

River Reach Progress Report – 1st Quarter 2010

Summary

Progress continues on the River Reach Project. A new Phase I conceptual land plan was produced, for the purpose of engaging in more substantive conversations with developers about parcels available for development as well as bring more clarity to the specifications of Phase I from a technical standpoint. Demolition specifications have been prepared, and eighteen demolition companies submitted materials in order to be considered for the demolition work. A formal review of the bidder list was completed by ERM and submitted to our team and the City for review. A meeting was held with MDNRE staff to review the final bidder list and tentatively approved by MDNRE.

The project continues to experience some delays in work plan reviews and approvals from Michigan Department Natural Resources and Environment ("MDNRE"). The team is pursuing more aggressive actions in order to try and streamline the path forward and maintain the project schedule.

Economic Incentives

- Worked 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 on March 1, 2010. 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.
- Prepared Grant and Loan Reallocation request, a formal procedure to shift existing grant and loan funds to Phase I of the project and fund as much demolition as possible. This request package will be submitted in early April.

Environmental and Demolition

- Completed container abandonment field work efforts, prepared and submitted summary report to submit to MDNRE.
- Continued Phase II environmental investigations, including soil borings, groundwater well installation, and building materials sampling.
- Completed field work relating to asbestos and lead based paint assessments.
- Installed temporary fencing around Plant 1 to provide additional security in advance of planned Phase 1 asbestos removal and building demolition.
- Submitted revised Demo Bid Specs work plan (#3a) to MDNRE based on comments and requests. Revised work plan included greater cost detail and other clarifications.
- Began pre-qualification process for demolition companies, eighteen interested companies submitted qualifications to our consultant, ERM.
- Prepared internal draft of the demolition bid specifications package, which was sent to MDNRE in April for review and approval.

- Worked with City of Parchment and ERM to prepare work plans for MDNRE Grant and Loan programs, and participated in several project meetings and calls with MDNRE to provide more information and address concerns/questions from MDNRE related to work plans and project activities.
- Held a conference call with the City of Parchment, ERM, and MDNRE to discuss work plan and project status, and attempt to get better responsiveness from MDNRE with respect to work plan reviews and approvals. MDNRE continues to take a long time reviewing work plans and granting approvals, and these delays have impacted the project schedule adversely.

Development

- Completed 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 development team (brokers, development consultants, technical consultants, land planners) to evaluate various Phase I opportunities and constraints, and developed a preferred land plan depicting redevelopment parcels, infrastructure, landscaping, and entry feature.
- Retained Niblick Builders as a development consultant for the project, who will assist on the conceptual development of Phase I as well as on specifications relating to land development activities.
- Worked with Niblick Builders and ERM to evaluate grading/filling options and strategies for Phase I, which is a component of the demolition bid specification preparation.

Legal

- Drafted and negotiated an easement with the City of Parchment for the relocation of the existing water main. This easement will be used as a template for future utilities in the River Reach Project.

Public Relations and Marketing

- Worked with City of Parchment to design project sign informing public of upcoming planned development activities.
- Continued to work with Signature Associates (real estate broker) in marketing efforts for the property.

Builder/Developer Pursuit

- Discussed land pricing and availability with an interested developer.
- Re-established communication with another large local developer to talk about their potential involvement/development opportunities.
- Continued conversations and research to assist a senior living developer and consultant evaluate the River Reach Property for age restricted and assisted living development demand and feasibility.

Miscellaneous

- Re-engaged in talks with Hercules/Ashland about the acquisition of their property for inclusion into the River Reach project.