

River Reach Progress Report – 3rd Quarter 2010

Progress continues on the River Reach Project. The Reallocation Request was formally approved by Michigan Dept. of Natural Resources and Environment (MDNRE), as was the demolition work plan and contractor selection (Bierlien Companies). These two approvals were critical to the success of the project, and as a result demolition is scheduled to commence in the 4th Quarter of 2010. The following is a summary of the project activities which occurred in the 3rd Quarter of 2010:

Economic Incentives

- The reallocation request (to shift grant and loan money towards Phase I demolition) was approved by the Michigan Dept. of Natural Resources and Environment (MDNRE) on July 12th.
- Multiple conference calls were held with ERM & Warner Norcross & Judd (WNJ) regarding the environmental insurance approval issues related to the Act 381 work plan. Frontier Renewal provided language about typical PLL coverage to incorporate into revised work plan.

Environmental and Demolition

- Demolition bids were received on July 9th. Five different companies submitted bids for both Phase I and for Phase II (everything other than Phase I). The bidders also bid three different scenarios for each phase, including:
 - Option 1: Demolish buildings down to slabs
 - Option 2: Demolish buildings and slabs (leave foundations)
 - Option 3: Complete removal of buildings and all subsurface structures
- River Reach Partners and the City of Parchment elected to proceed with Phase I/Option 1, and have selected Bierlien Companies, a national demolition contractor based in Michigan as the demolition contractor. ERM, the firm currently administering the grant and loan activities on behalf of the City will act in an oversight/construction management capacity. The demolition work plan was prepared and will be submitted to MDNRE in early August for review and approval.
- Received approval of the work plan and contractor (Bierlein) for the Phase I demolition from the Michigan Dept. of Natural Resources and Environment (MDNRE) on August 27th. Phase I will result in the demolition of roughly 178,000 square foot of buildings.
- Revised demolition specifications prior to contracting, including:
 - Elected to keep foundation of the Pump House to avoid permitting delays and expense.
 - The scope of work for the parking lot located between Hercules Avenue and Island Avenue will be revised to exclude removal of pavement in the future road right of way and puncturing of remaining pavement. Pavement in this area will mitigate potential direct contact concerns until road construction occurs.

- River Reach Partners and the City of Parchment selected ERM to provide oversight for the upcoming demolition activities. ERM has been performing all of the environmental investigations, building materials characterizations, as well as putting together the demolition bid specification package on the project. They were the firm best qualified and intimately knowledgeable about the property, and ultimately provided a very competitive bid for the oversight role.
- Submitted draft Air Monitoring Plan to the Michigan Dept. of Natural Resources and Environment.
- Worked with ERM and Bierlein to fine tune the scope of the demolition, resulting in some additional cost savings to the project.
- Submitted Soil Erosion Control Permit application to Kalamazoo County, this permit is required prior to demolition beginning.

Public Relations and Marketing

- Collaborated with City of Parchment for Demolition Kick-Off Ceremony, scheduled to be held on October 5th, 2010.
- Worked with Signature Associates on new marketing techniques and collateral material.

Builder/Developer Pursuit

- Provided market information to Senior/Assisted Living Development Consultant in order to evaluate the market and feasibility for such a use/product on the River Reach Site.
- Met with prominent local developer, hoping to engage them in the project. Provided project overview information, as well as detailed financial analysis to show the impact of the MBT credits.

Miscellaneous

- Scheduled a walk thru of the Plant 1 structures with OCBA architects for early October, to determine historical or architectural significance of any items/materials and attempt to salvage.