

River Reach Progress Report – 1st Quarter 2011

Significant progress continues to be made on the River Reach Project. The initial phase of demolition is underway, and forecasted to be completed in the 2nd Quarter of 2011. Phase I of demolition will result in the removal of Plant 1 (roughly 180,000 square feet of building), and help to prepare roughly 15 acres for development. The following is a summary of project activities during the 1st quarter of 2011:

Economic Incentives

- Received approval of the Act 381 Work Plan from the Michigan Department of Environmental Quality (MDEQ) on February 8, 2011 for all scope items in the plan (with the exception of environmental insurance). This approval means full Tax Increment Financing (TIF) approval for all eligible activities (Michigan Economic Growth Association approval was obtained in 2010) other than environmental insurance.
 - River Reach participating in a follow up conference call with MDEQ to talk about the environmental insurance denial, and will provide additional information to MDEQ with hopes of also getting costs of environmental insurance also approved.

Environmental and Demolition

- Phase I demolition work is nearing completion; all above grade structures have been removed from the site, including the former pump house on the river bank, however a Soil Erosion & Sediment Control Permit needs to be approved by the Michigan Department of Environmental Quality (MDEQ) before the sub-grade portion of the pump house can be removed. Contractor continues to work on removing sub-grade basements/slabs/vaults in the future River Reach Blvd. right of way. Contractor had underestimated the task of removing the sub-grade structures in the right of way; this has not resulted in a change order but has been delaying the completion. The final clean up and demobilization is currently scheduled for late April or May depending on timing of the permit approval.
 - Approximately 8,186 cubic yards of non-hazardous demolition debris has been disposed of at a C&D landfill
 - A total of 2,400 gallons of non-hazardous water from Vault #3 was disposed of at EQ Detroit on 3/21/2011. A total of 2,000 gallons of non-hazardous water from Vault #3 was disposed of at EQ Detroit on 3/23/2011. A running total of 4,400 gallons of non-hazardous water has left the site.
 - A total of 600 gallons of hazardous water containing cadmium from Vault #1 was disposed of at EQ Detroit.
- Requested small change order from the Michigan Department of Environmental Quality (MDEQ) to use grant and loan funding in order to allow demolition contractor to seal off piping and pipe chase along Hercules Ave. This work was not included in the original scope. Change order was approved, and work was completed.
- Concrete crushing work began in January, and continued for the rest of the quarter; thus far, a total of 22,275 tons of concrete has been crushed.

- Final remaining asbestos containing material was removed in January, asbestos abatement is now 100% completed.
- Conducted daily air monitoring during demolition per the air monitoring work plan. No exceedances of DNRE-approved exposure criteria were measured.
- River Reach Partners and ERM contacted various local excavation companies and general contractors to determine the availability and price of clean fill, with hopes that other projects would be looking to get rid of excess fill and we could take it for little to no cost to help with grading, etc. Thus far responses indicate that fill is available and rather inexpensive, but no free fill as of yet.

Public Relations and Marketing

- Worked with Signature Associates (real estate brokers) to list various development parcels on the MLS system.

Builder/Developer Pursuit

- Renewed discussions with a large local developer about the project. River Reach pitched a concept to the developer about an option contract, whereby we allow the developer to control a parcel for a set period of time while they try to find tenants. If they are successful in finding tenants, then they would exercise the option contract and purchase the parcel and begin construction. River Reach Partners anticipates receiving a Letter of Intent from this company in the 2nd Quarter of 2011.
- Received preliminary interest in the office building from a local developer that rehabilitates older buildings. Signature Associates (real estate brokers) took that interested party on a tour of the building in late February.

Miscellaneous

- Provided additional information requested by insurance carriers for the various insurance policies which were bound in December 2010, including coordinating an inspection to the office building.
- Worked with the City of Parchment to board up a few recently broken windows in the office building.
- Hired a local roofing contractor to repair/patch the roof of the office/admin building, which was leaking in areas due to the very wet spring weather.