



Alcoa Primary Metals

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July 13, 2000

Hand Delivered

Mr. Gary Allen
KEJ Marketing Company, Inc.
10800 Sikes Place, Suite 250
Charlotte, NC 28277

Gary,

KEJ Marketing Company, Inc. ("KEJ") and Alcoa Power Generating Inc., through its Yadkin Division ("Yadkin"), have engaged in a number of discussions regarding KEJ's construction of certain marina facilities within the Narrows Reservoir, a part of the Yadkin Project licensed by the Federal Energy Regulatory Commission ("FERC"). The proposed marina facilities would consist of four marinas (each able to accommodate 12 watercraft) and one boat launch ramp (together, the "Marina Facilities"). As described in more detail below, owners of property in Heron Bay a residential subdivision on the Narrows Reservoir, are proposed to use the Marina Facilities. The Heron Bay Homeowners' Association ("HBHOA") is proposed to be responsible for operation (including maintenance) of the Marina Facilities.

At this time, Yadkin is preparing to file an application with the FERC for permission to allow construction of the Marina Facilities by KEJ and their operation by the HBHOA. KEJ will have an opportunity to review the application and will need to verify and concur with its contents. Certain important terms and conditions to be included in the permits to construct and/or operate the Marina Facilities have been developed through the exchange of numerous documents between KEJ and Yadkin. In order to accurately memorialize these terms and conditions, this letter incorporates the major points of our understandings and agreements into a single document ("Letter Agreement"). The terms and conditions described below will be the basis upon which Yadkin seeks FERC approval of the permits, many of which will be incorporated into the application to FERC.

Yadkin hereby seeks KEJ's acknowledgment as to the following understandings and agreements, subject only to any modifications or conditions required by FERC in its approval:

1. KEJ or the HBHOA will assign the right to use from 39 to 44 or the total number of slips on the Marina Facilities to, or for the benefit of, certain residential lots in

Heron Bay. Based on the assignment of the right to use a specified slip, present and future owners of a residential lot receiving such assignment will not be eligible to apply to Yadkin for permission to construct a private individual or shared pier pursuant to Yadkin's Specifications for Private Recreation Facilities ("Specifications"), unless the specific marina on which that residential lot's slip is located is removed or the Marina Facilities' operating permit from Yadkin is terminated and the lot owner was not responsible for that termination.

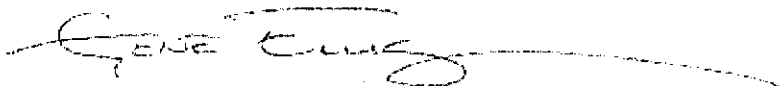
2. With the prior written consent of the owner of the lot receiving the slip assignment, however, KEJ or the HBHOA may allow other lot owners in the Heron Bay subdivision, their guests and invitees, to use that slip, but such assignment does not relieve the assigned slip lot owner of responsibility for complying with the conditions of the slip assignment as set forth in this Letter Agreement. Consent by the assigned slip lot owner to the slip's use by others does not make that lot owner eligible to apply to Yadkin for permission to construct a private pier.
3. Each assigned slip lot owner must comply with Yadkin's Shoreline Stewardship Policy ("Policy") and other policies, procedures and requirements, including all requirements regarding setbacks and vegetation removal on the lot itself and, if applicable, the Yadkin-Managed Buffer adjoining the lot that are applicable to homeowners who have a permit to maintain a private pier. These lot owners must also comply with any other applicable provisions contained in the operating permit for the Marina Facilities.
4. KEJ and the HBHOA will be responsible for the enforcement of the foregoing conditions of assignment of slips to owners of residential lots in Heron Bay set forth in paragraphs 1 and 2 above (the "Slip Assignment Conditions"). If KEJ or the HBHOA fails to enforce the Slip Assignment Conditions Yadkin retains the right to revoke the assignment of the slips to individual lot owners upon providing due notice to KEJ, the HBHOA and the affected lot owner of its intent to do so. In the event of a failure to enforce the Slip Assignment Conditions, KEJ and the HBHOA will be obligated to reimburse Yadkin for all of its costs and expenses, including without limitation attorneys' fees, incurred in taking action against lot owners who fail to comply with the Slip Assignment Conditions.
5. Enforcement of the Slip Assignment Conditions by KEJ and the HBHOA will be one of the conditions of the permit from Yadkin to operate the Marina Facilities. Failure to enforce the terms of the permit will be grounds for termination of the permit to operate the Marina Facilities.
6. KEJ and the HBHOA will undertake reasonable steps to ensure that the lot owners being assigned a slip on the Marina Facilities, and subsequent purchasers of these lots, are advised in writing of the Slip Assignment Conditions and the enforcement provisions set forth in paragraph 3, above. Such reasonable steps shall include, but not be limited to, creation of a slip assignment document signed by the lot owner that is recorded in the chain of title with the deed for the lot in question. At Yadkin's request, KEJ and the HBHOA will provide to Yadkin copies of any written notification.

7. KEJ or the HBHOA intend to designate 4 to 5 of the unassigned slips on the Marina Facilities for general use by Heron Bay property owners. Owners of residential lots not assigned the right to use a specific slip on the Marina Facilities will not waive the right to seek permission to construct an individual or shared private pier pursuant to Yadkin's Specifications.
8. The boat launch ramp will be designated for general use by Heron Bay property owners.
9. Yadkin has agreed to grant a waiver of the water depth requirement of eight feet for certain of the Marina Facilities because of both the limited number of sites development wide with sufficient water depth and agency recommendations. Under Yadkin's Policy, Yadkin may permit alteration of the existing reservoir bottom or shoreline or modification of rocks, soil, sand, and sediment (including dredging and excavation) on rare occasions, but only if such modification to the shoreline will enhance habitat for fish or wildlife. Yadkin will permit such activities only with the concurrence of the appropriate agencies.
10. In light of the presence of water willow beds in the vicinity of the Marina Facilities and in keeping with agency recommendations, certain of the Marina Facilities must be constructed so that they span the water willow beds. The base of each structure will be at least two feet above the 541.1 foot contour (Yadkin datum, normal full pool) of Narrows Reservoir, with a maximum horizontal width of six feet.
11. In the event tree removal is required for construction of the Marina Facilities, KEJ will (and the construction permit will so provide that) trees will be replaced in a 2:1 ratio (two trees planted for every one removed).
12. KEJ or the HBHOA may make and use access paths to the Marina Facilities across the Yadkin-Managed Buffer in accordance with Yadkin's Policy.
13. KEJ represents that if approved as proposed, the Marina Facilities and the conditions set forth in the preceding paragraphs will be consistent with the deed restrictions and restrictive covenants applicable to lots within the Heron Bay subdivision as well as any other agreements and representations between KEJ and Heron Bay lot owners ("Covenants and Agreements"). KEJ agrees to indemnify, hold harmless and defend Yadkin and Alcoa Inc., respectively, from and against any and all claims, demands, actions, liabilities, judgments, costs and expenses, including without limitation attorneys' fees, arising out of or related to allegations of inconsistencies between the Covenants and Agreements and the permits for the Marina Facilities, including the understandings and agreements set forth in this Letter Agreement.
14. KEJ represents that it has the necessary authority to enter into this letter agreement on behalf of the HBHOA, and that by KEJ's execution of this letter on behalf of the HBHOA, the HBHOA will be bound by the understandings and agreements set forth in this Letter Agreement, as if the HBHOA had executed this letter on its own behalf. Once executed by KEJ, all applications and permits

regarding the Manna Facilities shall remain binding and enforceable legal obligations of the HBHOA.

15. Notwithstanding anything in the preceding paragraphs, KEJ's responsibilities under this Agreement for its own acts or omissions, or the acts or omissions of others, including without limitation the HBHOA, will cease as regards any such future acts or omissions as of the later of (1) the date the homeowners assume control of the HBHOA from KEJ pursuant to the terms of the existing documents creating the HBHOA; or (2) five (5) years after the execution of this agreement by KEJ.

Please signify your agreement with the foregoing by signing both copies of this letter where indicated below, and return one original copy to me for my files.



Gene Ellis
Environmental & Natural Resources Manager

Acknowledged and agreed to this 14 day of
July, 2000:

KEJ MARKETING COMPANY, INC.

By: Will P. Hill

Its: Vice President