

## **River Reach Project Progress Report – 1<sup>st</sup> Quarter 2009**

River Reach Partners LLC acquired the former mill property in Parchment Michigan on December 30, 2008. The following is a summary of River Reach Partners activities and progress on the project for the first quarter of 2009.

### **Economic Incentives**

- River Reach Partners submitted (in December of 2008) a Part 1 application to the Michigan Economic Development Authority (MEDC) for tax increment financing (TIF) and Michigan Business Tax (MBT) Credits for the project
  - MEDC's initial reaction was to support TIF for the project, and MBT credits for commercial development, but reluctance to support MBT credits for residential development
- River Reach Partners and the City of Parchment held two follow up meetings with MEDC (including a formal meeting in Lansing MI) to better understand the concern relating to residential MBT credits, and convey to MEDC the critical nature of the MBT credits for the residential portions of the project to overall project feasibility
- Development team currently evaluating strategy for future negotiations with MEDC

### **Tax Increment Financing Bonds**

- Held two meetings with a national investment banking company to discuss timing, costs, and challenges associated with issuance/sale of TIF Bonds for the project

### **Environmental**

- Worked with City of Parchment and Environmental Resources Management (ERM) to prepare initial work plans for Michigan Department of Environmental Quality (MDEQ) Grant and Loan programs, and participated in kick-off meeting and subsequent project meetings
- Engaged ERM through the Parchment BRA to perform a Phase I environmental assessment
- Contacted Georgia Pacific regarding environmental issues/contamination that Georgia Pacific is responsible for on the Southern end of the mill property
- Fielded calls from several interested demolition contractors, prepared a file of interested companies to revisit when bid materials are ready
- Reviewed drafts of Baseline Environmental Assessment prepared by ERM, a final was submitted to MDEQ and accepted on March 30, 2009
- Submitted Work Plan #2 to MDEQ for review. Approved on March 30, 2009

### **Legal**

#### *Real Estate*

- Discussed various zoning options and strategies with City of Parchment (City Manager Dennis Durham and City Attorney Bob Soltis)
  - Reviewed Adaptive Reuse for applicability and desirability

### *Brownfield*

- Produced (via our law firm Warner Norcross & Judd) a Brownfield Plan for the project, which was submitted to the Parchment Brownfield Redevelopment Authority and approved. Approval by the Parchment City Commission is anticipated on April 6, 2009

### **Public Relations & Marketing**

- Held a public Open House in conjunction with the City of Parchment on February 16<sup>th</sup>
  - Worked with City on press releases, event planning, invitations to VIP's, etc
  - Hired O'Boyle Cowell Blaylock & Associates to produce a new project rendering depicting future development, as well as enlarge and print previously created land plans and renderings for the Open House (now on display in Parchment Library)
- President & CEO Eric Williams interviewed with various local media

### **Builder/Developer Pursuit**

- Met with various local and regional builders/developers to present the project opportunity and discuss levels of interest
- Met with local developers/general contractors to discuss potential renovation and reuse of the office building
  - Including informal outreach to local medical facilities to explore the potential need for additional medical office space
- Researched potential for use of historic credits related to renovation of the office building
- Contacted Home Builders Association of Greater Kalamazoo to get more information on the organization and its members

### **Miscellaneous**

- Secured office building to prevent further degradation of the building

### **Summary**

The project is proceeding according to the timeline presented in the Redevelopment and Purchase Agreement between River Reach Partners LLC and The City of Parchment