and kayaks, as described below.

A stream flows through the north end of the property, from east to west. According to a site assessment report by S&ME (April 24, 2006), drainage on the northern, wooded end of the property is toward this stream. A stormwater drainage structure is located northeast of the main building, and S&ME reports that drainage from the west portion of the property appears to flow into this structure. S&ME also reports that a stream also flows through the southern portion of the property, also from east to west, and that drainage on the southern portion of the property generally flows toward this second stream. The two streams converge west of the site and flow into Bull Run Creek.

S&ME reports that potable water services are provided to the site by the City of Greensboro and sanitary services are provided by the City of High Point. S&ME did not observe evidence of any on-site water supply wells or a septic system.

S&ME also reports that there is a former construction debris landfill partially located on the northern portion of the site. That landfill apparently received a notice of no further action after remedial work was performed in 2002.

The site property is located in an area of Guilford County that has historically had a low density of industrial use but has recently seen an increasing mix of industrial, commercial, and residential development. The property is zoned Light Industrial, which is defined by the Jamestown Development Ordinance as being “primarily intended to accommodate limited manufacturing, wholesaling, research and development and related commercial/service activities which, in their normal operations, have little or no adverse effect upon adjoining properties.” The immediate vicinity of the property is comprised primarily of other industrial properties.

The property is bounded:

- (a) *On the north*, by a wooded area and, beyond, by residential development;
- (b) *On the west*, by Guilford College Road (a new connector);
- (c) *On the south*, by a wooded area and, beyond, by New Guilford College Road extension; and
- (d) *On the east*, by the Alberdingk Boley facility (the former Burlington Industries facility), at 6008 High Point Road.

Federal EIN: 20-4913821

Current use: As described above, DCCBNC and Setra of North America continue to occupy the site and operate a business of customizing and servicing large bus transport vehicles and Sprinter vans. The area that has been actively used by these operations has diminished significantly over the last few years.

Within the last month, Legacy has begun to move equipment to the site and upfit the facility. Activities to date have included installing and testing equipment, training employees, and partially remodeling the interior layout. Legacy has established a small research and development room, where new kayak designs have been evaluated. A limited number of kayaks have also been produced to help tune the sophisticated ovens and molds used to make them. Legacy has not commenced significant manufacturing operations to date.

Past uses: The site property apparently was developed originally by Burlington Industries, Inc. in the late 1960s and early 1970s. S&ME’s site assessment report (April 24, 2006) states that aerial photographs from 1937, 1955, and 1966, and USGS topographic maps from 1951 and 1968 show the property to be wooded. A portion of the existing main building is visible in a 1970 aerial photograph, and the rail spur also is visible in this photograph.

Historically, the site was part of a larger, approximately 65 acre tract owned by Burlington Industries. According to S&ME's assessment report (April 24, 2006), part of this larger tract (6008 High Point Road) was operated by Sedgefield Specialties Division of Burlington Industries, and another part of the tract (the proposed brownfield site at 6012 High Point Road) was operated by the Jamestown Distribution Center Division of Burlington Industries. S&ME's report suggests that the Jamestown Distribution Center Division operated at least through 1984 and the neighboring Sedgefield Specialties Division operated at least through 1992.

AZAS understands that, while Sedgefield Specialties was in operation, it received many types of chemicals in bulk tanks or in drums and processed a variety of chemicals for use by other Burlington facilities, mixing, blending, re-packaging, and shipping the chemicals to other Burlington manufacturing facilities. Some of these materials were received by and shipped from the facility by the rail spur located on the site, and when Burlington sold the adjoining 37-acre tract that AZAS intends to purchase, it retained an easement across the site property for the rail spur which allowed Burlington to continue to use the railroad spur track for the transport of raw materials, finished goods, and other goods and supplies in connection with Burlington's operations. DCCBNC has indicated it never has used the rail spur, and neither AZAS nor Legacy intend to use it either.

AZAS understands that the larger 65-acre tract was subdivided and the proposed brownfields site was acquired by Precision Fabrics Group in the 1980s. S&ME reports that the 6012 High Point Road address was listed in historical city directories under "Precision Fabric Group, Inc." in 1989 and 1992 and under "Precision Technology" in 1998 and 2000. DCCBNC acquired the site in October 2004.

AZAS understands that, in 1997, Burlington sold the remaining portion of the Sedgefield Specialties property to Sequa Chemicals, Inc., which conducted similar chemical blending, mixing, and re-packaging operations. AZAS also understands that manufacturing operations ceased on this adjacent 27-acre tract in 1999. Since then, AZAS understands that Alberdingk Boley, Inc. purchased the site (6008 High Point Road) in 2002 and is now operating the former Sedgefield Specialties facility as a polyurethane and polyacrylate emulsions manufacturing facility.

Known/suspected contamination:

As discussed above, the proposed project site was once part of a larger tract owned and operated by Burlington Industries. The larger tract has since been divided into two tracts:

6008 High Point Road: 27 acres, formerly operated by Sedgefield Specialties Division and now owned by Alberdingk Boley, Inc.

6012 High Point Road: 37 acres, formerly operated by Jamestown Distribution Center Division and now owned by DCCBNC. This is the proposed project site.

AZAS understands that the adjacent property at 6008 High Point Road has known contamination (chlorinated and petroleum hydrocarbons) originating from the time that Sedgefield Specialties Division operated this property. The adjacent property is listed in the State of North Carolina Inactive Sites database because of this contamination. AZAS also understands that prior investigations of the known contamination have been conducted by Burlington (pursuant to a Consent Order with NC DENR) and by Alberdingk Boley, a prospective developer for the adjacent 27-acre tract, pursuant to a Brownfields Agreement with NC DENR.

The investigations have determined that some of the contamination released on the adjacent 27-acre tract (now occupied by Alberdingk Boley) have migrated onto the proposed brownfields site that is the subject of this letter of intent. S&ME's assessment report (April 24, 2006) indicates that the primary area of contamination that has migrated to the proposed project site (6012 High Point Road) is located in the wooded area north of the main building, near rail spur and the stream that crosses the northern portion of the site.

S&ME conducted some limited testing of the groundwater and stream sediments on the proposed project site (6012 High Point Road) in the spring of 2006. S&ME installed four monitoring wells:

- B-1: north of the main building, near the existing railroad spur and near MW-21D (a vertical extent well previously installed to assess contamination from the neighboring Alberdingk Boley property);
- B-2: northwest of the main building, near the hazardous waste storage shed;
- B-3: southwest of the main building, near the underground storage tank; and
- B-4: in the parking lot east of the main building (as background, not sampled).

S&ME sampled these four wells, plus five existing wells (MW-21D, MW-16, MW-19, MW-20, and MW-24) previously installed to assess contamination from the neighboring Alberdingk Boley property. S&ME also collected samples of stream sediments at two locations along the northern stream that separates the site from the neighboring Alberdingk Boley property.

Groundwater sample results from the previously-installed wells (not those wells installed by S&ME) showed several organic compounds exceeding North Carolina 2L standards. These compounds include 1,2,4-trichlorobenzene; 1,2,3-trichlorobenzene; chlorobenzene; 1,4-dichlorobenzene; and 1,1-dichloroethene. These compounds (and other organic compounds detected in concentrations below 2L standards) have been present in these wells in prior investigations.

Two of the monitoring wells installed by S&ME (B-1 and B-2, just north of the main building) showed a few organic compounds previously detected in the existing monitoring well network, but none of these compounds are present above 2L standards. However, samples of these two monitoring wells also showed a compound not previously detected in the existing monitoring well network: p-isopropyl-toluene. S&ME's Phase II sampling services report (April 24, 2006) states that the source of this constituent is unknown.

Both stream sediment samples contained metals at concentrations below the Inactive Hazardous Sites Branch Soil Remediation Goals. S&ME's Phase II sampling services report suggests that some or all of these metals constituents could be naturally occurring. The stream sediment sample from the more downstream location (Stream #1, collected near MW-19 adjacent to the former landfill area) contained acetone, 2-butanone, and toluene, all at concentrations below the Soil Remediation Goals. S&ME's Phase II sampling services report states that these constituents have documented source areas on the adjacent Alberdingk Boley property and have been reported in groundwater samples collected from the adjacent Alberdingk Boley property.

Complete copies of the following S&ME environmental assessment reports were attached as part of DCCBNC's earlier letter of intent:

PHASE I ENVIRONMENTAL SITE ASSESSMENT
(S&ME, Inc., April 24, 2006)

PHASE II SAMPLING SERVICES
(S&ME, Inc., April 24, 2006)

In summary, the most recent analytical results show the groundwater on the northern/northwestern area of the site has been impacted by several organic compounds at concentrations exceeding North Carolina 2L standards. The source of this contamination apparently is the former operations of Sedgefield Specialties on the neighboring property now owned by Alberdingk Boley. Testing of more recent groundwater wells installed just north of the main building has also found another compound (p-isopropyltoluene), the source of which has not been determined.

AZAS understands that DCCBNC and Setra employed 200-300 employees at the site at one time, but they have been cutting back their operations on the site over the last few years. Recently, DCCBNC and Setra have been actively using only about fifty percent of the useable space in the main building. The remaining approximately 163,000 square feet of commercial space in the main building has not been used by these occupants as part of their primary business purpose. Without redevelopment by AZAS and Legacy, the site would remain underused.

AZAS's pre-purchase due diligence investigation has confirmed that groundwater contamination above North Carolina's 2L standards exists on the site. The confirmed contamination on the site has impeded the sale or redevelopment of the property. The Guilford County Development Office identified at least two other potential purchasers for the site. Environmental contamination was the primary reason that one company chose to pass on the site, and contamination played a role in the decision of the other. Both companies negotiated from the position that a

brownfields agreement or other liability protection mechanism would be an essential element for any transaction involving the site.

The present purchase contract between DCCBNC (the present owner) and AZAS (the prospective developer) provides that the sale is contingent on either DCCBNC or AZAS receiving a Letter of Eligibility from the Brownfields Program pursuant to NCGS 130-310.30 *et seq.* Though AZAS believes most or all of the confirmed contamination on the site is attributable to the adjacent Alberdingk Boley property, AZAS is unwilling to purchase the site without protections for the existing contamination.

Moreover, AZAS has arranged to borrow funds from a lending institution to finance its purchase of the property. The bank's willingness to make funds available has been influenced by the availability of AZAS to obtain a brownfields agreement or other liability protection.

For all these reasons, AZAS believes that the liability risks associated with the site has hindered or prevented sale or redevelopment of the site without a brownfields agreement.

5. *INTENDED USE(S) OF THE REDEVELOPED PROPERTY.*

Legacy recently acquired a kayak maker in Rhode Island, Heritage BoatWorks, Inc. Heritage is a Rhode Island corporation that has manufactured kayaks since 1997. As mentioned above, Legacy has begun to relocate Heritage's equipment to the site, and plans to move substantially all of the operations and inventory from the Rhode Island Heritage facility to North Carolina.

Legacy intends to use much of the space in the main building on the site for the manufacture of both plastic and high-end composite kayaks and canoes. Plastic kayaks and canoes will be molded in "rock-and-roll" ovens. Raw plastic pellets are poured into an aluminum mold, which is simultaneously heated and rotated in an oven. This process causes the plastic pellets to melt and cling to the side of the mold. Once it has cooled, the formed boat is removed and scrap plastic is manually cut away. Legacy plans to operate three ovens in this production process, which will produce on the order of 500 plastic boats per week.

Legacy will manufacture a smaller number of high-end, fiberglass composite kayaks at the site. These boats will be made by placing pieces of fiberglass cloth over a hand-made mold and applying a resin for hardening. Legacy intends to produce 3,000 to 4,000 composite boats per year. Legacy also plans to conduct some sewing operations at the site to manufacture watersport accessories such as cockpit covers and/or spray skirts for kayaks.

Heritage is a well-known kayak manufacturer that had approximately \$ 4 million in sales in 2005. Legacy intends to manufacture boats under both the existing "Heritage" brand and a new "Native Watercraft" brand. Legacy will also produce watersport accessories, such as paddles, flotation devices and spray skirts under the brand "watertrail." Legacy relies on this paperless form of communication to promote its products as part of its larger effort to use as little paper as possible.

Legacy projects that its annual sales will start at approximately \$4.5 to 5 million in the first year and grow to approximately \$7 to 8.5 million in the second year. Legacy expects to employ approximately 240 employees over the next three years. Most are employees who will work fabricating kayaks, canoes, and accessories. Additional jobs will be created for office, sales, and maintenance positions. Most of these employees will be hired from the local area (they will be new hires), with only approximately seven employees expected to transfer from the Heritage facility in Rhode Island. The average wage of Legacy's employees will be approximately \$730 per week, not including benefits. This average wage is approximately ten percent higher than the current average Guilford County weekly wage.

Legacy also expects to lease approximately 30 percent of the main building back to DCCBNC, the present owner of the site. DCCBNC and Setra will continue to use this leased space for its current operations for an initial term of five years.

A total \$2.4 million dollars in private capital will be invested over the next few years in improvements to infrastructure and equipment at the site. Legacy plans to invest at least \$1.4 million over the next three years in remodeling, site improvements, and facility upgrades. The improvements will include cleaning, landscaping, painting, office remodeling, upgrading lighting, heating, and manufacturing equipment, improving factory readiness, developing molds, increasing air conditioning capacity, and resurfacing the parking lot. Legacy also will transfer or purchase equipment for the redeveloped site valued at \$ 1 million.

The prospective developer estimates the value of the property after redevelopment to be at least \$ 8.4 million.

6. PUBLIC BENEFITS FROM REDEVELOPMENT.

The redevelopment of the property by the prospective developer will provide the following public benefits:

First, the redevelopment will return the site to full productive use. The redevelopment will reuse the majority of a large facility that otherwise would not be put to productive use. *Second*, the prospective developer expects the redevelopment project will result in the creation of an additional 240 jobs over the next three years – jobs that will pay a higher wage than the current average wage in Guilford County. *Third*, the redevelopment is a “smart growth” initiative, in that it uses land in a previously developed area for commercial use, which avoids the need to develop previously undeveloped land. *Fourth*, the redevelopment will result in an increase in the tax base of the City of Greensboro.

The State of North Carolina has recognized the public benefits of the redevelopment of the site for kayak and canoe manufacturing. Legacy was awarded a grant of \$100,000.00 from the One North Carolina Fund to open its manufacturing facility in North Carolina. A copy of a news release from the Governor's Press Office announcing this grant is enclosed as Exhibit A.

7. *PROSPECTIVE DEVELOPER'S FINANCIAL, MANAGERIAL, AND TECHNICAL MEANS.*

The prospective developer, AZAS LLC, has the financial means to purchase the site and undertake the proposed redevelopment. Member Arthur Samet is an established real estate developer with experience developing properties in this area.

The company that will lease the underused space at the facility, Legacy Paddlesports, LLC, is poised to become a major national player in the watersports business. The Legacy name derives from the extensive experience of the company's employees and its commitment to producing high quality products. Legacy will be assuming control of the well-known Heritage brand of kayaks. This brand has been built by successful entrepreneur, deal-maker, and lifelong paddler, Holyoke Whitney. Mr. Whitney will remain active in the management of the firm.

Legacy will also draw from local talent with extensive experience in watersport manufacturing. Legacy's President and CEO, Andrew Zimmerman, started building kayaks in North Carolina by hand in the 1980's. By the 1990's, he sold kayaks under the Wilderness Systems brand. He moved the company to a larger space in Randolph County, where he and Legacy's COO Bill Medlin quickly grew the business to \$12 million in sales before it was merged with canoe manufacturer Mad River and other companies to become Confluence Watersports, one of the country's largest watersport manufacturers. Operating out of Randolph County, Confluence Watersports manufactured a full line of kayaks and canoes, including boats for recreational, whitewater and high-end consumers.

Mr. Zimmerman was the chief executive officer of Confluence Watersports from 1997 until 2001. Mr. Medlin served as chief operating officer during this time. Mr. Medlin also replaced Mr. Zimmerman as CEO of Confluence Watersports for approximately one year.

Under the leadership of Mr. Zimmerman and Mr. Medlin, Confluence Watersports did up to \$30 million in annual sales with approximately 275 employees. Confluence Watersports was merged with competitor Watermark in spring of 2005, and all operations were moved to Easley, South Carolina. Very few employees from North Carolina were transferred to the new facility. Many of these experienced boat makers who worked with Mr. Zimmerman and Mr. Medlin plan to work together again as part of Legacy Paddlesports.

Messrs. Zimmerman, Medlin, and Whitney bring their combined years of experience in the kayak and canoe manufacturing business to this redevelopment project. Mr. Zimmerman and his project team know this industry well and are capable and qualified to redevelop the site and create a successful manufacturing business. None of these businessmen ever has filed for bankruptcy and all are in good standing with local lenders. The redevelopment will be financed by a bank that has

ties with the management going back to Mr. Zimmerman's days building kayaks under the Wilderness Systems brand.

Part of what distinguishes Legacy from its competitors is its commitment to environmental protection, conservation, and preservation. Legacy plans to introduce the industry's first re-usable packaging, significantly reducing waste going to landfills. Legacy also plans to produce boats with high-grade resins that will last longer than its competitors' boats, further reducing waste. Legacy has designed a new seat utilizing recyclable polyester that does not require the use of CFC's in its production, unlike seats made by its competitors. Legacy also has committed to donating money from the purchase of every boat to help preserve natural resources.

Thus, the prospective developer has or has access to the financial, technical, and managerial means to accomplish the proposed redevelopment.

8. *A COMMITMENT THAT THE PD WILL (AND HAS, IF PD HAS HAD A PRIOR PROJECT IN THE PROGRAM), COMPLY WITH ALL APPLICABLE PROCEDURAL REQUIREMENTS OF THE NC BROWNFIELDS PROGRAM, INCLUDING PAYMENT OF ALL STATUTORILY REQUIRED FEES.*

As signified by the execution of this Letter of Intent, Andrew Zimmerman, manager of the prospective developer, AZAS LLC, the prospective developer commits to comply with all applicable procedural requirements of the North Carolina Brownfields Program, including payment of all statutorily required fees. Neither the prospective developer nor any of its related entities ever has developed a property covered by a Brownfields Agreement or otherwise participated in the North Carolina Brownfields Program.

9. *CERTIFICATION IN THE FORM OF A SIGNED AND NOTARIZED ORIGINAL OF A MODEL AFFIDAVIT PROVIDED BY DENR THAT:*

- a. The PD, its parent companies, subsidiaries, partners and affiliates did not cause or contribute to the contamination at the property; and***
- b. The PD, and any parent company, subsidiary, partner and affiliate have substantially complied with the terms of any Brownfields Agreement, the requirements applicable to any remediation in which the PD has previously engaged, and Federal and state laws, regulations, and rules for the protection of the environment.***

A signed and notarized original affidavit is attached hereto as Exhibit B.

10. *THE LOCATION OF THE PROPERTY PLOTTED ON A 1:24,000 U.S.G.S. TOPOGRAPHIC QUADRANGLE MAP.*

A USGS topographic quadrangle map showing the location of the property is included as part of DCCBNC's earlier letter of intent.

11. *A SURVEY PLAT OF THE PROPERTY WITH THE PROPERTY BOUNDARIES CLEARLY IDENTIFIED, AND A METES AND BOUNDS LEGAL DESCRIPTION THAT MATCHES THE PLAT .*

A survey plat of the property identifying the property boundaries is attached as part of DCCBNC's earlier letter of intent.

12. *AT LEAST ONE PRE-DEVELOPMENT PHOTOGRAPH OF THE PROPERTY THAT SHOWS EXISTING FACILITIES AND STRUCTURES.*

Photographs of the site taken in spring of 2006 are included as Exhibit III to the attached S&ME Phase I report attached as part of DCCBNC's earlier letter of intent.

We look forward to working with your office on this project. Please contact me if you require additional information.

Sincerely,

AZAS LLC

By:



Andrew Zimmerman
Manager

Enclosures

cc w/out enclosures: George House

bcc: Lori Hinnant

Donald G. Sparrow



Michael F. Easley
Governor



North Carolina Office of the Governor

Release: **IMMEDIATE**
Date: June 28, 2006

Contact: Lauren Carrier
Phone: 919 733-5612

GOV. EASLEY ANNOUNCES 244 JOBS IN GUILFORD COUNTY \$100,000 One North Carolina Fund Grant Helps Legacy Paddlesports Open in N.C.

RALEIGH – Gov. Mike Easley today announced that Legacy Paddlesports will open a facility in Guilford County, creating 244 new jobs and investing \$2 million over the next three years. The announcement was made possible in part by a \$100,000 One North Carolina Fund grant.

"Legacy Paddlesports' decision to locate in North Carolina means an additional 244 good-paying jobs for the people of Guilford County," Easley said. "We will continue to make the right investments in education, infrastructure and workforce development so that North Carolina remains the top destination for company relocation and expansion."

Legacy Paddlesports will relocate the recently acquired Bristol, Rhode Island-based kayak company, Heritage Kayaks, to a plant near Jamestown. The company will manufacture plastic and high-end composite kayaks and canoes at the new facility. While wages will vary by job function, the expected average weekly wage of the new jobs is \$729 plus benefits, which is higher than the Guilford County average weekly wage of \$659, not including benefits.

"Availability of well-trained workers, the commitment to provide additional training, a great location and financial assistance, make Guilford County a smart choice for our rapidly developing business," said Andy Zimmerman, president and CEO of Legacy Paddlesports. "North Carolina's support of the development of paddle trails, ecotourism, and conservation of water resources are additional non-monetary decision factors."

"This is another sign that our community and our state are sailing in the right direction when it comes to attracting good jobs," said Senator Kay Hagan (D-Guilford.)

The One North Carolina Fund assists the state in industry recruitment and expansion by providing financial assistance through local governments to attract business projects that will stimulate economic activity and create new jobs in the state. One North Carolina Fund grants require and are contingent upon a local

match. Through the use of this Fund, more than 19,000 jobs and \$3 billion in investment have been created since 2001.

Other partners who helped make this announcement possible include the N.C. Department of Commerce, Guilford County and the Greensboro Economic Development Partnership. For more information about the company and employment opportunities, please contact Teresa Pendergrass at 336 299-5055.

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NORTH CAROLINA DEPARTMENT OF ENVIRONMENT
AND NATURAL RESOURCES

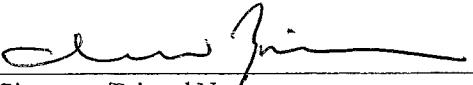
IN THE MATTER OF: AZAS LLC

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

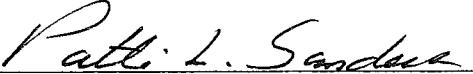
ANDREW ZIMMERMAN, being duly sworn, hereby deposes and says:

1. I am Manager of AZAS LLC.
2. I am fully authorized to make the declarations contained herein and to legally bind AZAS LLC.
3. AZAS LLC is applying for a Brownfields Agreement with the North Carolina Department of Environment and Natural Resources, pursuant to N.C.G.S. § 130-A, Article 9, Part 5 (Brownfields Act), in relation to the following parcel(s) in Greensboro, Guilford County, North Carolina: 6012 High Point Rd.
4. I hereby certify, under the pains and penalties of perjury and of the Brownfields Act, that AZAS LLC, and any parent, subsidiary or other affiliate meets the eligibility requirements of N.C.G.S. § 130A-310.31(b)(10), in that it 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 AZAS LLC meets the eligibility requirement of N.C.G.S. § 130A-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.

 Andrew Zimmerman 8/24/06
Signature/Printed Name Date

Sworn to and subscribed before me
This 24th day of August, 2006

 Notary Public

My commission expires: 8-9-07

