

## River Reach Progress Report – 2<sup>nd</sup> Quarter 2010

### Summary

Progress continues on the River Reach Project. The demolition project manual and specifications were produced, and a bid walk was held with eight different companies who were prequalified. Actual demolition bids are anticipated to be received in July. The Phase I conceptual land plan was finalized, and a new marketing package was produced and distributed to regional developers, which focuses on Phase I of the redevelopment and the financial incentives available to vertical builders.

### Economic Incentives

- Continued to work with Warner Norcross & Judd and ERM to respond to questions from Michigan Department Natural Resources and Environment (“MDNRE”) relating to the Act 381 work plan, and submitted a revised work plan in April. Approval of this plan is required to capture \$5 million of state TIF for environmental costs associated with the project. Approval of this plan is also required prior to incurring costs which will be funded by the existing brownfield redevelopment loan from MDNRE.
- Submitted the Grant and Loan Reallocation request to MDNRE, a formal procedure to shift existing grant and loan funds to Phase I of the project and fund as much demolition as possible. Responded to several questions from MDRNE, and revised the document a few times per MDNRE’s request. Approval of the Reallocation is anticipated in July of 2010.
- Re-engaged in discussions with Michigan Economic Development Corporation (MEDC) related to securing a large (\$10M) MBT credit for the redevelopment.

### Environmental and Demolition

- Collected information from multiple interested demolition companies, and worked with ERM, The City, and MDNRE to pre-qualify these companies. As a result eight companies were selected to bid on the project. Qualification process was a combination of experience in similar projects, financial strength, health and safety records, etc.
- Submitted multiple versions of demolition project manual and specifications to MDNRE, and received approval in May.
- The demolition bid package was sent to the eight selected contractors. A pre-bid meeting was held in early June, with a bid site walk conducted a few weeks later. Demolition bids are anticipated to be received in early July.
- Building Materials Characterization Report was completed and submitted to MDNRE
- Submitted a draft of the Phase II Environmental Site Assessment (ESA) sampling results to MDNRE for review in conjunction with the Act 381 work plan. Work continues on the comprehensive Phase II ESA summary report.

- Field work for the Phase II ESA is on-going, including follow-up concrete/masonry sampling, asbestos and lead based paint assessments, and additional soil and groundwater sampling.
- A site walkover with Consumers Energy was held on Thursday 6/17 in an attempt to determine which power lines are active and must remain. Additional research was performed by Consumers after the meeting and a follow-up walkover is scheduled for 6/22 to review available information.

#### Development

- Completed and finalized land plan for Phase I of the redevelopment project, which focuses on the Southern portion of the property (Plant 1) along Riverview Drive.
- Worked with OCBA (land planners) to prepare and evaluate various entry features which may be constructed at the entry to the redevelopment (Riverview Drive and the future River Reach Blvd)

#### Public Relations and Marketing

- Worked with Signature Associates (real estate brokers) to develop a new marketing package for the project, with an emphasis and Phase I.
- Sent new marketing package brochure to a wide array of local and regional developers
- Continued to work with Signature Associates (real estate broker) in marketing efforts for the property.

#### Builder/Developer Pursuit

- Participated in multiple conference calls with an interested party, who was looking at potential reuse of various buildings, and Signature Associates participated in a site walk. Unfortunately this party did not turn out to be credible purchaser.

#### Miscellaneous

- Scheduled a walk thru of the adjacent Hercules/Ashland property, in which the demolition experts from ERM were able to access the property with the goal of evaluating the costs of demolishing most of the structures. This information will be used in negotiations with Hercules/Ashland on a potential acquisition.