

## River Reach Project Progress Report – 3<sup>rd</sup> Quarter 2009

River Reach Partners, LLC (River Reach Partners) 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 third quarter of 2009.

### Economic Incentives

- Submitted a formal Part II application for a mini Michigan Business Tax (mini MBT) credit for the office/admin building to Michigan Economic Growth Authority (MEGA) on August 31, 2009. Approval is anticipated in the fourth quarter of 2009.
- Received a “letter of support” for a large MBT credit for the project in the future from the Michigan Economic Development Corporation (MEDC) in July of 2009. River Reach Partners was informed by MEDC that they had allocated all three of their annual large credits for non-core communities in 2009 and the River Reach Project would have to reapply for a large MBT credit in 2010.
- Submitted final Act 381 work plan to MEGA and to the Michigan Department of Environmental Quality (MDEQ) on September 14, 2009.
  - Approval of this work plan is critical in order to capture state related taxes for the tax increment financing (TIF) component of the project. Approval is anticipated in the fourth quarter of 2009 from MEGA and MDEQ.

### Environmental & Demolition

- Worked with City of Parchment and Environmental Resources Management (ERM) to prepare work plans for MDEQ Grant and Loan programs, and participated in several project meetings and calls with MDEQ to provide more information and address concerns/questions from MDEQ related to work plans and project activities, relating to:
  - Preparation of Site Summary and Conceptual Site Model for the Project, which was submitted to MDEQ as an attachment to the Phase II Environmental Site Assessment Work Plan (which was previous submitted in Q2 2009)
  - Preparation of a project schedule and “road map” of anticipated project activities
  - Preparation of a Bid Package for Abandoned Container Removal (Work Plan # 2c)
  - Submittal of Work Plan #3b for Building Materials Characterization in September 2009
- Engaged ERM to evaluate project phasing opportunities and constraints from a demolition/environmental remediation/mass grading perspective, as well as provide cost estimates for various phasing options.
- Informed by ERM that slow response from MDEQ in review and approval of work plans has started to negatively impact the project schedule. Thus, activities that need to occur prior to obtaining demolition bids for the project (such as Building Materials

Assessments, etc) have extended beyond the initially forecasted timeframe. Due to the sequential nature of these project activities, the anticipated start time of future activities could be delayed.

### **Legal**

- Worked with Warner Norcross & Judd to draft a Brownfield Reimbursement Agreement, which was sent to City Parchment. This agreement was approved and signed by River Reach Partners and the City of Parchment in September 2009.
- Continued to work with ERM and Warner Norcross & Judd to prepare the ACT 381 work plan. Final work plan was submitted to the MEGA on September 14<sup>th</sup> 2009.

### **Public Relations & Marketing**

- Continued to work with Signature Associates in marketing efforts for the property

### **Builder/Developer Pursuit**

- Participated in conference calls and meetings with a couple of local developers who expressed an interest in various vertical components of the project. The initial meetings were positive and River Reach Partners continues to work with these interested parties to formulate a possible business arrangement (either a partnership or a future sale agreement).

### **Miscellaneous**

- Hired local contractor to perform mowing and landscaping on the property

### **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; however, delays in the MDEQ Grant and Loan activities due to a slower than expected response from MDEQ may potentially delay the commencement of demolition into 2010.