Local Development Finance Authority

Regular Meeting Agenda

Monday, April 8, 2013
4:00 p.m., Council Chambers
South Haven City Hall

City of South Haven

1. Call to Order

2. Roll Call

Chairman Art Bolt, Thomas Erdmann, Eugen Gawreliuk, Mike Henry, Robert Herrera, Lynn Kerber, Andy Klavins, Larry Lewis, Mike Rainey, Christine Valentine, Janice Varney.

3. Approval of Agenda

4. Approval of Minutes – February 11, 2013 Regular Meeting

5. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

6. Financial Report

7. Invoices for Approval - LDFA 3

Bohn Property
Midwest Civil Engineering, Temporary Lighting Plan Design, $2,400.00

8. LDFA Budget

9. Bohn Property

Environmental Work

Office Demolition Grant

11. Economic Development Report

12. General Comments

13. Adjourn

SOUTH HAVEN CITY HALL IS BARRIER FREE AND THE CITY OF SOUTH HAVEN WILL PROVIDE THE NECESSARY REASONABLE AUXILIARY AIDS AND SERVICES FOR PERSONS WITH DISABILITIES, SUCH AS SIGNERS FOR THE HEARING IMPAIRED AND AUDIO TAPES OF PRINTED MATERIALS BEING CONSIDERED AT THE MEETING TO INDIVIDUALS WITH DISABILITIES AT THE MEETING UPON SEVEN (7) DAYS NOTICE TO THE SOUTH HAVEN CITY HALL.

RESPECTFULLY SUBMITTED,
Paul VandenBosch
Secretary, Local Development Finance Authority

SOUTH HAVEN CITY HALL IS BARRIER FREE AND THE CITY OF SOUTH HAVEN WILL PROVIDE THE NECESSARY REASONABLE AUXILIARY AIDS AND SERVICES FOR PERSONS WITH DISABILITIES, SUCH AS SIGNERS FOR THE HEARING IMPAIRED AND AUDIO TAPES OF PRINTED MATERIALS BEING CONSIDERED AT THE MEETING TO INDIVIDUALS WITH DISABILITIES AT THE MEETING UPON SEVEN (7) DAYS NOTICE TO THE SOUTH HAVEN CITY HALL.

Local Development Finance Authority

Regular Meeting Minutes

Monday, February 11, 2013
4:00 p.m., Council Chambers
South Haven City Hall

City of South Haven

1. **Call to Order by Valentine at 4:00 p.m.**

2. **Roll Call**

   Present: Erdmann, Gawreliuk, Herrera, Kerber, Valentine, Varney
   Absent: Bolt, Henry, Klavins, Lewis, Rainey

3. **Approval of Agenda**

   Motion by Gawreliuk, second by Erdmann to approve the February 11, 2013 regular meeting agenda as submitted.

   All in favor. Motion carried.

4. **Approval of Minutes** – January 14, 2013 Regular Meeting

   Motion by Erdmann, second by Kerber to approve the January 14, 2013 regular meeting minutes as written.

   All in favor. Motion carried.

5. **Interested Citizens in the Audience Will be Heard on Items Not on the Agenda**

   None at this time.

6. **Financial Report**

   VandenBosch gave an overview of the Financial Report and responded to a question posed at the last meeting. VandenBosch is working with the city attorney to clarify whether certain invoices have been paid. The answer to this question determines the actual budgets.

   In response to a question by Kerber regarding what is included under “Other Investments” VandenBosch explained that the Finance Director would be better able to answer that question.

7. **Invoices for Approval - LDFA 3**

Dewey Lane Water Main - Van Buren County Road Commission, Final Statement, $8,519.29
VandenBosch noted that this is the final payment on the Dewey Lane Water Main.

Motion by Gawreliuk, second by Varney to approve the final payment to the Van Buren County Road Commission in the amount of $8,519.29.

All in favor. Motion carried.

8. Bohn Plant update, current work, closing statement overview, development options

VandenBosch updated the board regarding site clean up and maintenance which McCloughan is handling; it appears that city staff will be able to accomplish much of this work. The request for a fence was brought before the board and an estimate.

VandenBosch also reviewed the funding sources and settlement statement. Varney asked about the delinquent property taxes, which VandenBosch related to be $209,000 plus $18,964 plus payoff of City Industrial Facilities tax of $128,247.

Gawreliuk asked if the electric bills have been paid. $700,302 has been paid towards delinquent utilities, VandenBosch noted, but pointed out that there may be more outstanding utility debt.

VandenBosch reminded that In 2007 the board had discussed what could be done with this parcel if the city owned it. Kerber asked what Parcel C is, to which VandenBosch responded that there is a driveway and a scale on that parcel. Kerber reminded that the board talked at the last meeting about having some commercial realtors to do a walk through. VandenBosch informed the board that he has a list of five or six realtors to contact.

Varney asked if electricity has been provided to the property yet, to which VandenBosch responded that a rough estimate of $50.000 was obtained for providing lights and a couple of outlets but it has not been put out for bid yet. That improvement (addition of lights and outlets) would help in showing the building. VandenBosch noted that he should have more details for the board at the next meeting.

Kerber asked about the Wade Trim estimates included in the packet. VandenBosch explained that they are very old estimates so the prices are not relevant. Kerber asked how the new plans provided relate to the estimates from Wade Trim. VandenBosch said he only did the newer plans because the plans included with the estimates were rather difficult to read.

Erdmann asked what the next step is, to which VandenBosch responded that after budget meetings next month the board will be able to see what resources we will be available.

9. East Jordan Lease

VandenBosch has asked the city attorney to draft a lease agreement for an amendment to the current lease allowing for a three month extension. The board discussed having the lessee sign a waiver of liability on behalf of the City that indemnifies the landlord and holds the City harmless. VandenBosch pointed out that If lights are provided the tenant will be responsible for paying utilities. VandenBosch noted that this is a 3-month extension which allows them a little more time to remove their product.

Motion by Kerber, second by Varney to approve the three (3) month extension as an amendment to the current lease agreement between East Jordan Plastics and the City of South Haven, with the addition of a hold harmless clause.

All in favor. Motion carried.

10. 220 Aylworth Avenue Rezoning Request

VandenBosch reviewed some of the history of the various requests and approvals and zoning changes that were part of the history. VandenBosch would like to rezone the property back to light industrial. This will not include the Lovejoy storage parcel which is still owned by Larsen because this board should not be telling him what to do with his property. I-1B zoning would be similar to other properties in that area, once the rezoning of 220 Aylworth is complete.

Motion by Erdmann, second by Gawreliuk, to approve the rezoning request.

Erdmann asked if it would be spot-zoning if that storage property is still left at the light industrial and smelting. VandenBosch informed the board that the original rezoning at Larsen's request was spot zoning. Kerber noted that the storage property is not properly zoned for the use.

Kerber asked what would be a good process to approach the owner of that property to rezone. VandenBosch stated that he would like to see that suggestion go through the Zoning Administrator.

All in favor. Motion carried.

11. Budget Preparation

VandenBosch said there has been a budget meeting; however the state is looking at removing the personal property taxes. That would help the industrial sector and it will affect the LDFAs. VandenBosch pointed out that it does not look like removal of the personal property tax will happen very quickly.

12. Economic Development Report

McCloughan gave an overview of economic development activities of the past month.

13. General Comments

None at this time.

14. Adjourn

Motion by Erdmann, second by Varney to adjourn at 4:45 p.m.

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,
Marsha Ransom

Recording Secretary

City of South Haven
Local Development Finance Authority
For the period ended March 31, 2013

	LDFA #1	LDFA #2	LDFA #3
Revenues			
Property Tax Captures	124,496	35,205	24,922
Interest Income	8,152	49	6,670
Land Sales			-
Other Revenue	7,500	-	5,920
Other Transfers In	750,000	-	-
Total Revenue	890,148	35,254	37,512
Expenditures			
Economic Liaison	13,146	-	22,383
Administrative Costs	-	-	-
Professional Fees	8,940	27	-
Contractual Services	2,577	-	99
Capital Projects	1,344,537	-	8,519
General Fund Administration	10,000	20,000	10,000
Transfer to Building Authority Debt Service	-	10,000	-
MEDC Loan Payments			20,406
Transfer to St. Joe Project Debt Service	20,464	-	-
Other Transfers Out	-	-	250,000
Total Expenditures	1,399,664	30,027	311,407
Year-to-Date Fund Gain/(Loss)	(509,515)	5,228	(273,895)
Cash and Investments			
Cash	75,206	35,368	83,243
Certificates of Deposit	260,313	-	2,250
Other Financial Investments	448,906	151,230	462,263
Total	784,425	186,598	547,756

Land Assets - 345 Kalamazoo St	5.19 acres	$	46,710	Mkt Value per assessor
Land Assets - 1391 Kalamazoo St	1.54 acres	$	36,729	Mkt Value per assessor
220 Aylworth Ave	13.22 acres	$	118,980	Mkt Value per assessor
1280 Kalamazoo St.	3.48 acres	$	31,320	Mkt Value per assessor

LDFA Debt Obligations			
St. Joe Projects Bonds - Final Maturity - May 2027	$120,000/Year		
DPW Relocation Bonds - Final Maturity - Nov. 2021		$13,990 Average/Year	
MEDC Loan -0% Interest - Final Payment - April 2016			$27,208/Year

MIDWEST CIVIL ENGINEERS
13560 76th Street
South Haven, MI 49090

PHONE: 269-637-9205 FAX: 269-637-9206
e-mail: info@mce-us.com

INVOICE

Date	Invoice #
2/25/2013	05-9704

Bill To
City of South Haven Mr. Paul VandenBosch 539 Phoenix Street South Haven, MI 49090

Terms	Due Date	Job No. / Project Name	Period Ending
Net 30	3/27/2013	13-030 Temp. Lighting Plan Design	

Description	Amount
Temporary Lighting Plan Design	2,400.00

Total	$2,400.00
Payments/Credits	$0.00
Balance Due	**$2,400.00**

MCE NOW ACCEPTS VISA, MASTERCARD and DISCOVER FOR PAYMENT!

EFFECTIVE IMMEDIATELY, MCE WILL CHARGE A LATE FEE OF 1.5 % ON ALL INVOICES NOT PAID IN THE N-30 TERMS THAT WE OFFER.

Pam

LDFA 1 2013-2014 Draft Budget

Revenues	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 2012-2013 Adopted Budget	2013 2012-2013 Projected Actual	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2017 2016-2017 Projection
Real Property Taxes	153,162	144,614	126,179	107,756	85,282	85,282	78,487	78,487	78,487	78,487
Personal Property Taxes	207,614	43,955	68,058	82,758	31,488	31,488	106,145	106,145	106,145	106,145
Interest Income	23,036	11,308	6,060	11,691	3,000	10,000	5,000	5,000	5,000	5,000
Adjustments (Bohn Transfers)				557		750,000				1,500,000
Potential Land Sale or Rent						12,500				
Total Revenue	**383,812**	**199,877**	**200,297**	**202,763**	**119,770**	**889,270**	**189,632**	**189,632**	**189,632**	**1,689,632**

Expenses	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 2012-2013 Adopted Budget	2013 2012-2013 Projected Actual	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2,017 2016-2017 Projection
Economic Development Liaison Expenses	17,433	28,376	27,261	24,430	14,199	14,199	14,199	14,483	14,773	15,068
Professional Consulting Fees	24,186	5,872	5,424	1,182	1,000	1,000	1,000	1,000	1,000	1,000
Other Contractual Services	10,544	6,887	3,264	0	10,000	10,000	0	0	0	0
Travel, Conferences, Training, Membership	1,386	1,047	1,243	539	1,000	1,000	500	500	500	500
Administrative Fees	20,000	20,000	20,000	0	0	0	0	0	0	0
General Fund Transfer	37,500	37,500	10,000	10,000	10,000	10,000	0	0	0	0
St Joseph Street Project Bond	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Textron Settlement	225,000									
Water Tower Maintenance				0	75,000	Deleted				
Internet Fiber Project					10,000	Deleted				
Land Purchase					400,000	1,334,000				
Bohn Plant (Legal, Environmental, Preparation)						60,000				
Bohn Property Tax						22,000	22,000	22,000	22,000	0
Bohn Maintenance and Utilities						20,000	20,000	20,000	20,000	0
Bohn Lighting						50,000				
Bohn Fence						25,000				
Bohn Report						4,400				
Bohn Marketing						10,000	10,000	10,000	10,000	0
Aylworth Avenue	175,761									
Capital Projects		3,296						300,000		
Total Expenses	**631,810**	**222,978**	**187,192**	**156,152**	**641,199**	**1,681,599**	**187,699**	**487,983**	**188,273**	**136,568**
Revenue	383,812	199,877	200,297	202,763	119,770	889,270	189,632	189,632	189,632	1,689,632
Expenses	631,810	222,978	187,192	156,152	641,199	1,681,599	187,699	487,983	188,273	136,568
Balance	-247,998	-23,101	13,105	46,611	-521,429	-792,329	1,933	-298,351	1,359	1,553,064
Estimated End of Year Fund Balance	**1,254,441**	**1,231,340**	**1,244,445**	**1,291,055**	**769,626**	**498,726**	**500,659**	**202,308**	**203,668**	**1,756,732**
	Actual	Actual	Actual	Actual	Adopted Budget	Projected Actual	Proposed Budget	Projected	Projected	Projected

Land Sale

Kalamazoo St Project, Infrastructure Improvement Plan

The St Joseph Street Project Bond extends to 2030, as does the term of LDFA 1.
Economic Development Liaison expenses are budgeted 30% from LDFA1 and 70% from LDFA3.
The End of Year Fund Balance includes the Inf. Imp. Plan Amount.

LDFA 1 Infrastructure Improvement Plan 2013-2014 Budget

Revenues	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 2012-2013 Budgeted	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2017 2015-2016 Projection
Infrastructure Improvement Plan Transfer	100,000	100,000	50,000	50,000	0	0	0	0	0
Total Revenue	**100,000**	**100,000**	**50,000**	**50,000**	**0**	**0**	**0**	**0**	0

Expenses	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 2012-2013 Budgeted	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2017 2015-2016 Projection
Lovejoy-Kalamazoo Street Project (part of Monroe Blvd-Indian Grove Project)	0	0			0	0	300,000	0	0
Total Expenses	**0**	**0**	**0**	**0**	**0**	**0**	**300,000**	**0**	
Revenue	100,000	100,000	50,000	50,000	0	0	0	0	0
Expenses	0	0	0	0	0	0	300,000	0	0
Balance	100,000	100,000	50,000	50,000	0	0	-300,000	0	0
Estimated End of Year Fund Balance	**100,000**	**200,000**	**250,000**	**300,000**	**300,000**	**300,000**	**0**	**0**	0
	Actual	Actual	Actual	Budgeted	Budgeted	Proposed Budget	Projected	Projected	Projected

The Infrastructure Improvement Plan is a commitment by the LDFA to fund water, sewer and street improvements in LDFA 1 as part of the City's 20 year Street Improvement Plan.
The fund balance is included in the LDFA 1 Budget amount.

LDFA 2 2013-2014 Budget

Revenues	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 2012-2013 Current Year Budget	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2017 2016-2017 Projection
Real Property Taxes	24,366	27,695	22,421	18,238	13,808	14,080	14,080	14,080	14,080
Personal Property Taxes	9,631	13,337	15,423	15,727	17,425	18,376	18,376	18,376	18,376
Interest Income	3,844	973	2,590	4,537	1,000	2,000	2,000	2,000	2,000
Adjustment			1,935	454					
Total Revenue	**37,840**	**42,006**	**42,369**	**38,957**	**32,233**	**34,456**	**34,456**	**34,456**	**34,456**

Expenses	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 2012-2013 Current Year Budget	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2017 2016-2017 Projection
Economic Development Liaison Expenses				1,537	0	15,090	15,392	15,700	16,014
Professional Consulting Fees	2,258	1,044	0	2,979	0	0	0	0	0
Renewable Energy Project	0	0	0	0	0	0	0	0	0
General Fund Transfer	5,000	5,000	5,000	20,000	20,000	0	0	0	0
Building Authority #2	13,810	13,768	13,703	12,881	12,848	12,848	12,848	12,848	12,848
8th Avenue Improvements					Deleted (150000)				
Internet Fiber Project					Deleted (10000)				
Total Expenses	**21,068**	**19,812**	**18,703**	**37,397**	**32,848**	**27,938**	**28,240**	**28,548**	**28,862**
Revenues	37,840	42,006	42,369	38,957	32,233	34,456	34,456	34,456	34,456
Expenses	21,068	19,812	18,703	37,397	32,848	27,938	28,240	28,548	28,862
Balance	16,772	22,194	23,666	1,560	-615	6,518	6,216	5,908	5,594
Estimated End of Year Fund Balance	**133,952**	**156,146**	**179,812**	**181,372**	**180,757**	**187,275**	**193,491**	**199,400**	**204,994**

Building Authority #2 bond extends to 2022.

LDFA 3 2013-2014 Draft Budget

Revenues	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 Current Year Budgeted	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2017 2016-2017 Projection
Real Property Taxes	40,674	85,047	34,140	30,635	30,130	36,417	36,417	36,417	36,417
Personal Property Taxes	75,929	99,521	10,525	10,825	11,884	13,129	13,129	13,129	13,129
Interest Income	8,964	7,400	5,646	8,625	3,000	2,000	3,000	3,000	3,000
Adjustment				-2,786					0
Sale of Land	25,000			217,501	0	0	0	0	0
Sundry		155,056	6,428	5,920	6,000	0	0	0	0
Total Revenue	**150,568**	**347,025**	**56,739**	**270,720**	**51,014**	**51,546**	**52,546**	**52,546**	**52,546**

Expenses	2009 Prior Year Actual	2010 Prior Year Actual	2011 Prior Year Actual	2012 Prior Year Actual	2013 2012-2013 Budgeted	2014 2013-2014 Proposed Budget	2015 2014-2015 Projection	2016 2015-2016 Projection	2017 2016-2017 Projection
Economic Development Liaison Expenses	11,622	18,939	18,187	19,873	32,652	18,215	18,579	18,951	19,330
Other Contractual Services	11,143	30,874	12,089	64,731	0	500	500	500	500
General Fund Transfer	27,500	27,500	5,000	10,000	10,000	0	0	0	0
Travel Conferences Training Subscriptions	903	698	876	878	700	500	500	500	500
Loan Payment to MEDC	27,208	27,208	27,208	27,208	27,208	27,208	27,208	27,208	0
Internet Fiber Project					Deleted (20,000)				
Land Purchase					250,000				
Capital Projects									
I-196 2nd Ave Project									
Dewey Lane Water Main									
Water Tower Painting					75,000				
Total Expenses	**78,376**	**105,219**	**63,360**	**122,690**	**395,560**	**46,423**	**46,787**	**47,159**	**20,330**
Revenues	150,568	347,025	56,739	270,720	51,014	51,546	52,546	52,546	52,546
Expenses	78,376	105,219	63,360	122,690	395,560	46,423	46,787	47,159	20,330
Balance	72,191	241,806	-6,621	148,030	-344,546	5,123	5,759	5,387	32,216
Estimated End of Year Fund Balance	**586,553**	**828,359**	**821,738**	**969,768**	**477,192**	**482,315**	**488,074**	**493,461**	**525,677**
	Actual	Actual	Actual	Actual 821305	Budgeted	Projected	Projected	Projected	Projected

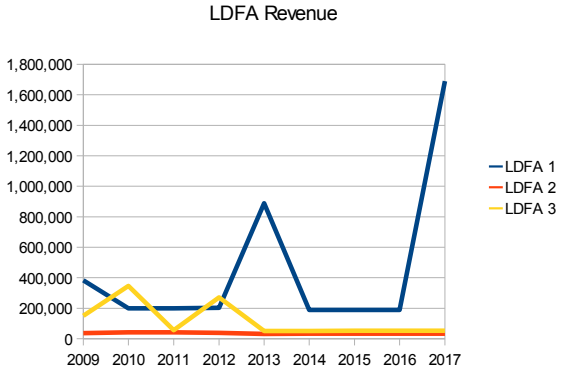
MEDC Loan payment continues until 2016.

Fix these based on actual numbers

LDFA Comparison Charts

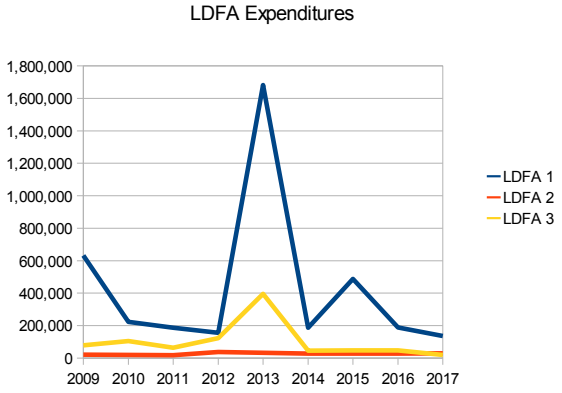
Revenue

	LDFA 1	LDFA 2	LDFA 3	
2009	383,812	37,840	150,568	Actual
2010	199,877	42,006	347,025	Actual
2011	200,297	42,369	56,739	Actual
2012	202,763	38,957	270,720	Actual
				Projected
2013	889,270	32,233	51,014	Actual
2014	189,632	34,456	51,546	Budget
2015	189,632	34,456	52,546	Projected
2016	189,632	34,456	52,546	Projected
2017	1,689,632	34,456	52,546	Projected



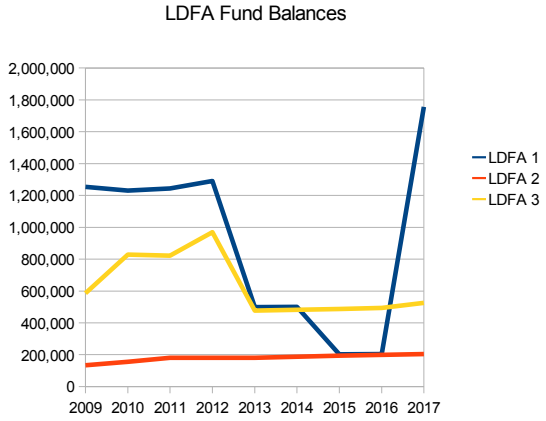
Expenditures

	LDFA 1	LDFA 2	LDFA 3	
2009	631,810	21,068	78,376	Actual
2010	222,978	19,812	105,219	Actual
2011	187,192	18,703	63,360	Actual
2012	156,152	37,397	122,690	Actual
				Projected
2013	1,681,599	32,848	395,560	Actual
2014	187,699	27,938	46,423	Budget
2015	487,983	28,240	46,787	Projected
2016	188,273	28,548	47,159	Projected
2017	136,568	28,862	20,330	Projected



Fund Balance

	LDFA 1	LDFA 2	LDFA 3	
2009	1,254,441	133,952	586,553	Actual
2010	1,231,340	156,146	828,359	Actual
2011	1,244,445	179,812	821,738	Actual
2012	1,291,055	181,372	969,768	Actual
				Projected
2013	498,726	180,757	477,192	Actual
2014	500,659	187,275	482,315	Budget
2015	202,308	193,491	488,074	Projected
2016	203,668	199,400	493,461	Projected
2017	1,756,732	204,994	525,677	Projected



LDFA 1

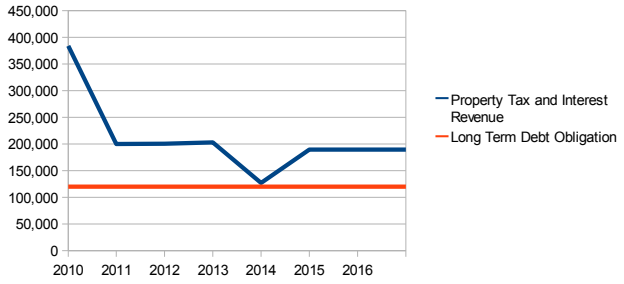
Property Tax and Interest Revenue Compared to Long Term Debt Obligation

Note: Incidental revenue such as land sales, land rent or fund to fund transfers are not included in this page.

Revenues	2009	2010	2011	2012	2013	2014	2015	2016
Real Property Taxes	153,162	144,614	126,179	107,756	85,282	78,487	78,487	78,487
Personal Property Taxes	207,614	43,955	68,058	82,758	31,488	106,145	106,145	106,145
Interest Income	23,036	11,308	6,060	11,691	10,000	5,000	5,000	5,000
Adjustment				557				
Property Tax and Interest Rev	383,812	199,877	200,297	202,763	126,770	189,632	189,632	189,632
Long Term Debt Obligation	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000

The St Joseph Street Project Bond extends to 2030, as does the term of LDFA 1.

LDFA 1 Revenue and Long Term Debt

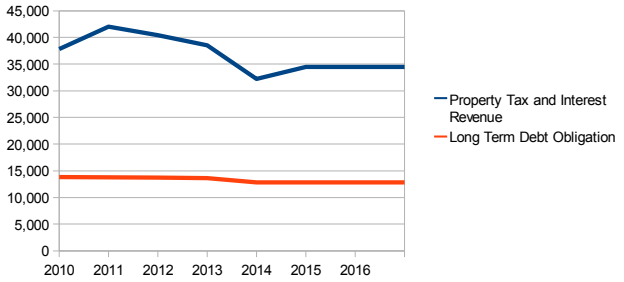


LDFA 2

Revenues	2009	2010	2011	2012	2013	2014	2015	2016
Real Property Taxes	24,366	27,695	22,421	18,238	13,808	14,080	14,080	14,080
Personal Property Taxes	9,631	13,337	15,423	15,727	17,425	18,376	18,376	18,376
Interest Income	3,844	973	2,590	4,537	1,000	2,000	2,000	2,000
Property Tax and Interest Rev	37,840	42,006	40,434	38,502	32,233	34,456	34,456	34,456
Long Term Debt Obligation	13,810	13,768	13,703	13,618	12,848	12,848	12,848	12,848

Building Authority #2 bond extends to 2022.

LDFA 2 Revenue and Long Term Debt

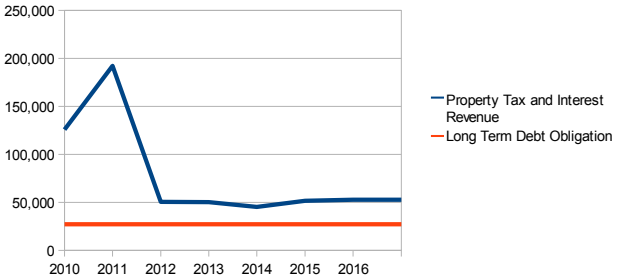


LDFA 3

Revenues	2009	2010	2011	2012	2013	2014	2015	2016
Real Property Taxes	40,674	85,047	34,140	30,635	30,130	36,417	36,417	36,417
Personal Property Taxes	75,929	99,521	10,525	10,825	11,884	13,129	13,129	13,129
Interest Income	8,964	7,400	5,646	8,625	3,000	2,000	3,000	3,000
Property Tax and Interest Rev	125,568	191,968	50,311	50,085	45,014	51,546	52,546	52,546
Long Term Debt Obligation	27,208	27,208	27,208	27,208	27,208	27,208	27,208	27,208

MEDC Loan payment continues until 2016.

LDFA 3 Revenue and Long Term Debt



2013-2014 LDFA Budget Overview

	LDFA 1	LDFA 2	LDFA 3	Total
Revenue	189,632	34,456	51,546	275,634
Total Expenditure	187,699	27,938	46,423	262,060
Balance (annual)	1,933	6,518	5,123	13,574
Estimated End of Year Fund Balance	500,659	187,275	482,315	1,170,250

General Fund Transfer	0	0	0	0
Economic Dev Coord.	14,199	15,090	18,215	47,504
Long Term Debt	120,000	12,848	27,208	160,056

2014 Revenue	189,632	34,456	51,546	275,634
Long Term Debt	120,000	12,848	27,208	160,056
Balance	69,632	21,608	24,338	115,578

Year Debt Ends	2030	2022	2016	
Years Remaining	17	9	3	
Annual Debt Service	120,000	12,848	27,208	160,056
Remaining Debt	2,040,000	115,632	81,624	2,237,256

Paul Vandenbosch

From: Erik Peterson <epeterson@envirologic.com>
Sent: Wednesday, February 13, 2013 10:01 AM
To: Paul Vandenbosch
Subject: RE: Proposal - Phase II ESA and Section 7a Compliance Analysis - 220 Aylworth/1280 Kalamazoo

Paul,

The proposed work is in support of preparation of a Section 7a Compliance Analysis to satisfy due care obligations. The LDFA has liability protection through preparation of the BEA; which you have authorized and we are in the process of completing. The Section 7a Compliance Analysis must be completed no more than 6 months (180 days) from time of acquisition to maintain liability protection afforded through BEA; which is basically the end of June based upon the January 4th purchase date. Therefore you would have time to present to LDFA at their March meeting.

Envirologic is available at your convenience to discuss the proposed approach/scope of the Phase II ESA if that would be helpful prior to your LDFA meeting. Please don't hesitate to contact me with any questions/comments you may have.

Sincerely,
Erik

From: Paul Vandenbosch [mailto:pvandenbosch@south-haven.com]
Sent: Wednesday, February 13, 2013 9:33 AM
To: Erik Peterson
Subject: RE: Proposal - Phase II ESA and Section 7a Compliance Analysis - 220 Aylworth/1280 Kalamazoo

Erik;

Is this a time sensitive proposal, or can I bring it to the LDFA at their March meeting?

Can you tell me if the work proposed here is required for protection from liability? Or is it a due care obligation?

Thanks

Paul VandenBosch
Project Manager
City of South Haven
539 Phoenix Street
South Haven, MI 49090
269-637-0775 desk
269-637-5319 fax
pvandenbosch@south-haven.com

From: Erik Peterson [mailto:epeterson@envirologic.com]
Sent: Wednesday, February 13, 2013 9:08 AM
To: Paul Vandenbosch
Subject: Proposal - Phase II ESA and Section 7a Compliance Analysis - 220 Aylworth/1280 Kalamazoo

Paul,

Attached please find the proposal for completion of a Phase II ESA and Section 7a Compliance Analysis ("due care" plan) for the Aylworth site. Please do not hesitate to contact our office with any questions/comments you may have regarding the proposal; Envirologic is available to discuss the proposal at your convenience.

Sincerely,

Erik D. Peterson, Project Manager - Hydrogeologist

Envirologic Technologies Inc.
2960 Interstate Parkway
Kalamazoo, MI 49048

P 269.342.1100 | **C** 269.615.1011 | **F** 269.342.4945
epeterson@envirologic.com
www.envirologic.com

Envirologic promotes conservation. Please do not print this email unless it's absolutely necessary. Thank you!

February 13, 2013

Mr. Paul VandenBosch, Project Manager
City of South Haven LDFA
539 Phoenix Street
South Haven, MI 49090

Re: ***Proposal for Phase II ESA and Section 7a Compliance Analysis, Bohn Piston/Karl Schmidt Unisia Site, 220 Aylworth & 1280 Kalamazoo, South Haven, Michigan.***

Dear Mr. VandenBosch:

Thank you for the opportunity to be of continuing service to the City of South Haven LDFA regarding the above referenced site. This proposal has been prepared to detail the estimated budget and timing requirements associated with completion of a Phase II ESA and Section 7a Compliance Analysis in support of acquisition of the site by the City of South Haven LDFA. Preparation of this proposal represents an identification of "Next Steps" as detailed in the August 10, 2012 correspondence from Envirologic to the City of South Haven LDFA.

Background

The City of South Haven LDFA acquired the two parcels of the subject property on January 4, 2013. Envirologic is in the process of completing a Baseline Environmental Assessment (BEA) on behalf of the City of South Haven LDFA in support of the acquisition. The BEA is being prepared utilizing pre-existing data generated during previously completed assessment activities.

Prior to acquisition of the site by the LDFA; Envirologic conducted once weekly observations of concrete slab foundations/footings removal activities conducted by SDI, Inc. on behalf of the previous property owner. Through the course of the weekly observations Envirologic identified select areas of apparent petroleum-based impact beneath removed concrete (e.g. soil staining, photo-ionization detector (PID) responses). This proposal has been prepared to detail the scope, budget, and timing requirements to complete a Phase II ESA of the subject property in order to provide additional site characterization data to support preparation of a Section 7a Compliance Analysis. The scope of the Phase II ESA is intended to supplement the pre-existing analytical data generated for previously prepared BEAs and also to characterize areas of apparent impact noted during observation of SDI, Inc. activities.

©envirologic

Scope of Services

Phase II ESA

The previously completed assessment activities have resulted in a demonstration that the primary impact in association with the site pertains to the presence of metals in soil attributable to historic foundry operations. Based upon the identified concentrations of metals in soil the primary exposure pathway concerns that have previously been identified consist of Direct Contact and Particulate Soil Inhalation of impacted soils. However, control of these two exposure pathways will be supported by the completed placement of geotextile fabric, back-fill, and topsoil acting as a cap or barrier to exposure to metals impacted soils.

Therefore, in order to take advantage of the extensive sampling/site characterization activities that have previously been completed and to support preparation of a Section 7a Compliance Analysis; Envirologic proposes to focus the Phase II ESA on the following:

1. Areas of apparent volatile and semi-volatile organic compounds (i.e. VOCs and PNAs) impact observed during concrete removal operations conducted by SDI; and
2. Areas of impact identified during previous assessments but where limited sampling/characterization has been conducted; particularly in regards to the previous detection of volatile and semi-volatile organic compounds (i.e. VOCs and PNAs).

The proposed approach is intended to provide additional site characterization data to support an evaluation of the potential for unacceptable health exposure relative to redevelopment of the site. Specifically, the proposed sampling activities are intended to support an evaluation of the potential relevancy of additional contaminant exposure pathways beyond soil Direct Contact and Particulate Soil Inhalation; such as Volatilization to Indoor and Ambient Air Inhalation.

Envirologic proposes the installation of twenty-nine (29) Geoprobe™ soil borings across the site with 14 borings pertaining to observations made during SDI operations and 15 borings pertaining to the historic detection of VOCs and/or PNAs in soil/groundwater during previous investigations. At this time Envirologic proposes the collection of a single soil sample from each boring location. The specific sample depth at each boring location will be based upon field

©envirologic

observations and/or the depth at which samples were previously collected. In addition to the soil samples, Envirologic proposes the collection of 13 groundwater samples from the across the site. The groundwater sample locations will be based upon observations made during SDI operations as well as the previous detection of VOCs in groundwater. Finally, 5 soil-gas vapor samples are proposed to be collected in association with select areas of concern where a PID response was noted in the field during SDI operations or VOCs were previously identified in soil. Envirologic proposes that the soil-gas sample points be set with a protective cover to remain available for potential additional sampling pending the initial laboratory results.

The proposed soil and groundwater samples will be analyzed for a broad range of volatile organic compounds (VOCs 8260+), polynuclear aromatic hydrocarbons (PNAs), and phenols. The soil samples will additionally be analyzed for polychlorinated biphenyls (PCBs). The additional characterization of soils for PCBs is based upon the historic detection of PCBs in association with retention pond sediments in the southwest corner of the site. The additional analysis of soils for phenols is based up the experience of Envirologic that phenols are often identified in association with foundry castings. The groundwater samples will additionally be analyzed for Michigan 10 metals and the metals aluminum and manganese. The additional characterization of groundwater for metals is proposed based upon the wide distribution of metals in soil along with the relatively limited historic characterization of groundwater relative to soil characterization. The soil-gas samples will be analyzed for a broad range of VOCs via method TO-15.

Please note that while the scope of the Phase II ESA is intended to represent a comprehensive characterization of site conditions, the potential exists that the proposed Phase II ESA sampling will provide results that indicate additional assessment of the site is warranted. For example; the potential detection of elevated concentrations of volatile contaminants of concern in soil, groundwater, or soil-gas may indicate that additional assessment over time is necessary to support an evaluation of the volatilization to ambient and indoor air inhalation pathway (i.e. quarterly soil-gas sampling for up to one year at select locations). Based upon this potential Envirologic has proposed that the 5 soil-gas sampling points be completed with protective covers and remain available for follow-up sampling, if applicable.

©envirologic

Section 7a Compliance Analysis

In order to support a demonstration of compliance with "due care" obligations; Envirologic proposes to prepare a Section 7a Compliance Analysis on behalf the City of South Haven LDFA. The Section 7a Compliance Analysis will incorporate not only data generated during previous sampling events but also the results of the proposed Phase II ESA detailed above.

ESTIMATED COSTS

Envirologic proposes to perform the services described in the *Scope of Services* on a time and materials basis according to our current fee schedule, which is attached and made part of this proposal.

Phase II Environmental Site Assessment

Envirologic Staff Time:	
Project Coordination	$ 1,200
Field Staff	$ 4,800
Report Preparation	$ 2,500
Expenses:	
Laboratory Analyses	$18,140
Geoprobe™ (four days w/ operator)	$ 4,800
Equipment Charges, Equipment Rental	$ 1,500
Total Estimated Phase II ESA Budget	**$32,940**

Section 7a Compliance Analysis

Project Management	$ 250
Report Preparation	$ 2,750
Section 7aCA Budget	**$ 3,000**

Total Estimated Phase II ESA & Section 7aCA Budget $35,940

©envirologic

COMPLETION SCHEDULE

It is reasonably expected that Phase II ESA field activities can be initiated within three weeks of receiving authorization to proceed. Field sampling activities will require five business days. Laboratory analysis of collected samples will require one week. Therefore, it is reasonably expected that all Phase II ESA activities can be completed approximately five weeks from authorization to proceed. A Section 7a Compliance Analysis incorporating the sampling results could be completed two weeks from receipt of Phase II ESA laboratory results.

As detailed above, the potential exists that Phase II ESA results will indicate that additional assessment (sampling) is warranted to support an evaluation of "due care". Should potential additional sampling be recommended, the scope, budget, and timing requirements of potential additional sampling will be communicated to The City of South Haven LDFA in a separate proposal.

If you wish to engage us in this scope of work, please sign the Authorization below or alternatively, issuance of a Purchase Order will suffice. This proposal is subject to the attached terms and conditions. Please do not hesitate to contact us with any questions or concerns. Thank you for the opportunity to be of continuing service.

Sincerely,

ENVIROLOGIC TECHNOLOGIES, INC.

Erik D. Peterson
Project Manager-Hydrogeologist

David A. Stegink
Associate Vice President

EDP:rel

©envirologic

AUTHORIZATION

To authorize this project, please e- mail, fax or mail a signed copy of this signature page to our office.

Re: ***Proposal for Phase II ESA and Section 7a Compliance Analysis, Bohn Piston/Karl Schmidt Unisia Site, 220 Aylworth & 1280 Kalamazoo, South Haven, Michigan.***

Authorized Representative:

_____	_____
Signature	Date
_____	_____
Title	Purchase Order No.

©envirologic

PROFESSIONAL SERVICES
Terms and Conditions

The services to be rendered by **Envirologic Technologies, Inc. (Envirologic)** or its divisions in the attached proposal are expressly contingent upon the Client's acceptance of these Terms and Conditions. Any additional or conflicting Terms and Conditions of the Client are hereby expressly objected to and rejected by Envirologic.

1. **Payment**. Envirologic shall invoice Client on a monthly basis for services incurred the previous month. Invoices are due and payable within 30 days of receipt. A service charge of 1.5 percent will be added to all outstanding balances each month they are past due. Envirologic reserves the right, upon 30 days written notice to client, to modify the attached Schedule of Fees. If payment of Envirologic invoices is not maintained on a 30-day current basis, Envirologic may, upon seven (7) days written notice to Client, suspend further performance and withhold any and all data from Client until such invoice payments are restored to a current basis without incurring any liability whatsoever to client.

Client shall be responsible for and pay Envirologic at 1 1/2 times their prevailing rates for any time spent by its personnel in connection with any legal proceedings arising from or relating to services provided under this Agreement, regardless of whether Envirologic is subpoenaed to appear by Client or a third party.

Nothing in this Agreement shall preclude Envirologic from filing a construction lien against Client's property in order to secure the payment provided for in this Agreement.

2. **Additional Work**. Envirologic agrees to modify the work proposal as authorized in writing by the Client. Client agrees to pay Envirologic for any increases in the cost of performing the additional work. Unless otherwise agreed to in writing, the cost of the modifications shall be determined on a time and material basis in accordance with the attached rate schedule.

Costs and schedule commitments shall be subject to renegotiation for delays in performance caused by circumstances beyond the reasonable control of Envirologic including, but not limited to: Acts of God; fire; flood; explosion; war, action, inaction or request of governmental authority; injunction; adverse weather conditions; accident; labor trouble or shortage; inability to obtain material, equipment, fuel or transportation. No liability shall result to either party from the delay in performance caused by the circumstances described above except for the obligation of the Client to pay Envirologic for (i) work performed, and (ii) additional labor, equipment and other costs associated with Envirologic's maintenance of its work force and equipment available during the interruptions. Should any of the circumstance described above occur causing delay, both parties shall use their best efforts to overcome the difficulties arising and to resume as soon as reasonably possible the work under this Agreement.

Whenever Envirologic is of the opinion that the timely completion of its responsibilities pursuant to this Agreement has been or will be adversely affected by events which are beyond its control, it shall, as soon as practicable orally notify the Client and within ten (10) calendar days thereafter notify the Client in writing, stating the anticipated length of the delay, the cause of the delay, measures proposed or taken to prevent or minimize the delay, and the timetable for implementation of these measures.

3. **Site Security and Safety**. Envirologic attempts to conduct its field activities in such a manner as to protect themselves and others from injury. If the Client is aware of special precautions to insure safety, the Client should immediately advise Envirologic. The Client grants to Envirologic, its agents and employees, during the term of this Agreement, reasonable access to the subject premises for the purposes of fulfilling Envirologic's obligations under this Agreement. Envirologic shall comply with any reasonable safety procedures delivered by the Client to Envirologic in writing.

It is hereby further agreed and understood that while Envirologic is on the premises of the Client, Envirologic, its employees and representatives will not unreasonably interfere with the business activities being performed by the Client on or about the premises without the Client's permission. It is further agreed and understood that the employees and representative of the Client will act to reasonably facilitate Envirologic's performance of its obligations under this Agreement.

4. **Utilities**. Client shall be responsible for disconnecting electrical lines, and staking utilities, both private and public, if necessary and assume all responsibility for damage during and after execution of Envirologic's services. In no event shall Envirologic be responsible for additional costs resulting from unknown property conditions.

It shall be the responsibility of Client or its duly authorized representative to disclose the presence and accurate location of all hidden or obscure man-made objects relative to field tests or installations. If Envirologic is cautioned, advised or given data in writing that reveal the presence or potential presence of underground or overground obstructions, Envirologic will give special instructions to its field personnel and subcontractors, however, all additional costs caused by the existence of the obstruction(s) shall be paid by Client on a time and material basis. As evidenced by acceptance of this proposal, the Client agrees to indemnify and save harmless Envirologic and subcontractors from all claims, suits, losses, personal injuries, death and property liability, resulting from unusual subsurface conditions or damages to subsurface structures, owned by the Client or third parties, occurring in the performance of the proposed work, whose presence and exact locations were not revealed to Envirologic in writing, and to reimburse Envirologic for expenses in connection with any such claims or suits, including reasonable attorneys' fees.

5. **Property Access**. Client shall arrange and provide such access to the site as is necessary for Envirologic to perform their services. Client shall be solely responsible for all aspects of site security and for obtaining any necessary permission from any third party property owners for use of their lands.

Client hereby agrees to indemnify, defend and hold Envirologic harmless from any damages to Client's or third party's property, except that caused by the gross negligence of Envirologic or its agents. Client acknowledges that certain damage may be caused by Envirologic vehicles and equipment being on site and will hold Envirologic harmless for said damages.

6. **Performance of Services**. Envirologic shall exercise due care in performing its services hereunder and shall render them in accordance with prevailing professional standards and ethics as measured on the date hereof and in the locale of this project in performing services for Client. If Envirologic believes that compliance with Client's requests could violate professional standards, ethics, laws or regulations, Envirologic shall advise Client and a mutually satisfactory solution shall be discussed. If the parties are unable to reach a satisfactory solution, either party may terminate this agreement as stated herein.

7. **Limitation on Warranty**. **ENVIROLOGIC DOES NOT GUARANTEE ANY SPECIFIC RESULTS FROM SAMPLING OR ANALYTICAL ACTIVITIES. CLIENT IS LIABLE FOR LOSS AND/OR DAMAGES TO THE SURFACE OR SUBSURFACE CAUSED BY SAMPLING OR DRILLING ACTIVITIES OR FOR DAMAGE TO WELLS AS A RESULT OF TRESPASS OR FROM OPERATION SERVICES, INCLUDING BUT NOT LIMITED TO CONTAMINATION OR LOSS OF EQUIPMENT IN WELL, UNLESS SUCH LOSS RESULTS FROM ENVIROLOGIC'S NEGLIGENCE OR WILLFUL MISCONDUCT.**

CLIENT ACKNOWLEDGES THAT STATEMENTS IN REPORTS ARE DEEMED TO BE OPINIONS BASED ON PROFESSIONAL JUDGMENT AND THAT ENGINEERING, ENVIRONMENTAL, GEOLOGIC, HYDROGEOLOGIC AND GEOTECHNICAL CONDITIONS FREQUENTLY VARY FROM THOSE ENCOUNTERED AT THE TIMES AND LOCATIONS WHERE DATA ARE OBTAINED BY ENVIROLOGIC. THEREFORE, LIMITED DATA MAY RESULT IN UNCERTAINTY WITH RESPECT TO INTERPRETATION OF THESE CONDITIONS, DESPITE THE USE OF PROFESSIONAL CARE, AND THAT GOVERNMENTAL REGULATIONS RELATING TO HAZARDOUS SUBSTANCE(S) MAY CHANGE OR THEY MAY REQUIRE RESULTS WHICH CANNOT BE ACCOMPLISHED OR ADDITIONAL ACTIVITIES BE CONDUCTED.

8. **UST Site Closure**. Pursuant to Part 213 of NREPA, 1994 PA 451, as amended, if Envirologic shall submit a Release Closure Report to the Michigan Department of Natural Resources & Environment upon confirmation that cleanup standards have been met, said report shall relate to only contaminants identified in the area(s) associated with the reported release set forth in the scope of services and shall only be released when, in Envirologic's best scientific judgment, all applicable cleanup criteria have been met.

9. **Disposal of Contaminated/Hazardous Wastes**. Any hazardous or toxic wastes, pollutants, contaminants or other waste materials encountered by or associated with services provided by Envirologic on this project shall at no time be or become the property of Envirologic. Arrangements for the treatment, storage, transport or disposal of any waste materials, which may be made by Envirologic, shall be construed as being made solely and exclusively on Client's behalf and Client shall indemnify, defend and hold Envirologic harmless from and against any and all liability which arises out of the treatment, storage, transport or disposal of any waste materials. It is agreed and understood that any manifests or other forms required for the disposal of hazardous waste will be properly completed and signed by the Client or a duly authorized representative.

(Revised 5/02)

10. **Subcontractors**. Envirologic may, in its own discretion, hire subcontractors on behalf of Client to perform any such portion of the services hereunder. If Client selects its own subcontractor(s), Envirologic shall not be responsible for, or in any manner guarantee, the performance of such subcontractor(s) or their agents or employees, nor shall Envirologic be liable for any negligent acts, errors or omissions of said subcontractor.

Estimated subcontractor costs will depend upon their actual current prices. Any increased prices will be passed on to Client.

11. **Term of Agreement**. Envirologic agrees to proceed with implementation of the proposal on a timely basis. However, due to its unknown site conditions and delays in state processing, no definite time period can be established for completion of services.

12. **Confidentiality and Use of Documents**. Envirologic shall retain, as confidential, all information and data furnished to it by Client and/or others which is designated as confidential. Said information shall not be disclosed to any third party except as directed by Client or as required by law or regulation.

Provided that Envirologic has been fully paid for its services, Client shall have the right to copies of all documents, maps, photographs, drawings and reports resulting from services hereunder for purposes reasonably contemplated by the parties. Any work product generated by Envirologic shall remain in its possession.

Reuse of any material described above by Client on extensions of a project or on any other project or by a third party without Envirologic's written consent shall be at Client's or third party's risk and Client agrees to indemnify, defend and hold Envirologic, its employees, agents and subcontractors, harmless from all claims, damages and expenses, including attorney fees, arising out of such use.

13. **Information Provided by Client or Others**. Envirologic shall indicate to Client the information needed for rendering the Services described in each Work Order. Envirologic shall review existing information provided by others and shall give Client its opinion as to the risks associated with reliance on such information. To the extent that Envirologic is required to rely solely upon existing information, without the opportunity for Envirologic to appropriately validate the accuracy and reliability of such information, Client agrees to waive any claim against Envirologic and to indemnify and hold harmless Envirologic from and against any and all claims, damages, losses, liability, and expenses, including attorney's fees, which may arise from errors, omissions or inaccuracies in existing information provided to Envirologic by Client or others.

14. **Rights of Third Parties**. This Agreement shall not create any rights or benefits to parties other than Client and Envirologic.

15. **Indemnification of Client by Envirologic**. Except as otherwise provided herein, Envirologic agrees to indemnify, defend and hold harmless client from all claims, losses, liabilities, damages and expenses, including attorney's fees which may occur as the result of any claims or damages sustained by person or property, arising out of the sole negligence or willful misconduct of Envirologic in the performance of its work.

16. **Indemnification of Envirologic by Client**. Client shall indemnify, defend and hold Envirologic, its agents and employees, harmless against all liability, claims, demands, losses, damages, expenses and costs, including attorney fees that Envirologic may incur by reason of any injury or damage to person or property arising out of the performance of the work, alleged or actual contaminant migration as a result of the work or any prior work performed at the site and for all matters relating to this Agreement except for acts caused by the sole negligent performance of Envirologic under this Agreement.

(Revised 5/02)

17. **Insurance**. Upon request, Envirologic shall furnish copies of insurance certificates evidencing that it maintains, at a minimum, the following coverage's:

Type	Limits
Worker's Compensation	Statutory
Employers' Liability	$1,000,000/$1,000,000/$1,000,000
General Liability	$3,000,000 occurrence
	$3,000,000 aggregate
Personal & Adv. Injury	$3,000,000
Products – COMP/OP AGG	$3,000,000
Umbrella	$1,000,000 each claim
	$1,000,000 aggregate
Contractor Pollution	$3,000,000 total all claims
Automotive Liability	$1,000,000 combined single limit (ea. accident)

With respect to only such loss, damage, injury, or liability as is covered under the policies of insurance and policy limits identified above, Envirologic agrees to save Client harmless from and against loss, damage, injury, or liability arising directly from the negligent acts or omissions of Envirologic employees, agents, and subcontractors, and their employees and agents. If Client requires higher insurance limits, additional coverage's, or performance or payment bonding, Envirologic will endeavor to obtain such coverage, at Client's expense. It is the understanding and agreement of the parties, however, that Envirologic is unable to save Client harmless from and against any loss, damage, injury, or liability arising from any cause, beyond the amount and coverage listed in this section. In addition, Envirologic shall be included as an additional and intended beneficiary under any hold harmless agreements against third-party suits between Client and owner or any other third party, including without limitation any other contractor, subcontractor, or supplier who may perform "Services" or provide material in connection with any study or report or design prepared by Envirologic.

In no event shall Envirologic be responsible for any incidental, indirect, special, punitive, impact, consequential damages (including but not limited to loss of profits) or cost of defense incurred by Client or any third party, except as otherwise provided herein.

All claims, including claims for indemnification, whether based upon contract, tort, breach of warranty, professional negligence, or otherwise, shall be deemed waived unless the claim is made within the time required under insurance coverage provided, by Envirologic. Non-insured claims must be made within one (1) year after completion of that work or event giving rise to the claim.

18. **Compliance With Laws**. The Client shall be responsible for notifying all appropriate Federal, State, municipal or other governmental agencies of the existence of any hazardous, toxic or dangerous materials located on or in the site, or discovered during the performance of this Agreement.

19. **Equal Employment**. Envirologic is an Equal Opportunity Employer and shall not discriminate against any employee or applicant for employment based on race, color, religion, sex or national origin.

20. **Waiver**. No waiver, discharge or renunciation of any claim or right of Envirologic arising out of breach of this Agreement by Client shall be effective unless in writing, signed by Envirologic.

21. **Termination**. Either party may terminate this Agreement without cause upon seven (7) days written notice to the other party. In the event of termination, Client shall pay Envirologic for all costs incurred to date plus reasonable costs associated with termination of the work.

22. **Complete Agreement**. These terms and conditions together with the proposal to perform work and rate schedule constitute the complete and entire agreement between the parties. Any modification thereto must be in writing signed by both parties.

23. **Governing Law**. This proposal and its terms and conditions shall be interpreted under and governed by the laws of the State of Michigan.

April 1, 2013

TO: Local Development Finance Authority

FR: Paul VandenBosch

RE: Bohn Office Building, Demolition Grant Funding

Michigan Works has received funding to demolish blighted structures in Southwest Michigan.

The City has been asked to identify structures which are blighted and should be demolished.

Michigan Works would fund 100% of demolition cost.

The office building has value to it, and could be reused, however, without the building there, access to the vacant land from Aylworth Avenue is improved. It also would remove a building that looks somewhat dated. I believe that we would be losing property value by demolishing the building, but could potentially attract a higher value development with the building removed from the site.

Applying for the grant is a fairly simple process. If there is interest, I would ask the LDFA to authorize demolition of the building and would apply for the demolition, which would likely occur this summer. There would be no match amount, this is a 100% grant. There is some competition for the funds, but at this time there appears to be more funding than projects.

Based on a 2010 appraisal of the Bohn site, an estimated value for the 8,025 square foot office building is $127,000 (valued at $15.82 per square foot).

In order to bring the building back to usable condition, it will require a new roof, water connection, sewer connection, electric connection, HVAC equipment and substantial renovation, including ceiling, flooring, wall coverings lighting and sanitary facilities. It is likely that the cost to renovate the building to bring it to usable condition will be greater than the appraised value. There does not appear to be historic value.

Demolition of the office building may make it easier to attract a more valuable development to the vacant land behind the building.

Staff Recommendation:

Authorize demolition of the building and direct staff to apply for a demolition grant.

Bohn Office Building 04/01/13
Value Estimates

Office Building SF 8,025

2010 Appraisal, Appraisal Associates

Direct Sales Comparison Approach

SF Value	Location	Usable SF
9.50 Low	1450 Kalamazoo St., South Haven	30,000
12.72	1400 Kalamazoo St., South Haven	20,840
14.44	3791 CR 687, Geneva Twp	9,000
31.66 High	645 Commerce Dr., Holland Twp	21,160
18.65	80 Industrial Park, Bangor	4,600
22.23	2550 Meadowbrook, Benton Harbor	59,597
15.82	Mean	
126,956	Office Building Value using Mean Value, Comparison Approach	
8.46%	Percentage of Appraised Value ($1,500,000)	

Other items to consider:

Low ceilings caused by low overhead steel beams, the dropped ceiling cannot be raised
No electric power connection, no water connection
HVAC equipment is likely not functional
Roof repair needed. There is water coming in various locations, the building will likely need a complete new roof.

APPRAISAL ASSOCIATES, INC.
246 SOUTH RIVER AVENUE, SUITE 215
HOLLAND, MI 49423

PREPARED FOR
MR. PAUL VANDENBOSCH
THE CITY OF SOUTH HAVEN
LOCAL DEVELOPMENT FINANCE AUTHORITY

SUMMARY APPRAISAL REPORT ON:
~~~~
220 AYLWORTH AVENUE
SOUTH HAVEN, MICHIGAN

PREPARED BY
JOHN L. SHEA
CERTIFIED GENERAL APPRAISER

APPRAISAL ASSOCIATES, INC.
246 S. River Avenue, Suite 215
Holland, MI 49423
(616) 392-4300 (Phone)
(616) 392-4105 (Fax)

December 1, 2010

Mr. Paul Vandenbosch
City of South Haven
Local Development Finance Authority
539 Phoenix Street
South Haven, MI 49090

RE: 220 Aylworth Avenue, South Haven, MI

Dear Mr. Vandenbosch:

Pursuant to your request, I have undertaken and concluded a real estate appraisal on the above mentioned property. This letter of transmittal is followed by a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser' opinion of value. Supporting documentation that is not provided with the report concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraiser is not responsible for unauthorized use of this report.

The purpose of this appraisal is to estimate the Market Value of the fee simple estate in the real property only. There is no equipment or goodwill included in this appraisal. The value is based upon the subject property "As Is" on the date of inspection, as of October 26, 2010 and available on the market.

The information contained in this report is strictly confidential. No other use of this appraisal, other than the function as stated within is permitted without the prior written consent of the appraiser. No portion of this appraisal may be photocopied without the prior written consent of the appraiser.

This report is based upon the legal description which was supplied to the appraiser. The actual land size is an estimate from the data available. The appraiser recommends that a survey be made to determine the accuracy of the land size. This report is subject to the accuracy of the legal description, and the corresponding size as provided to the appraiser.

RE: 220 Aylworth Avenue, South Haven, MI

This report has been made in conformity with the standards and requirements of The South Haven Development Finance Authority, the Uniform Standards of Professional Appraisal Practice and those of the professional organizations to which we belong.

Based on the analysis, along with the basic assumptions and limiting conditions of the appraisal contained herein, it is my opinion that the Market Value of the Fee Simple interest of the subject property, "As Is", as of October 26, 2010 is:

ONE MILLION FIVE HUNDRED THOUSAND DOLLARS
($1,500,000.00)

This is based on the Direct Sales Comparison and Income Approaches, as applied to approximately 101,825 SF of the existing approximately 225,000-SF footprint. We have already deducted for the anticipated cost of demolition of those sections of the building footprint which appear to be beyond its useful life (all SF figures are approximate measures).

The above value does not include any personal property, ongoing leases or other contracts, licenses, equipment, goodwill, inventory, tools or trade goods.

Should you have any questions regarding this report, please feel free to contact me.

Sincerely,
APPRAISAL ASSOCIATES, INC.

John L. Shea
Certified General Appraiser

TABLE OF CONTENTS

OVERVIEW 1

BACKGROUND INFORMATION 2
- IDENTIFICATION OF SUBJECT PROPERTY 2
- HISTORY OF SUBJECT PROPERTY 3
- OWNER OF RECORD 3
- PURPOSE OF APPRAISAL 3
- INTENDED USE OF REPORT 3
- APPRAISAL DEVELOPMENT AND REPORTING PROCESS 4
- PROPERTY RIGHTS 7
- ZONING 7
- ENVIRONMENTAL CONTAMINANTS 8
- FLOOD PLAIN AND CENSUS TRACT 9
- PROPERTY TAXES AND ASSESSMENTS 9
- OWNERSHIP CONTACT 9

DESCRIPTIVE INFORMATION 10
- MAPS 12
- DESCRIPTION OF THE NEIGHBORHOOD AND IMMEDIATE AREA 14
- DESCRIPTION OF THE SITE 16
- DESCRIPTION OF THE IMPROVEMENTS 17

ANALYSIS OF DATA AND OPINIONS OF THE APPRAISER 19
- HIGHEST AND BEST USE 20
- MARKET VALUE 22
- VALUATION 23
- EXPOSURE TIME 24
- DIRECT SALES COMPARISON APPROACH 25
- VALUE ANALYSIS SUMMARY 27
- COST APPROACH 29
- LAND VALUATION 30
- INCOME APPROACH 31
- STABALIZED ANNUAL INCOME STATEMENT 32
- RESERVES FOR REPLACEMENT 33
- CAPITALIZATION RATE 34
- INCOME APPROACH SUMMARY 35

CORRELATIONS & CONCLUSIONS 36

CERTIFICATE OF APPRAISAL 37

ASSUMPTIONS AND LIMITING CONDITIONS 38

APPRAISER'S QUALIFICATIONS..... 40

APPRAISAL DEFINITIONS 42

ENVIRONMENTAL LIABILITY STATEMENT 47

ADDENDUM 48

OVERVIEW

LOCATION:	220 AYLWORTH AVENUE, SOUTH HAVEN, MI
OWNER OF RECORD:	SOUTH HAVEN REDEVELOPMENT LLC
ZONING:	I-1B INDUSTRIAL
PLANNED USE:	UNDETERMINED AT THIS TIME
LAND AREA/SF:	16.7 ACRES
BUILDING INPROVEMENTS	TOTAL 225,000 SF AT PRESENT WE HAVE ESTIMATED THAT APPROXIMATELY 101,825 SF OF THE BUILDING IS CONTRIBUTING TO OVERALL VALUE.
PROPERTY RIGHTS:	FEE SIMPLE, SUBJECT TO ANY TENANTS' RIGHTS.
HIGHEST & BEST USE (LONG TERM):	MIXED USE DEVELOPMENT
(SHORT TERM)	STORAGE AND INDUSTRIAL
EFFECTIVE DATE OF EVALUATION:	OCTOBER 26, 2010
DATE OF REPORT:	DECEMBER 1, 2010
TYPE OF REPORT:	SUMMARY

VALUATION

COST APPROACH	NOT APPLICABLE
DIRECT SALES COMPARISON APPROACH (NET OF DEMO. COSTS)	$1,600,000
INCOME APPROACH (NET OF DEMOLITION COSTS)	$1,400,000
CORRELATED VALUE	**$1,500,000**

All these figures are net of the estimated $110,000 net demolition cost for the approximately 123,000 SF of the buildings which are deemed to no longer contribute to overall value.

BACKGROUND INFORMATION

IDENTIFICATION OF SUBJECT PROPERTY

The subject properties are located .75 miles south of the CBD of the City of South Haven, within an area of mixed residential use and former industrial uses in NW Van Buren County. It is located 1.75 miles NW of Exit #18 from the I-196 freeway, approximately 4 blocks from Lake Michigan. It is located in and most influenced by the City of South Haven. This property is the parcel identified by the following tax identification numbers, per City of South Haven and VanBuren County records:

80-53-220-001-10 (13.22-acre parcel)
80-53-220-002-10 (3.48-acre parcel)
These were split from the original 16.7-acre parcel in 2005.

The larger parcel is defined by the following legal description, delineating the parcel.

Property Description
A851-1 15-1-17 732-502 895-471 1098-354 1266-856 1297-670 BEG AT NE COR OF LOT 1, TH S 0 DEG 00'12"W ALG E L OF LOT 1 177.79 FT, TH S 89 DEG 57'04"W 413.51 FT TH S 0 DEG 08'05"W 218.71 FT, TH S 89 DEG 57'07"E 70.76 FT, TH S 0 DEG 10'41"E 80.67 FT, TH S 89 DEG 53'18"E 146.13 FT, TH S 0 DEG 42'47"W 167.54 FT, TH S 89 DEG 36'44"W 22.45 FT, TH S 0 DEG 00'12"W 218.26 FT, TH N 89 DEG 59'48"W 269.0 FT, TH S 0 DEG 00'12"W 414.70 FT TO S L OF LOT 1, TH N 89 DEG 21'02"W ALG S L OF LOT 1 276.97 FT, TH N 0 DEG 04'12"E ALG W L OF LOT 1 1283.87 FT, TH S 89 DEG 21'36"E ALG N L OF LOT 1 764.90 FT TO BEG. TOGETHER WITH AND SUBJECT TO AN EASEMENT FOR INGRESS AND EGRESS. IRVING T OLSON INDUSTRIAL SUBDIVISION. *** SPLIT ON 29 JUNE 2004 FROM 80-53-220-001-01 FOR 2005.

Also adjacent is parcel # 80-53-220-002-10 which is described as:

Property Description
A851-A1 15-1-17 732-502 895-471 1098-354 1266-856 1297-670 COM AT NE COR OF LOT 1, TH S 0 DEG 00'12"W ALG E L OF LOT 1 177.79 FT TO BEG, TH S 0 DEG 00'12"W ALG E L OF LOT 1 466.26 FT, TH S 89 DEG 36'44"W 198.95 FT, TH N 0 DEG 42'47"E 167.54 FT, TH N 89 DEG 53'18"W 146.13 FT, TH N 0 DEG 10'41"W 80.67 FT, TH N 89 DEG 57'07"W 70.76 FT, TH N 0 DEG 08'05"E 218.71 FT, TH N 89 DEG 57'04"E 413.51 FT TO BEG. TOGETHER WITH AND SUBJECT TO AN EASEMENT. IRVING T OLSON INDUSTRIAL SUBDIVISION. *** SPLIT ON 1 APRIL 1999 FROM 80-53-220-001-00 FOR 2000.

HISTORY OF SUBJECT PROPERTIES

The subject properties were improved as industrial-use buildings, c.1900-1980. The properties were purchased by this entity in 1998 and held for development or partial interim uses. The appraiser has no knowledge of any other use or transaction of ownership pertaining to the subject property within three years prior to the date of inspection. No known pending sale of the subject is under consideration at this time. The parcels appear to have been in the same configuration for a number of years.

OWNER OF RECORD

For reporting purpose, the Owner of Record is South Haven Redevelopment LLC, of the subject address.

PURPOSE OF APPRAISAL

The purpose of this report is to estimate the Market Value of the two contiguous industrial parcels as if available for sale as of October 26, 2010, for the exclusive use of the client, a Municipal Corporation.

INTENDED USE OF REPORT

This appraisal is intended to assist the client, The South Haven Local Development Finance Authority, or The City of South Haven, (a related entity) in making various acquisition and disposal determinations on the subject property. There are no other intended users of the report.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

SCOPE OF WORK

The scope of appraisal has been included in this report to identify to the reader the extent of research done. This section is best described as follows:

> *"Scope of the appraisal - extent of the process in which data are collected, confirmed and reported."*[1]

In this appraisal, the amount and level of research done includes the following sources: Public data acquired from governmental municipalities, private sources, real estate professionals, published data, and in-house data. As all of these sources have been utilized, within the time constraints of the client, in acquiring data in preparing this appraisal report, it is the opinion of the appraiser that this report does conform to, and is acceptable in the normal flow of business.

PROPERTY IDENTIFICATION

Physical Characteristics

In this appraisal assignment, I viewed all exteriors, and a sampling of the subject interior improvements, in order to gather information about the physical characteristics of the subject improvements that are relevant to the valuation problem.

Information about the scope and character of the subject's proposed improvements is based on a physical inspection on October 26, 2010, and on building sketches on file with The City of South Haven.

Legal Characteristics

I relied on the information available on the City of South Haven's and County of Van Buren's websites relative to information regarding easements, covenants, restrictions and other encumbrances. I did not research the presence of such items independently.

The legal description furnished is assumed to be correct. The appraiser assumes no responsibility for matters legal in character, nor renders any opinion as to the title, which is assumed to be good.

---

[1] The Dictionary of Real Estate Appraisal, Third Edition, Page 322

Economic characteristics

The property was appraised as having knowledgeable ownership and competent management.

Property Inspection

I viewed the subject property on October 26, 2010. All improvements were already in place and in conditions varying from below average to fully depreciated, at this time. Some sections appear to be in the process of being razed.

I used information from county records, real estate agents and developer's comments, buyer's description, assessor's records, the state records, multiple listing service data, brochures, and leasing data sheets to identify the characteristics of the subject property that are relevant to the valuation problem.

Information, estimates, and opinions furnished to the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, the appraiser can assume no responsibility for accuracy of such items furnished to the appraiser.

Type and Extent of the Data Researched

Sales of similar industrial buildings that have occurred over the past few years were researched throughout the South Haven area and SW Michigan region.

I researched data on comparable land and improved sales, income and expense information, and construction costs; confirmed all comparable sales information; and analyzed the information gathered in applying the Direct Sales Comparison and Developmental approaches, or portions of each approach to value. Unfortunately, while all of the industrial sales were found to have some of the subject's improvements, most were smaller in overall footprint. Some were different in design, layout, support spacing, ceiling height, overall appeal, condition, and infrastructure improvements. Adjustments for these superiorities made for very large gross and net adjustments, in some cases. After adjustments for the above differences, the Direct Sales Comparison Approach was felt to produce a credible result, and will be considered in the final calculation of value. It is noted, however, that we adjusted the building's footprint from its current 225,000 down to a more marketable and usable 101,825 SF. Most of the SW sections were found to be in lower condition and no longer making a contribution to the site, except for their scrap value. Portions of the SW sections show failed roof systems, areas open to daylight, missing sidewalls, loose siding, and other failures. These sections appear to be well beyond

their useful lives.

The cost approach would normally be implemented to determine the typical costs involved in developing a property of this type. However, large portions of the buildings are of antiquated design, materials, and conformation. For this reason, we conclude that the Cost Approach could be misleading, and has been eliminated from consideration for these reasons.

Type and Extent of Analysis Applied

The value opinion presented in this report are based upon review and analysis of the market conditions affecting real property value, including land values, cost and depreciation estimates, the attributes of competitive properties, and sales data for various types of properties.

In order to determine the highest and best use of the real estate, I completed a survey of the market, carefully noting supply and demand factors, and examined the feasibility of alternative uses.

The appraisal problem did not warrant an intensive highest and best use study. Given the nature of the subject real estate, as a part of a developing complex, my conclusion of highest and best use was based on logic and observed evidence.

I have considered the Direct Sales Comparison and Income approaches for the assumed size of the building without its excess square footage, and then reconciled them to arrive at a final opinion of value for the subject property, at approximately 101,825 SF. From this, I deducted an estimated net cost (after salvage income) of razing the 123,000 SF sections of the building deemed excess and beyond their physical lives. The Income Approach was implemented, again, based on the reduced size of 101,825 SF.

It is the understanding of the appraiser, as indicated by Mr. Paul Vandenbosch, with The South Haven Local Development Finance Authority, that this appraisal will be used as part of a package for acquiring, disposing of, and-or financing the subject property. This appraisal is to be utilized by The South Haven Local Development Finance Authority and related entities only. The information in this appraisal is confidential, and is to be used within the context of this appraisal only. Other use or release of this appraisal or any part thereof is not permitted without the prior written consent of the appraiser.

PROPERTY RIGHTS

The appraisal is made with the understanding that the ownership of the subject property includes all the rights that may be lawfully owned, and is therefore termed "fee simple ownership". It is subject to the temporary rights of tenants from time to time, and to the four powers of government (the power of eminent domain, police power, escheat and taxation), as well as certain private agreements, deed restrictions, 3rd party agreements, easements, etc. It is assumed herein that clear title can be transferred to any new owner(s), and that no pending legal action by the current owners/operators will hamper such a transfer.

ZONING

The property is located in an area with I-1B industrial zoning. The current utility of the subject property is an allowable use. Based on discussions with the City's assessor, planning, and other officials, there have been proposals discussed to implement a zoning change to either multi-use commercial or residential, which the City of South Haven does not seem likely to oppose. Any "lighter" use than the previous I-1B would more than likely meet with agreement from the City of South Haven, though no such request has yet been made.

ENVIRONMENTAL CONTAMINANTS

The following disclaimer is cited to alert the user of this appraisal to specific limiting conditions which the appraiser worked, and the possibility of the need to retain an expert in the environmental field if deemed necessary by the client.

> *"Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value."*[2]

The Michigan Sites of Environmental Contamination, Act 307, was searched for possible sites of contamination in the subject's area. This document was issued in final form in April 1995, following public hearings and the receipt and consideration of any written public comments. Based on the most current publications pertaining to Act 307, several contaminated sites were listed in the subject's City of South Haven. The descriptions and map of contaminated sites, confirms that at the present time there does not appear to be contamination in existence on the subject site, though there is a significant clean-up underway on the parcel ½ mile NW of the subject. The subject buildings are connected to a municipal water system, as have been all nearby properties for a number of years. For this reason, the appraiser considers the subject's market value not to be impacted by any known contamination. We are not, however, experts in this field, and cannot make judgments as to contamination issues or concerns.

---

[2]Guide Notes to the Standards of Professional Appraisal Practice, Guide Note #8, Illustrated Disclaimer, pps D23 and D24, Appraisal Institute, 1990)

FLOOD PLAIN AND CENSUS TRACT

The Federal Emergency Management Agency (FEMA) has not mapped the City of South Haven. The subject does not appear to be in a flood hazard zone, nor near any waterways which are prone to flooding. South Haven has been mapped. The subject appears to be in Zone X (not flood-prone) on Map #26159 C0019C, dated 12/03/09. Please note that the appraiser is not an expert in the field of hydrology and is not qualified to make judgments relative to flood matters. He only indicates the lack of established apparent flood-zone for the convenience of the client. An expert in hydrology should be consulted if flood hazard is a concern.

The census tract number for the subject is 0104.00.

PROPERTY TAXES AND ASSESSMENTS

There is a total of $467,100 S.E.V. (State Equalized Value) assigned to the subject's two parcels. Since approximately 1994, Michigan has operated under a compromised ad-valorem tax system, under which S.E.V. is only raised according to the C.P.I. (an unrelated economic index) each year. For this reason, S.E.V. is no longer considered to be related to actual value. At one time, doubling the assigned S.E.V. was a fairly reliable indicator of True Cash Value (TCV) but this has not been reliable for a number of years. There are no overdue taxes on any of the parcels, per the County Treasurer's office. All figures are subject to change at such time as individual improvements are recorded.

OWNERSHIP CONTACT

The subject property was physically inspected by John L. Shea of Appraisal Associates, Inc., on October 26, 2010, as the result of an appraisal request from Paul Vandenbosch, of the South Haven Local Development Finance Authority. The appraiser visited the site with Mr. Steve Larsen, of the current ownership entity. Mr. Vandenbosch, Mr. Larsen, and others provided data on the subject property, as did the South Haven City and Van Buren County Assessor's, Equalization, and Treasurer's offices.

DESCRIPTIVE INFORMATION

The subject property is located on the northwestern corner of Van Buren County in the City of South Haven. Van Buren is one of five counties that border Kalamazoo County. The general economic outlook for Kalamazoo and Allegan (the County line is a few miles to the north) Counties is considered to be guardedly stable. Based on information published by the W.E. Upjohn Institute for Employment Research, the unemployment rate for the two areas was 8.1%. Locally, the rate is somewhat lower, and has been estimated by the South Haven Area Chamber of Commerce at approximately 9.0%, adjusted seasonally. The area's economic indicators suggest no known employment growth in the coming months. Although the economy does not have the growth indicators it had from 1992 to 2000, there are still some construction starts and similar indicators in evidence. As an historical fact, West Michigan's unemployment rates have equaled those state-wide for the first time in recent memory. Usually, Western Michigan's more diverse industrial base has insulated it somewhat to economic downturns, while East Michigan remains rooted in automotive production and supply, subjecting it to greater swings in unemployment. The current downturn seems to have narrowed the usual gap to zero, in the past two years. Still, the relatively steady employment rates and the projected steady employment indicate an adequate (but not robust) economy in the subject's area. This should support the subject's estimated market value at the present time and into the foreseeable future. South Haven is located off the south leg of a recently redefined "Tri-Plex" of population, extending from Holland on the southwest to Grand Rapids on the east, and to Muskegon on the northwest. The recently-convened West Michigan Strategic Alliance in a coalition of governmental units, business leaders, and citizens which has published a well-received report entitled "The Common Framework/West Michigan/A Region in Transition", to which the reader of this report is referred for additional data on the subject's region. The newly-defined Tri-Plex had a population of some 1,088,514 in 2000, and had the largest rate of growth in population of any Metropolitan Statistical Area (MSA) in the upper mid-west region from 1970 to 2000, at 42.48 %. Further, the area had a 119.68% job growth rate over the same period. Unfortunately, beginning sometime in 2007-08, the demand for new housing starts dropped dramatically, and many of the newer subdivisions have languished, with many unsold lots. Large portions of the area appear to be gradually changing from primarily agricultural to residential subdivisions, with significant growth in K-12 school population throughout the region. Again, beginning in the 2005-06 school year, enrollment growth slowed, and in some cases, pupil count dropped slightly. Predictions are that school populations will stabilize and perhaps return to modest

growth in the immediate future, though the long-range trends are not wholly predictable. The need for large industrial space in various configurations is not expected to rebound any time soon. Demand for and interest in actual manufacturing utility has been weak for several years. With the recommended reduction in building footprint, we believe the subject can continue to function for the foreseeable future in this location, for industrial processing or warehouse uses (interim use) and should eventually be a candidate for adaptive reuse.

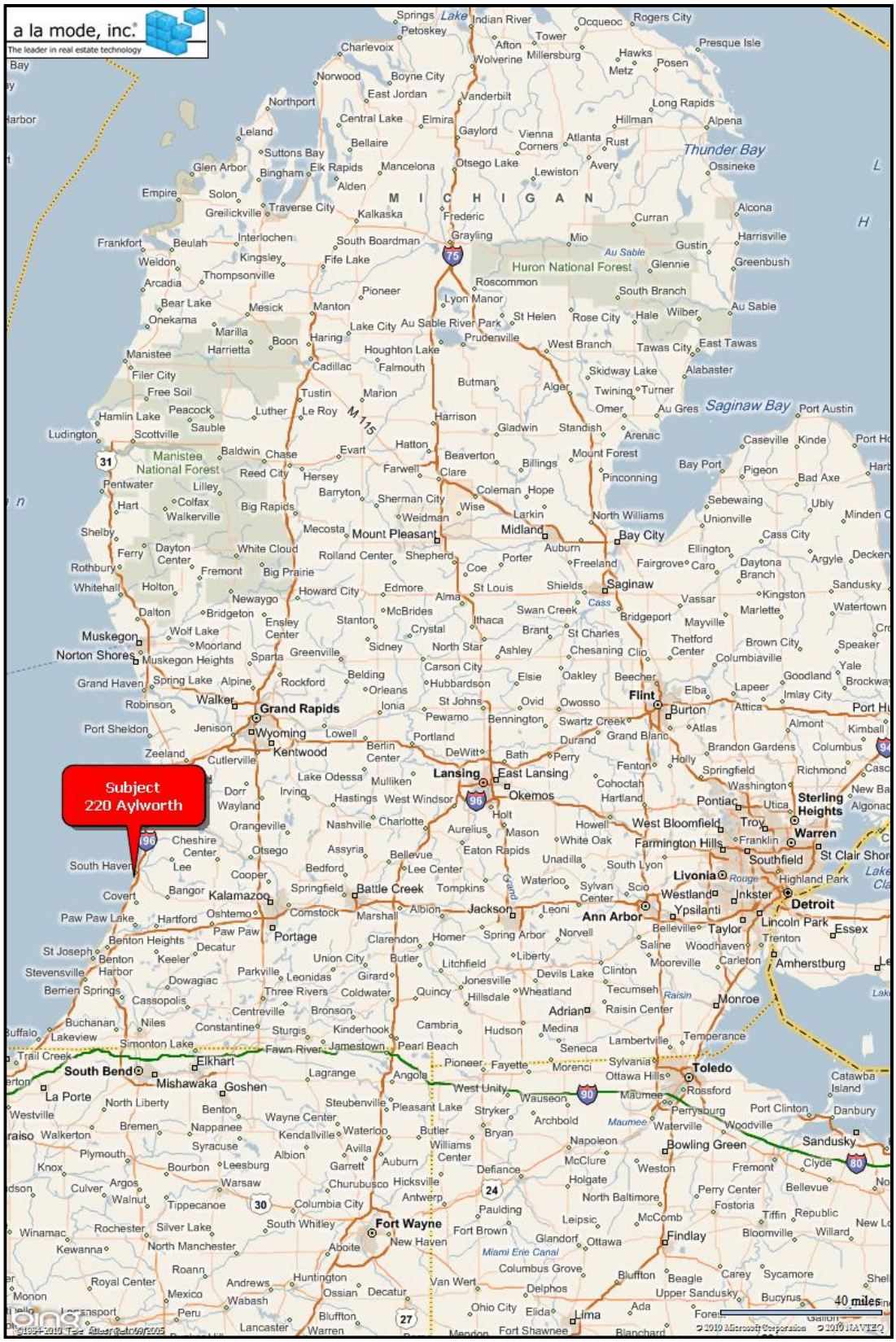
SUMMARY:

The largest population center in the subject's area is the City of South Haven which had a 2000 population of 5,021, and an estimated 2008 population of 5,160. Van Buren County had a 2000 population of 76,263, and an estimated 2008 population of 78,724. The City of South Haven is home to a limited employment base. The major portions of three townships are considered suburban to South Haven, including Casco Township, in neighboring Allegan County, and South Haven and Covert Townships, in VanBuren County.

The Grand Rapids and Kalamazoo metropolitan areas indicate reasonably stable economies with stabilized employment in the following quarters, but no expected growth. These factors should help to support the continued stability in the county's population and property values, albeit lacking the growth which occurred from 1990 through 2007.

Area Map

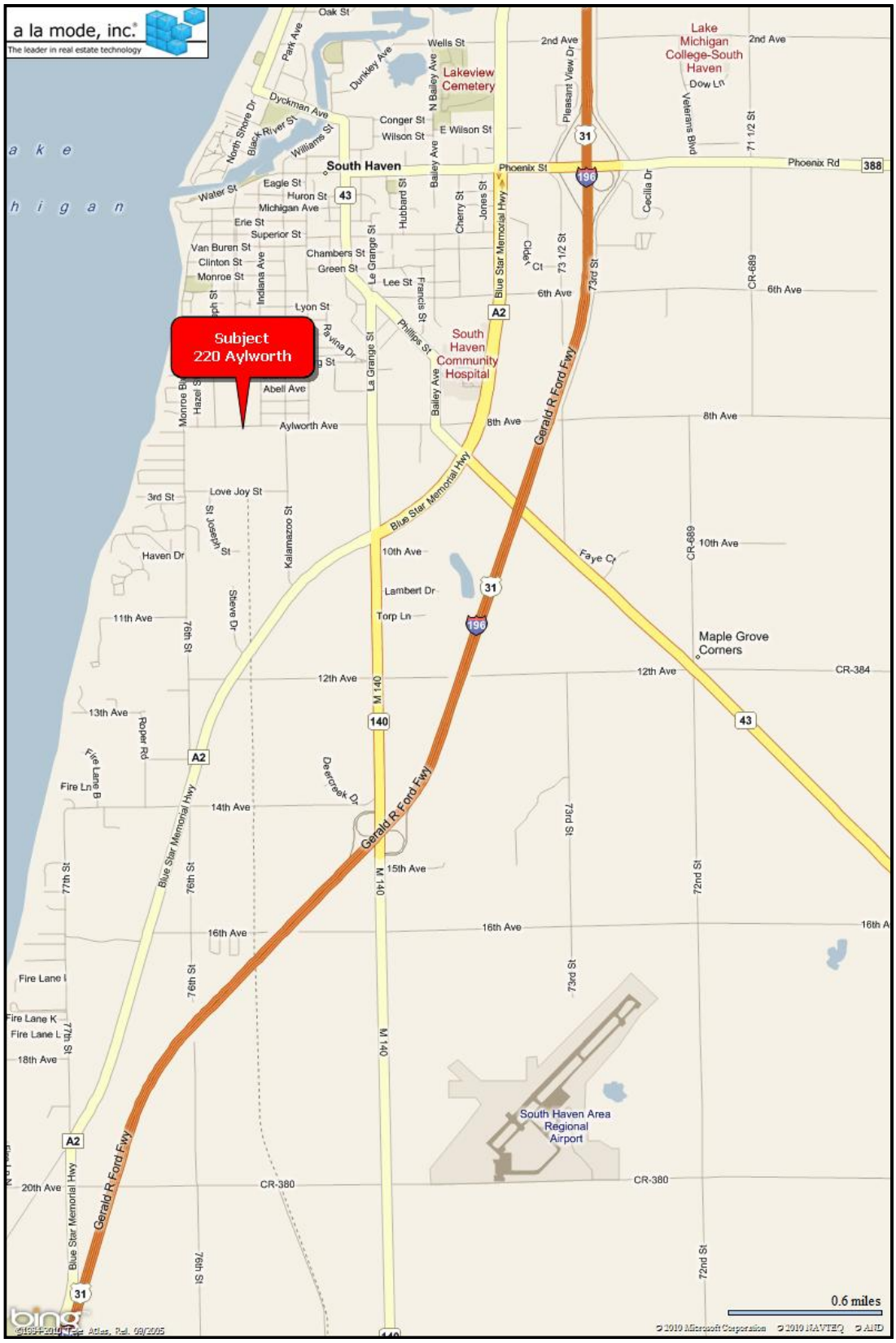
Borrower/Client							
Property Address	220 Aylworth						
City	South Haven	County	Vanburen	State	MI	Zip Code	49090
Lender							



Form MAP.LOC — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Location Map

Borrower/Client							
Property Address	220 Aylworth						
City	South Haven	County	Vanburen	State	MI	Zip Code	49090
Lender							



Form MAP.LOC — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

DESCRIPTION OF THE NEIGHBORHOOD AND IMMEDIATE AREA

The subject properties are approximately .75 miles S of central South Haven, and 2 miles SW of the I-196 freeway Exit #20. I-196/US 31 is the major through way through and around the South Haven area. Lake Michigan is some 4 blocks directly west.

The land uses in the subject's immediate neighborhood consist mainly of residential, service, and agricultural utility. Although it was once a part of South Haven's major industrial zone, there are few operating manufacturing facilities in the immediately adjacent area at this time. The land uses congruent to the subject property consist of mostly residential uses, with a few light industrial uses. One significant and neighboring business is located ½ mile to the NW. The "Factory Condominiums", a former brick factory which was significantly rehabilitated and rebuilt for residential condominium use in the 1990s. Unfortunately, underground contamination was subsequently found, and that portion of the building which was dedicated for use as an indoor pool, tennis courts, and health club has been deemed unusable, at least for the time being.

Another near-neighbor is the former Everett Piano factory, just to the north, across Aylworth. Developers removed two large c.1900s brick factories and installed infrastructure and roadways for site-condominium, freestanding homes, as well as an outdoor pool, a clubhouse, and other shared amenities. Unfortunately, the development became available just as interest in new housing was lagging, and very few sales have yet occurred. The project was well-conceived, but, it would now appear, ill-timed.

With these two projects seemingly stalled for lack of current demand, we are not inclined to see redevelopment to residential uses as a viable alternative in the near-term. In time, of course, the transition from industrial uses to residential uses could again be supportable. Other, mixed-use commercial development would also be possible, with a change in zoning.

The subject's utility and size are considered unrelated to the surrounding properties. It is a large parcel, and dominates the area at present. Most of the properties in the subject's immediate area indicate at least average maintenance and upkeep. The subject's neighborhood is considered to be in the "re-developing" phase of neighborhood life cycle. This is due in part to the decreased use of large manufacturing buildings, and to the adaptive reuse which seems to be more the norm now.

Overall, there are no indications that the subject's neighborhood should not support the adaptive re-use of the best portions of the subject's buildings, and/or the provisional use of portions for industrial processing or warehousing on an interim basis. The market for residential development is very slow at present. The City has expressed a willingness to consider zoning changes among the nearby industrial parcels, if they would result in a less industrial utility, though no such requests have been made.

DESCRIPTION OF THE SITE

As an assemblage of two parcels, the subject forms a combined 16.7-acre plat of land, essentially L-shaped, rectangular but for two exceptions at its SE corner. It has contact on the north edge of Lovejoy Street, the west edge of Kalamazoo Street, and the South edge of Aylworth. Its west edge follows a former rail right-of-way, long abandoned.

Currently, the site is serviced with electricity, water, sewer, and cable TV. At the time of inspection, there were no noted adverse easements, encroachments, or any other adverse encumbrances that would negatively affect the market value of the subject site. Comparisons with similar types of properties indicate that the subject's slightly irregular shape will have no negative impact on the site's value. Due to the good amount of frontage on three local streets, the site is fully usable, and exhibits at least average appeal at this time.

DESCRIPTION OF THE IMPROVEMENTS

The subject is improved with a many-sectioned 1-story manufacturing complex with attached offices. Due to building size, design elements, conditions, and other factors, portions of the building have exceeded their functional and physical lives. Only the northernmost 101,825 SF of the structure is deemed likely to support use at this time. Of the manufacturing sections, the NE portion appears to be the newest and most usable portion. It is a steel-framed building, located nearest the NE corner of the site, with approximately 20' eaves, steel siding, and steel roofing (not inspected). Also, the office section, found nearest the parcel's NW corner, seems fully functional, and the portion immediately south of the office section has at least average apparent function. Finally, a freestanding 100'x 50' building, found nearest the parcel's SE corner, would appear to have utility. Most of the remaining buildings have been slated for removal. In fact, some portions have had their steel siding removed and evidently sold as scrap, rendering those sections unusable.

The remaining but compromised sections are variously concrete block (some steel-frame) industrial buildings with narrow bays, concrete or wooden floors, older non-thermal windows (many missing panes), and no (or only minimal) heating, electrical, and plumbing systems. At some locations within the building are failed roofs, with broken trusses, open to the elements, and similar deficiencies. A few portions appear to be sound and free of such defects, but are inter-connected with lower-condition portions. These elements do not make a significant contribution to value. The newer sections appear to have the most intact roofs, though this assertion is based only on interior observations, and not on an actual inspection of the roofs' structures and coverings, which would be recommended before anyone makes decisions as to what portions (if any) of the building to save, and what to raze.

From our observations, we have made the following estimates of building size, condition, and usability:

1-story steel portion (NE corner)	62,500 SF
1-story steel loading dock section	14,000 SF
1-story freestanding steel bldg.	5,000 SF
NW plant, immediately S.of offices	12,300 SF
NW office section	8,025 SF
Approximate total footprint……	101,825 SF

We wish to stress that these are based on exterior and interior walking observations, and not on an actual survey or engineered drawing. We offer these estimates herein to allow the reader of this report to have a generally informed understanding of the size and conformation of the assemblage of buildings which exist on the subject site. The estimated sizes are not intended to be a scientifically accurate or engineered drawing of the subject. We believe these estimates to be fairly accurate, but would yield to a surveyor or engineer, whose measurements would be done with an eye to more specific accuracy.

ANALYSIS OF DATA AND OPINIONS OF THE APPRAISER
THE APPRAISAL PROCESS

The Appraisal Process is the set of steps followed to arrive at the estimate of the subject property's value. First, the appraisal problem must be defined. The real estate along with the real property interest (i.e. fee simple, or leased fee, or ...) must be identified. The effective date of the appraisal is established. The type of value (i.e. market, or investment, or ...) to be reported has to be ascertained.

Factors which are believed to possibly affect the value of the subject property are identified. The appraiser then collects information on these factors. The information collected allows the appraiser to determine if in fact there is an influence from a given factor and to quantify that influence.

Information on the area, neighborhood, and the subject property are then analyzed. Highest and best use is determined. Finally, the subject property's value is estimated from the above information and analysis. This value estimate comes about through consideration of the three approaches to value.

Those approaches which are deemed appropriate and which can be meaningfully applied are used to estimate the value of the subject property. The three approaches to value are: The Cost Approach, The Income Approach and The Direct Sales Comparison Approach (sometimes formerly known as the Market Approach). This has been modified to the Developmental Approach, in which the planned sales of the sites over a four-year period are studied.

The *Direct Sales Comparison Approach* is first used to determine value of the completed units by comparing the planned units to actual sales or offerings of similar properties. These sales are then adjusted for any differences which exist in site count, conformation, function, amenities, and other parameters.

Final Reconciliation of value estimates from the various approaches results in the final estimate of value. This phase of the Appraisal Process is where the appraiser considers the relative appropriateness of each of the three approaches to the specific appraisal problem at hand. The amount of information available to be applied in each approach is also considered in arriving at the final estimate of value. The appropriateness and amount of data available for each approach determines the relative weight given each approach. The correlation and final reconciliation of the applicable approaches provides the basis for the estimate of value for the subject property.

HIGHEST AND BEST USE[3]

The highest and best use is - that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal, October 26, 2010.

Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

This definition applies specifically to the highest and best use of the land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different than the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Determination of highest and best use includes an analysis of four distinct uses:

(1) **possible use** which addresses whether the proposed use is physically possible on the site;
(2) **permissible use** which considers the proposed uses that are legally permitted for the subject site;
(3) **feasible use** which evaluates if the proposed use is economically and financially feasible under existing and projected market conditions; and
(4) **most profitable use** which is the proposed use estimated to be the most profitable among the alternatives that are legally permissible, physically possible and economically feasible.

[3] The Dictionary of Real Estate Appraisal, Third Edition Page 171

This appraisal is based on a particular use for the subject property as determined by the highest and best use analysis which considers two assumptions for the subject property: 1) as vacant and unimproved site, and 2) as a site which includes the current site improvements.

The legally permissible uses of the site consist of any use permitted under the current zoning ordinances in effect pertaining to the subject property. For this reason, the current improvements are considered to be one legally permissible use of the site if vacant (though it is doubtful that such a multi-sectioned building would be built today).

The financially feasible uses of the site are all uses that are physically possible, legally permissible, and also create value, a positive rate of return, or a positive net income. This indicates that for the buildings planned for the site to be financially feasible, the property must produce an income or return equal to or greater than the amount needed to satisfy all financial obligations and capital amortization. The theory of financial feasibility is heavily grounded in supply and demand, for if there is no demand for a particular type of property, it most likely will not be able to be sold for, or leased at a rate, to satisfy the financial obligations resulting from the construction.

At the present time there are no indications that the any other use of the site besides some form of industrial use (albeit in a smaller package than the building's current 225,000 SF footprint) would create a higher value for the subject property in the immediate future. Modifying the current improvements to a smaller size would incur additional expense and risk, but such an expense would result in higher end value, in our opinion. Additionally, modifying the remaining building footprint to alternative uses, at such time as the Michigan economy strengthens, could result in a successful adaptive reuse of the site, and in maximizing its productivity. This is a long-term Highest & Best Use. The interim use of the building as a smaller industrial plant is deemed the most productive use at present.

MARKET VALUE[4]

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

a. Buyer and seller are typically motivated;
b. Both parties are well informed or well advised, and each acting in what he considers his own best interest;
c. A reasonable time is allowed for exposure in the open market;
d. Payment is made in terms of cash in U. S. Dollars or in terms of financial arrangements comparable thereto; and
e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs that are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession, but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

The following definition of value is an extension of the preceding definitions and was quoted from the Federal Register/Vol.3, No. 3/ Wednesday, January 6, 1988/Rules and Regulations:

> *"**Market Value As Is On Appraisal Date**" means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.*

---

[4]As defined by the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of The Appraisal Foundation, effective April 20, 1990.

VALUATION

Three basic approaches may be used to develop value indications for real property: the *Cost Approach, Income Approach, and Direct Sales Comparison Approach* In any particular appraisal, the selection of the approach or approaches to use will depend on the type of property being appraised, the availability of certain data, and the purpose of the appraisal or the type of value being estimated.

All three approaches measure market activity, but each attempts to measure the real estate market by different means. The Cost Approach uses the current cost of construction to determine value. The Income Approach considers the amount of income that the property should be able to generate. The Direct Sales Comparison Approach uses sales of property similar to the subject's utility and design.

In this report, we have considered all three of the approaches to value, but will rely more or less equally on the results of the two applicable approaches. The Cost Approach will grossly overstate the value of the subject, due to its large footprint, the areas of the structures which have outlived their economic lives (and in some cases physical lives). It would not be typical to build a many-sectioned industrial building at this time, particularly in this location.

EXPOSURE TIME

The Appraisal Standards Board (ASB) has issued a statement pertaining to the estimate of exposure time linked to market value estimates. Statement 6, labeled as "Reasonable Exposure Time in Real Estate Value Estimates" follows:

> "Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal.
>
> Exposure time may be defined as follows: The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.
>
> Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component.
>
> The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal."

Based on discussions with realtors in the area who deal with similar types of properties, the estimated exposure time for the sale of the reduced-size subject is estimated at 36 to 48 months.

DIRECT SALES COMPARISON APPROACH

That approach in appraisal analysis which is based on the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an existing property with the same utility. This approach is applicable when an active market provides sufficient quantities of reliable data which can be verified from authoritative sources. This approach is relatively unreliable in an inactive market or in estimating the value of properties for which no real comparable sales data are available. It is also questionable when sales data cannot be verified with principals to the transaction.

This valuation involves use of the Direct Sales Comparison Approach to determine the value of the improved property "As Is" as of the date of inspection, October 26, 2010. We were able to locate six large industrial building sales, 4 in the immediate South Haven area, 1 in nearby Benton Harbor, and 1 in Holland. The search was eventually broadened to all of SW Michigan.

Evaluation involves use of the Direct Sales Comparison Approach to determine the value of the total subject as an improved property "As Is" as of the date of inspection, October 26, 2010.

The building valuation analysis grid follows, based on the recommended smaller footprint. The comp sales map can be found in the addendum.

DIRECT SALES COMPARISON APPROACH - BUILDING

Element	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6
Sale Price		$285,000	$265,000	$130,000	$670,000	$78,000	$1,325,000
Financing		Conv	Conv	Cash sale	Conv	Conv/BankSale	Conv
Adjustment		0%	0%	0%	0%	10%	0%
Adjusted Price		$285,000	$265,000	$130,000	$670,000	$85,800	$1,325,000
Date of Sale		7/10/2009	8/31/2006	1/12/2009	Apr-08	6/1/2010	6/19/2009
Adjustment		0%	0%	0%	0%	0%	0%
Adjusted Price		$285,000	$265,000	$130,000	$670,000	$85,800	$1,325,000
$/SF		$9.50	$12.72	$14.44	$31.66	$18.65	$22.23
Location	220 Aylworth S.Haven	1450 Kalamazo S.Haven	1400 Kalamazo S.Haven	3791 CR 687 Geneva Twp	645 Commerce Holland Twp	80 Industrial Pk Bangor	2550 Meadowbr Benton Harbor
Adjustment		0%		0%	-15%	0%	-10%
Size	101,825 Usable SF	30000	20840	9000	21160	4600	59597
Adjustment		$0	0%	-15%	0%	-25%	0%
Configuration	Industrial Gd/Lg.Offices	Industrial Older Offices	Industrial w-offices	Warehouse Sm.offices	Warehouse Good Offices	Manufacturing No Offices	Warehouse Good Offices
Adjustment		5%	0%	5%	0%	10%	0%
Building Height	20' & above	18'	Mostly 25' Similar	16'	18'	12'	22' Similar
Adjustment		2%	0%	4%	2%	6%	0%
Utilities	All Municipal	All Municipal	All Municipal	NG,Elect	All Municipal	All Municipal	All Municipal
Adjustment		0%	0%	5%	0%	0%	0%
Construction	Steel (Remaining)	Concrete Block	Mostly Steel	Steel & Pole	Steel	Steel/Pole	Block & Steel Similar
Adjustment		0%	0%	5%	0%	5%	0%
Condition	Average Industrial	BelowAv/Older Industrial	Average	BelowAve/Olde	Above Ave	Above Ave	Above Ave
Adjustment		10%	0%	10%	-15%	-15%	-15%
Gross Physical Adjustments		17%	0%	44%	32%	61%	25%
Net Physical Adjustments		17%	0%	14%	-28%	-19%	-25%
INDICATED PRICE PER SF		$11.12	$12.72	$16.47	$22.80	$15.11	$16.67

BUILDING ANALYSIS SUMMARY

The adjustments are based on the theory that if a particular characteristic of a comparable is superior to the subject, the comparable will be adjusted downward to equal the subject. Likewise, if a comparable's characteristic is inferior to the subject, it will be adjusted upwards to equal the subject. The adjustments are computed on a summary basis for each comparable.

For the subject's RECOMMENDED smaller size, an indicated value was produced by Average method, giving equal weight to all six comps.

The mean of the six adjusted values was $15.82 per SF. The mean without the highest and lowest values was similar, at $15.24 PSF. The median was also similar, at $16.96 PSF. Given the location, condition, and size of the subject (in its recommended reduced size-class), we feel the mean is the best indicator of value at this time.

The mean of $15.82 per SF is applied to the recommended 101,825-SF footprint. The sections of the buildings which do not make a contribution to value have been eliminated for this portion of the building analysis.

$15.82 x 101,825 SF = $1,610,872

Note, however, that an estimated demolition cost of $1.10 to $1.25 per SF of building to be razed will result in a $154,000 expense, required to create the new smaller building size. Reducing this expense somewhat is the salvage value of the steel within portions being razed. Prices for scrap steel, depending on grade, ferrous/non-ferrous, and other factors, have varied widely in recent years. Typical prices for most grades are much lower than in recent years, though still higher than an historic average. Also, different sections of the building will have different grades, percentages, and types of steel to be recycled. The price paid for scrap iron and steel (ferrous) has ranged from a high of $280 per ton in mid-2008 (delivered to a recycling center) to a low of $30 early in 2009. Based on long-tern averages and typical buildings being razed, we estimate $44,000 in net salvageable materials. Therefore, $44,000 is deducted from the above sub-total to expose a net demolition cost of $110,000.

$1,610,872, less $110,000 net demolition cost (estimated) = $1,500,872

Note that there is approximately 9 acres of land which is considered excess to the reduced building size. This excess land is estimated to have a contributory value of $15,500 per acre, or $139,500 at the present time. (Adaptive reuse of the remainder of the parcel could impact this in the future, of course.) The final value via Direct Sales Comparison Approach is therefore estimated at $1,640,372.

$1,500,872 + $139,500 = $1,640,372

Or $1,600,000, rounded.

COST APPROACH

"A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction of replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject to reflect the value of the property interest being appraised."[5]

This approach has been used in this appraisal to provide an indication of value for the subject property. The final value estimate has been arrived at by estimating the Replacement Cost New (RCN) of the improvements, less depreciation, plus an estimated land value. The RCN has been estimated by the use of a cost service, known as the "comparative-unit" method. In this appraisal, the cost service used in estimating the RCN for the comparative unit method was the Marshall & Swift Valuation Service.

In the particular case of the subject, we doubt that a multi-story industrial plant would be built at any time on the future, especially so close to Lake Michigan, and in a small community with a significant oversupply of large-GBA industrial buildings currently vacant. Although the demand for various types of real estate can be said to ebb and flow, it is doubted than this type of industrial facility will return to the norm at any time in the immediate future. For this reason, the application of the Cost Approach could be misleading. It would typically result in an estimate of value which would significantly exceed actual market value. For these reasons, and with the client's permission, we have eliminated the Cost Approach from consideration. The exception is only that we have used a cost estimator to indicate the probable expense to raze portions of the current building configuration.

[5] The Dictionary of Real Estate Appraisal – Third Edition, Page 81

LAND VALUATION

Land Valuation normally involves use of the Direct Sales Comparison Approach to determine the value of the site as if it were vacant and available for development. Land values have dropped somewhat in recent years, as demand for subdivisions, industrial sites, and commercial development slowed dramatically. Very few recent sales of 10 to 20-acre vacant industrial or commercial land were found.

At this time, no ready market exists for large former-industrial parcels in this location. Although we expect a return of demand for residential uses, we note that a large factory was razed immediately across Aylworth from the subject, and a high-quality residential site condominium complex was begun. Sadly, that development seems to be building very slowly, and has a significant portion of its sites still available for purchase. Land prices for industrial sites seem to be hovering between the "Almost Free" that some cities offer to potential industrial users who promise employment to perhaps $25,000 per acre for speculative purchases. We estimate the subject's land parcel, if vacant, to fall somewhere near the mid-point of these two extremes, at $15,000 per acre.

$15,500 x 16.7 acres = $258,850, or $260,000, rounded.

INCOME APPROACH

The Income Approach employs two factors to obtain an indicated value for the subject: Namely, a stabilized operating income and a capitalization rate. The stabilized operating income considers the actual income and expenses for the subject and modifies this calculation for market conditions such as comparable rental rates and vacancy rates, and for expense items which an owner/operator may not include but which are necessary for an investor/purchaser; like management fees. Market evidence is then sought for the rate of return expected by investors, and the expectation for appreciation. A capitalization rate is then developed and divided into the stabilized operating income. The quotient will yield an indicated value for the subject according to the Income Approach.

Based upon the market extraction of rental rates that are current on the most similar space or type of real estate in the area, the appraiser has utilized the Income Approach to arrive at a reasonable income on the real estate.

As we previously stated, removing large sections of the building could actually increase overall performance of the building as a rental property. If the building were reduced in size to approximately 101,825 SF, we estimate that the NE manufacturing space could be leased for warehouse or light industrial uses, at approximately $1.40 to $1.60 PSF. By including the office space and the industrial section immediately behind (south) of it, the overall lease rate could be raised to $1.75 PSF. This would result in a Potential Gross Income (PGI) of $178,194.

$1.75 x 101,825 SF = $178,194

STABILIZED INCOME STATEMENT

Potential Gross Income…….$178,194
15% vacancy & collection expense……..($ 26,729)
Expected Gross Income (EGI), stabilized……..$151,465
Management at 3% of EGI……($ 4,544)

NET OPERATING INCOME (NOI) BEFORE RESRERVES…….$146,921

RESERVES FOR REPLACEMENT:

It is considered prudent to set aside, on an annual basis, amounts needed to replace various components of the improved property which can be expected to reach the end of their useful lives during the holding period. Once the oldest sections of the building are razed, replacement needs are minimized. The reduced building size is not likely to need significant replacements in the near-term, in the typical holding period. A small amount ($6,500) is deducted as Reserves for Replacement, for this reason.

$146,921 - $6,500 = $140,421 NOI

CAPITALIZATION RATE

Capitalization is the process of converting into present value, a series of anticipated future annual installments of income by discounting them into a present worth at a rate which is attracting capital to investments with similar characteristics, such as risk and term. The resultant value estimate, then, is a present worth of the benefits of ownership as anticipated by people who constitute the market.

Historically, one of the most traditional and commonly employed methods of determining a proper capitalization rate has been the Mortgage-Equity Method.

The derivation of the Mortgage Equity Capitalization Rate used in this report is a summary of the relationship between an overriding mortgage potential coupled with property equity, which isolates the equity benefits for a potential investor. It can be applied in the valuation process in many ways. It may be used to compose overall rates, it may be used to compose building cap rates and land cap rates for residual techniques, and it may be used to analyze and test cap rates obtained by other capitalization techniques. When used as a derivation of an overall cap rate, it creates a realistic simulation of the decision-making process used in the minds of the potential investors.

Recently, national services such as RealtyRates.com, or Korpacz, have been providing national and regional rates for various types of investments and real estate ventures. For the 3rd quarter of 2010, Realty-Rates quotes a rate of .0966 (9.66 %) for industrial uses in the Upper Midwest region of the U.S. We have added a slight premium to this rate to account for Michigan's sluggish industrial economy, resulting in a slightly higher overall rate of .1016. Since many investors in this type of real estate would consult this type of service, we are confident in using it as a benchmark for these properties at this time.

VALUE VIA INCOME APPROACH, REDUCED-SIZE BUILDING

NET INCOME	$ 140,421
$140,421 CAPITALIZED @ 0.1016 =	$1,382,096

VALUE VIA INCOME APPROACH

$1,382,096

LESS ESTIMATED NET COST OF $110,000 TO REMOVE PORTIONS OF THE EXISTING BUILDING, AND PLUS $139,500 EXCESS LAND VALUE, FOR A NET TOTAL OF $1,411,596.

ROUNDED TO $1,400,000

CORRELATIONS & CONCLUSIONS

The Direct Sales Comparison Approach was fully implemented. The resulting $1,600,000 defines, predictably, the typical actions of buyers and sellers in this market. Admittedly, there were few sales of large, multi-section manufacturing complexes in recent times, and may of those which did sell had significant maintenance and repair needs at the time of the sale. These variables required fairly high adjustments, which is less than desirable for this type of analysis. The adjustments were carefully applied, and calculated to predict the actions of typical investors. The Cost Approach is given full weight in final analysis (approximately 50%).

The Cost Approach determined a value vastly in excess of current market values, and was therefore eliminated from consideration.

The Income Approach was implemented, and resulted in a net value of $1,400,000. The Income Approach is given full weight (approximately 50%) in final analysis.

It is, therefore, the opinion of the appraiser that the estimated Market Value of the fee simple interest in the subject property as of October 26, 2010 is:

ONE MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS
($1,500,000.00)

Final value figure is net of the estimated $110,000 demolition cost for the approximately 123,000 SF of the original footprint deemed to no longer contribute to value.

There are no tools, equipment, or other portable items, which are typically considered personal property, included in this value.

CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on any action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- "In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Consumer and Industry Services, Licensing Division, P.O. Box 30018, Lansing, Michigan 48909."
- I have made a personal inspection of the property that is the subject of this report, and entered all sections of the building which were deemed safe to enter, except for the small freestanding building at the parcel's SE corner.
- The appraisal value is not based on any prospective details of a potential pending loan, or any minimum loan values thereof.
- I not made any previous appraisals or other services for the subject properties in the past three years.
- I am competent to perform the appraisal assignment. The reader is referred to the appraiser's qualifications.

12-01-10

John L. Shea
Certified General Appraiser

Date

ASSUMPTIONS AND LIMITING CONDITIONS

All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management. No responsibility is assumed for matters of legal character affecting the property.

The legal description furnished us is assumed to be correct. No survey was available (unless otherwise stated) and the dimensions used are from sources deemed reliable. The sketches in this report are included for illustrative purposes only.

The information and data supplied to the appraiser by others, and which have been considered in the valuation, are from sources believed to be reliable, but no further responsibility is assumed for its accuracy.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose, by any but the applicant, without the previous written consent of the appraiser, or the applicant, and in any event only with the property qualification.

The distribution of the total valuation in this report between land and improvements apply only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

The fee for this appraisal does not provide compensation for conference or, testimony or attendance in court, with reference to the property in question.

This appraisal represents the independent opinion of the appraiser free from any commitments and free from any present or expected future interest in the property, with the sole compensation for the employment being a fair professional fee.

The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structure which would render it more or less valuable than otherwise comparable properties. The appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such things.

The Americans with Disabilities Act (ADA), became effective January 26, 1992, by Federal Regulation. However, the appraiser is not qualified to determine specific violations of this act. A specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA was not conducted. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative affect upon the value of the property. Presently, evidence directly relating to a market discount on non-conforming existing structures is not available through the normal course of research conducted by the office of Appraisal Associates, Inc. The availability of such market data is not anticipated until such time as legal forces establish enforcement of the existing act.

Going-concern value is the value created by a proven property operation in which the physical real estate assets are an integral part of the ongoing business. Golf courses, hotels and other properties that require intensive management are properties commonly appraised in this manner. The market value as a going-concern may include an intangible enhancement of the value of an operating business enterprise which is associated with the process of assembling the land, improvements, equipment and marketing operation.

The liability of Appraisal Associates, Inc., its employees and/or agents is limited only to the client who is paying the Fee ("Client") and to the amount of the fee actually received by the firm. Further, acceptance and use of this report constitutes an agreement that there is no accountability, obligation, or liability to any third party. If this report is given to anyone other than the Client, the Client shall make such party aware of all the limiting conditions and assumptions of this assignment.

The appraisers are not responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, whether physical, financial, and/or legal. In the case of limited partnership, syndication, or stock offering in real estate, Client agrees that in the case of a lawsuit (brought by lender, partner or part owner in any form of ownership, as well as tenant, or any other party), any and all awards of settlements of any type in such suit, regardless of the outcome, the Client and all parties will completely hold harmless Appraisal Associates, Inc., its employees and/or agents in any such action. Any party who uses or relies upon any information in this report, without the preparer's written consent does so at his/her own risk. Due to the ever-changing nature of market conditions and the ongoing evaluation of additional information, the information in this report is dated and may not be reliable past the date of this report.

APPRAISAL ASSOCIATES, INC.
246 S. River Avenue, Suite 215
Holland, MI 49423
(616) 392-4300 (Phone)
(616) 392-4105 (Fax)

APPRAISER QUALIFICATIONS

JOHN L. SHEA
CERTIFIED GENERAL APPRAISER

EXPERIENCE

Appraisal Associates, Inc. - Appraiser
Consolidated Governmental Services, Inc. - Assessor/Appraiser
Jon W. Good Appraisal Service, Inc. - Appraiser
City of Romulus - Administrative Assistant
C-21 - Licensed Real Estate Salesperson
Licensed Contractor - State of Michigan
Level II Assessor - State of Michigan

EDUCATION

Macomb College, Warren, Michigan A.B., 1979
Michigan State University, College of Business, B.A., Cum Velocitas,1975
Holloway's Institute:
- Appraisal One
- Appraisal Two
- Standards of Practice

Northern Michigan University:
- Small Business Appraisals
- Appraising Vacant Land
- Non-Residential Sales Comparison Approach
- Non-Residential Capitalization
- Non-Residential Cost Approach
- Regulatory Appraisal Issues
- U.S.P.A.P.
- Real Estate Law
- Special Appraisal Solutions

LICENSE

Certified General Appraiser #1201002329
State of Michigan Level II Assessor

AFFILIATIONS

Member of Holland Area Chamber of Commerce
Member of W.M.L.A.R.
Treasurer of Michigan Association of Real Estate Appraisers
Member of Holland Historical Trust
Member, Michigan Maritime Museum
Member, Holland A.M. Rotary club

CLIENTS

South Haven Banking Center, Bank of Holland, Macatawa Bank, Fifth Third Bank, Chemical Bank-Shoreline, Huntington Bank, National City Bank, AmeriBank, Republic Bank, Paragon Bank, Mortgage Information Services, Mortgage Corporation of America, North Dallas Bank & Trust Company, Cunningham/Dalman Attorneys, Attorneys Jeff Helder, Kenneth Puzycki, Jerry Roper and Linda Howell, as well as private parties.

TYPE

Real Estate Appraisals:

- Commercial
- Industrial
- Residential
- Vacant Land

COUNTIES COVERED

- Ottawa
- Allegan
- Van Buren
- Hospitality Properties Statewide

~ APPRAISAL DEFINITIONS ~

These definitions are provided to further assist the reader in understanding the appraisal report. All definitions are taken from the Dictionary of Real Estate Appraisal – Third Edition Published 1993 – by the Appraisal Institute; excluding extension of Item 11, Market Value.

1. **APPRAISAL** – An analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate. (Code of Professional Ethics of the Appraisal Institute). In this usage, "appraisal" covers a variety of assignments, including valuation, consulting and review.

   The act or process of estimating value; an estimate of value. (USPAP<1992 Edition). *See also* appraisal review; consulting; valuation. (Page 16)

2. **COST APPROACH** – A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction of replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject to reflect the value of the property interest being appraised. (Page 81).

3. **DEPRECIATION**

   1) In appraising, a loss in property value from any cause; any difference between reproduction cost of an improvement on the effective date of the appraisal and market value of the improvement on the same date.

   2) In regard to improvements, depreciation encompasses both deterioration and obsolescence.

   3) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method. (Page 96)

4. **EQUITY CAPITALIZATION RATE (Re)** – An income rate that reflects the relationship between a single year's pre-tax cash flow expectancy, and the equity investment; used to convert pre-tax cash flow (equity dividend) into an equity value indication; also called equity dividend rate, cash on cash rate, and cash flow rate (Re=pre-tax cash flow/equity). (Page 121)

5. **FEE SIMPLE ESTATE** – Absolute ownership unencumbered by any other interest or estate, subject only to the limitations of the 4 powers of government. (Page 140)

6. **HIGHEST AND BEST USE** – The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

    1) "Highest and best use of land or a site as thought vacant – Among all reasonable, alternative use, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

    2) "Highest and best use of property as improved – The use that should be made of a property as it exists. Existing property should be renovated or retained as is so long as it continues to contribute to the total market of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one." (Page 171)

7. **INCOME CAPITALIZATION APPROACH** – A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment and change in value of the investment. Alternatively, the annual cash flow for the holding period and the reversion can be discounted at a specified yield rate.

(Page 178)

8. **INTERIM USE** – The temporary use to which a site or improved property is put unit it is ready to be put to its highest and best use. (Page 187)

9. **INVESTMENT VALUE** – The specific value of an investment to a particular investor or class of investors based on individual investment requirements; as distinguished from market value, which is impersonal and detached. *See also* market value. (Page 190)

10. **LEASED FEE ESTATE** – An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease. (Page 204)

11. **MARKET VALUE** – Market value is the major focus of must real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. Continual refinement is essential to the growth of the appraisal profession. The current economic definition of market value can be stated as follows:

    The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. (The Appraisal of Real Estate, 10th ed., published in 1992 by the Appraisal Institute. (Page 222)

The following definition has been agreed upon by the agencies that regulate federal financial institutions in the United States including the Resolution Trust Corporation (RTC).

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and each acting in what he considers his own best interest;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto;
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Pages 222-223)

The following definitions of value are extensions of the preceding definitions and were quoted from the Federal Register / Vol.53, No.3 / 01-06-88 / Rules and Regulations:

"Market Value As Is On Appraisal Date" *means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.*

"Market Value As If Complete On Appraisal Date" *means the market value of a property with all proposed construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants.*

"Prospective Future Value Upon Completion of Construction" *means the prospective future value of a property on the date that construction is complete, based upon market conditions forecast to exist as of that completion date.*

"Prospective Future Value Upon Reaching Stabilized Occupancy" *means the prospective future value of a property at a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long term occupancy.*

12. **SALES COMPARISON APPROACH** – "A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as through vacant; it is the most common and preferred method of land valuation when comparable sales data are available." (Page 318)

13. **SPECIAL-PURPOSE PROPERTY** – A limited-market property with unique physical design, special construction material, or layout that restricts its utility to the use for which it was built; *Also called* special-design property.

14. **USE VALUE** – The value a specific property has for a specific use. (Page 383)

15. **VALUATION** – The process of estimating the market value, insurable value, investment value, or other properly defined value of an identified interest or interests in a specific parcel or parcels of real estate as of a given date. Valuation is a term used interchangeably with appraisal. (Page 384)

ENVIRONMENTAL LIABILITY STATEMENT

Client understands that, pursuant to federal and state environmental laws, owners of real property are exposed to significant potential liability for the presence of hazardous materials on their real property. Client further understands that the presence of hazardous materials on real property may significantly impact the market value of the property.

Client has retained John L. Shea, Certified General Appraiser ("Appraiser") to perform an appraisal of the real property as outlined in the Appraiser's letter of confirmation to Client. Client understands that the scope of the Appraiser's services is limited to the terms of such confirmation letter, which does not include an investigation of the real property for the presence or absence of hazardous materials on their real property. Client further understands that the Appraiser does not possess the skill or the expertise, nor has the Appraiser represented that he possesses the skill or the expertise, to evaluate the real property for the presence or absence of hazardous materials on the real property.

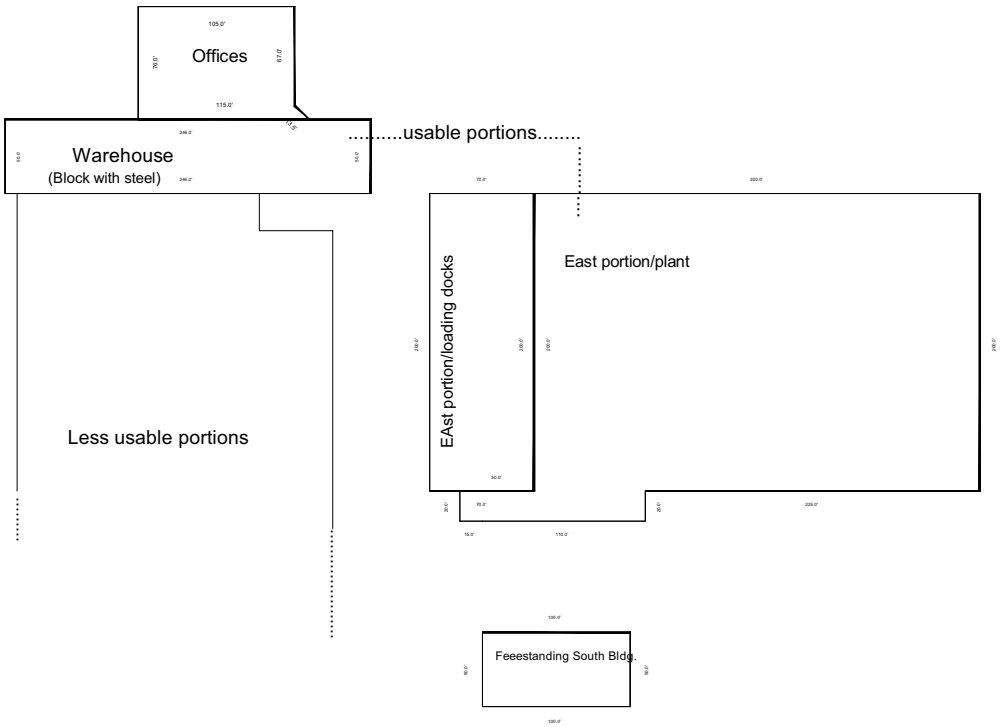
Except as expressly stated in this Appraisal Report, the Appraiser has no knowledge of and makes no representations or warranties regarding the presence or absence of hazardous materials on the property, the presence or absence of underground storage tanks on the property that may contain or have contained hazardous materials on the property or the impact that the presence of hazardous materials may have on the market value of the property. Client understands that any information that the Appraiser has included in this Appraisal Report regarding the presence or absence of hazardous materials on the real property has been furnished by Client or third parties, and the Appraiser does not warrant the accuracy or completeness of such information for use in this Appraisal Report.

As used in this Statement, the term "hazardous materials" shall include, without limitation, any flammable explosives, radioactive materials, petroleum or petroleum by-products, asbestos or asbestos-containing materials, urea formaldehyde, hazardous or toxic substances or wastes or any other substances that are regulated by any federal, state or local law, rule or ordinance or any governmental authority.

ADDENDUM

Building Sketch

Borrower/Client					
Property Address	220 Aylworth				
City	South Haven	County	Vanburen	State MI	Zip Code 49090
Lender					



Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	Offices	8025.0	
	Warehouse portion	12300.0	
	East portion	14000.0	
	East portion/plant	62500.0	
	South Building	5000.0	101825.0
Net BUILDING Area		(Rounded)	101825

BUILDING AREA BREAKDOWN				
Breakdown				Subtotals
Offices				
	76.0	x	105.0	7980.0
0.5 x	10.0	x	9.0	45.0
Warehouse portion				
	50.0	x	246.0	12300.0
East portion				
	70.0	x	200.0	14000.0
East portion/plant				
	20.0	x	110.0	2200.0
	15.0	x	20.0	300.0
	200.0	x	300.0	60000.0
South Building				
	50.0	x	100.0	5000.0
8 Items			(Rounded)	101825

Form SKT.BldSkl — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Photograph Addendum

Borrower/Client							
Property Address	220 Aylworth						
City	South Haven	County	Vanburen	State	MI	Zip Code	49090
Lender							

Signage at NE corner of site

East building

Fencing

East building

S. portion

S. portion

Form PICSIX2 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Photograph Addendum

Borrower/Client							
Property Address	220 Aylworth						
City	South Haven	County	Vanburen	State	MI	Zip Code	49090
Lender							

East building

Freestanding South Building

Looking West on Aylworth

Office section, NW corner

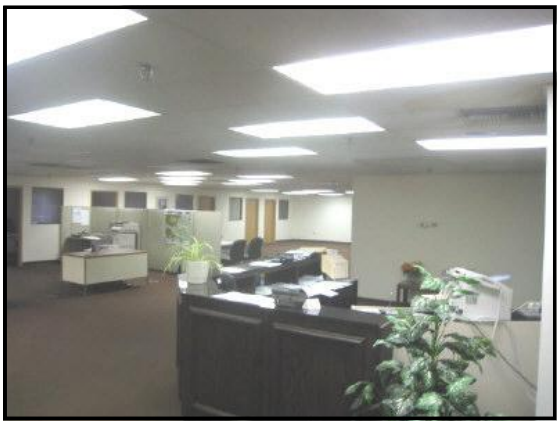
Looking East on Aylworth

South building

Form PICSIX2 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Photograph Addendum

Borrower/Client							
Property Address	220 Aylworth						
City	South Haven	County	Vanburen	State	MI	Zip Code	49090
Lender							



Office interiors

East building interior

S. portion, Interior

SE portion, interior

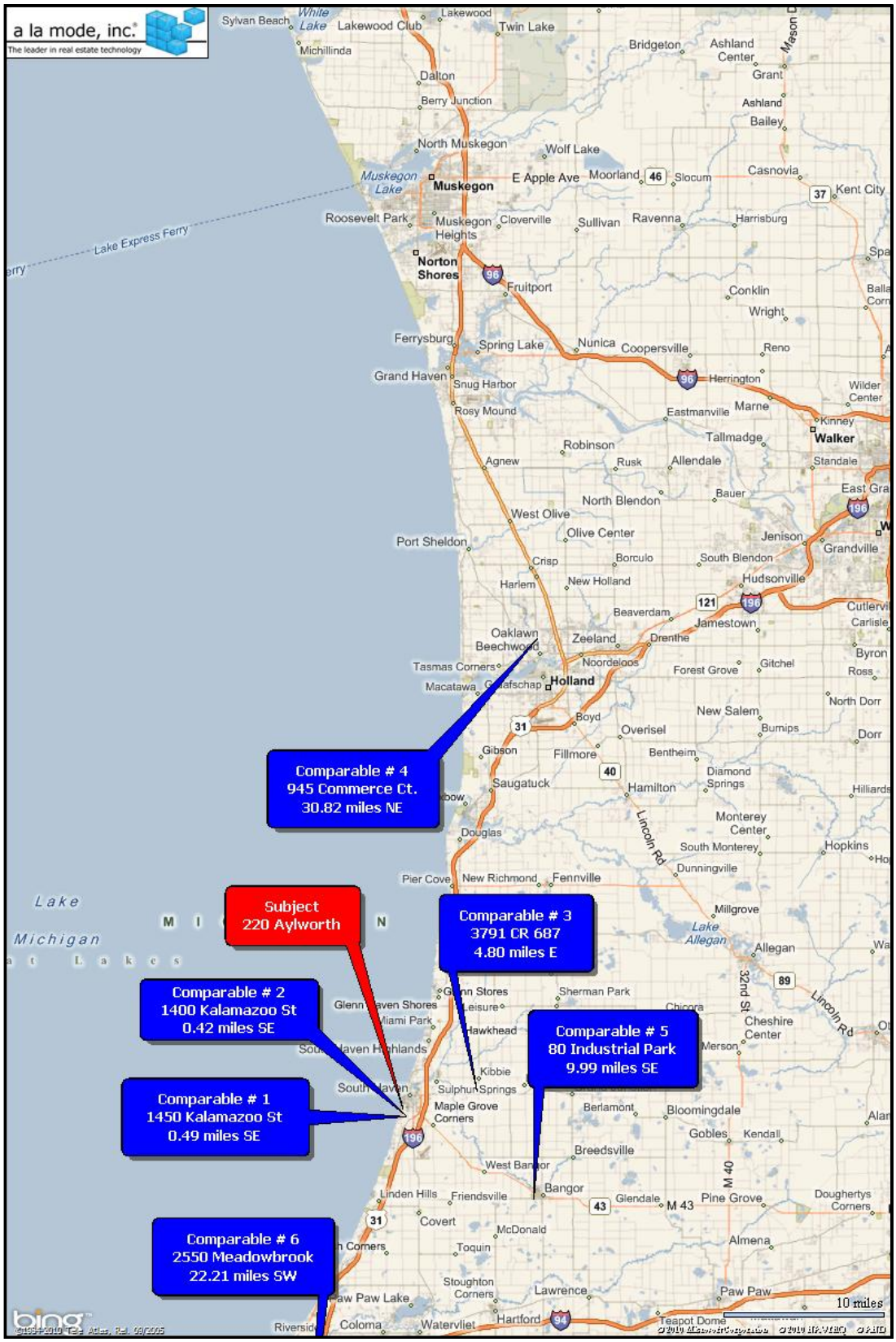
Partialy demolished

NE portion interior

Form PICSIX2 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Building Comparable Map

Borrower/Client							
Property Address	220 Aylworth						
City	South Haven	County	Vanburen	State	MI	Zip Code	49090
Lender							



Form MAP.LOC — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

COMPARABLE INFORMATION	BUILDING SALE
IM1450VB Use additional sheet if necessary for DESCRIPTION	NO:. 1

DATE TAKEN:	TAKEN BY:	DIRECTION OF PHOTO:
LOCATION: 1450 KALAMAZOO STREET, SOUTH HAVEN, VAN BUREN COUNTY		
DATE OF SALE: PENDING 08-10-09	SELLER: INLAND PAPERBOARD & PACKAGING	PURCHASER: BARNEY & JODI PERO
CONDITIONS OF SALE: **ARMS LENGTH**	DAYS ON MARKET: ± 300	ENVIRONMENTAL ITEMS: **NONE KNOWN**
DATE INSPECTED: 07-29-09		LIBER / PAGE: NOT YET RECORDED

HIGHEST & BEST USE (At Time of Sale): INDUSTRIAL	ZONING: I-1 INDUSTRIAL	
BUILDING SIZE: 30,000 SF	LAND MEASUREMENTS: 650, X 768’	LAND SIZE: 11.5 ACRES
TOPOGRAPHY: LEVEL	SHAPE: RECTANGULAR	UTILITIES: ALL MUNICIPAL
LEGAL DESCRIPTION: LOT 8 IRVING T. OLSON IND. SUB 80-53-220-008-02		
PRICE: $ 285,000	TERMS:	
$ Sq.Ft.:		$ Cu.Ft.:
VERIFICATION SOURCE/BY WHOM: BROKER, ASSESSOR, LENDER, BUYER		
DESCRIPTION OF IMPROVEMENTS (Including Square Footage of Primary Building): 11.5 ACRE PARCEL IN SOUTH HAVEN’S SOUTH-SIDE INDUSTRIAL PARK. 30,000 SF BLOCK WAREHOUSE INCLUDES 1200 SF OF PLAINLY CONFIGURED OFFICE AREA. COVERED LOADING DOCK WITH 2-8’ X 8’ DOORS. BUILT IN 1963. 18’ CEILINGS.		

COMPARABLE INFORMATION	BUILDING SALE
IM1400VB Use additional sheet if necessary for DESCRIPTION	NO:. 2

DATE TAKEN: 04-06	TAKEN BY: LISTING BROKER	DIRECTION OF PHOTO: EAST
LOCATION: 1400 KALAMAZOO STREET, SOUTH HAVEN, VAN BUREN COUNTY		
DATE OF SALE: 08-31-06	SELLER:	PURCHASER: EDWORTH
CONDITIONS OF SALE: **ARMS LENGTH**	DAYS ON MARKET: 141	ENVIRONMENTAL ITEMS: **NONE KNOWN**
DATE INSPECTED:		LIBER / PAGE:

HIGHEST & BEST USE (At Time of Sale): MANUFACTURING	ZONING: INDUSTRIAL	
BUILDING SIZE: 20,840	LAND MEASUREMENTS:	LAND SIZE: 8.2 ACRES
TOPOGRAPHY: LEVEL	SHAPE: RECTANGULAR	UTILITIES: ALL
LEGAL DESCRIPTION: ON FILE / 80-53-220-009-00		
PRICE: $ 265,000	TERMS: CASH	
$ Sq.Ft.:		$ Cu.Ft.:
VERIFICATION SOURCE/BY WHOM: LISTING BROKER		
DESCRIPTION OF IMPROVEMENTS (Including Square Footage of Primary Building): AVG 25’ POLE MANUFACTURING BUILDING		

COMPARABLE INFORMATION	BUILDING SALE
IM3791VB Use additional sheet if necessary for DESCRIPTION	NO:. 3

DATE TAKEN:	TAKEN BY:	DIRECTION OF PHOTO:
LOCATION: 3791 CR 687, GENEVA TOWNSHIP, VAN BUREN COUNTY		
DATE OF SALE: 01-12-09	SELLER: WITHHELD	PURCHASER: WITHHELD
CONDITIONS OF SALE: **ARMS LENGTH**	DAYS ON MARKET: 13	ENVIRONMENTAL ITEMS: **NONE KNOWN**
DATE INSPECTED: 06-12-09		LIBER / PAGE:

HIGHEST & BEST USE (At Time of Sale): INDUSTRIAL	ZONING: INDUSTRIAL	
BUILDING SIZE: 9000	LAND MEASUREMENTS: 351 X 215	LAND SIZE: 1.63 ACRES
TOPOGRAPHY: LEVEL	SHAPE: RECTANGULAR	UTILITIES: W/S/E/NG
LEGAL DESCRIPTION: PP#80-09-004-016-00		
PRICE: $ 130,000	TERMS: CASH	
$ 14.44 Sq.Ft.:		$ Cu.Ft.:
VERIFICATION SOURCE/BY WHOM: SELLING REALTOR/RWR		
DESCRIPTION OF IMPROVEMENTS (Including Square Footage of Primary Building): STEEL FRAME INDUSTRIAL BUILDING IN AVERAGE CONDITION.		

COMPARABLE INFORMATION	BUILDING SALE
IM645-1HOT Use additional sheet if necessary for DESCRIPTION	NO:. 4

DATE TAKEN: 5-00	TAKEN BY: JLS	DIRECTION OF PHOTO:
LOCATION: 645 COMMERCE COURT, HOLLAND, OTTAWA COUNTY, MI		
DATE OF SALE: 04-30-08	SELLER: FLOOR CRAFTERS, INC.	PURCHASER: TBD
CONDITIONS OF SALE: **ARMS LENGTH**	DAYS ON MARKET: 49	ENVIRONMENTAL ITEMS: **NONE KNOWN**
DATE INSPECTED: 07-00 AND 05-08	VERIFICATION SOURCE/BY WHOM: MLS, BROKER / JLS	LIBER / PAGE:

HIGHEST & BEST USE (At Time of Sale): INDUSTRIAL (MULTI-TENANT)	ZONING: I-1 INDUSTRIAL
BUILDING SIZE: 21,160	LAND MEASUREMENTS: LAND SIZE: 150 X 370 (AVERAGE DEAPTH) 1.27 ACRES
TOPOGRAPHY: LEVEL, STREET GRADE	SHAPE: MOSTLY RECTANGULAR
UTILITIES: ALL MUNICIPAL	
PRICE: $ 670,000	TERMS: CONVENTIONAL

$ Sq.Ft.:		$ Cu.Ft.:

LEGAL DESCRIPTION:
PP# 20-16-17-311-004-00

DESCRIPTION OF IMPROVEMENTS (Including Square Footage of Primary Building):
STEEL CONSTRUCTION, 15' EAVES, 9 UNIT, MULTI-TENANT INDUSTRIAL BUILDING BUILT IN 1997. SELLER LEASED BACK 10,000 SF @ $3.75 NNN FOR 10 YEARS.

COMPARABLE INFORMATION	BUILDING SALE
IM80VB Use additional sheet if necessary for DESCRIPTION	NO:. 5

DATE TAKEN: 02-03-10	TAKEN BY: JLS	DIRECTION OF PHOTO:
LOCATION: 80 INDUSTRIAL PARK ROAD, BANGOR, VAN BUREN COUNTY		
DATE OF SALE: 06-01-10	SELLER: CHEMICAL BANK	PURCHASER: TO BE DETERMINED
CONDITIONS OF SALE: **ARMS LENGTH**	DAYS ON MARKET: 66	ENVIRONMENTAL ITEMS: **NONE KNOWN**
DATE INSPECTED: 02-03-10		LIBER / PAGE:

HIGHEST & BEST USE (At Time of Sale): INDUSTRIAL	ZONING: INDUSTRIAL	
BUILDING SIZE: 4,600 SF	LAND MEASUREMENTS: 261 X 124 IRREGULAR	LAND SIZE: .7 AC
TOPOGRAPHY: GENERALLY LEVEL	SHAPE: SLIGHTLY IRREG.	UTILITIES: ALL MUNICIPAL
LEGAL DESCRIPTION: LENGTHY – SEE ATTACHED 80-54-812-058-50		
PRICE: $ 78,000	TERMS: CASH	
$ Sq.Ft.:		$ Cu.Ft.:
VERIFICATION SOURCE/BY WHOM: MLS, BROKER, FORMER OWNER		

DESCRIPTION OF IMPROVEMENTS (Including Square Footage of Primary Building):

STEEL-SIDED POLE STRUCTURE IN AT LEAST AVERAGE CONDITION AT TIME OF SALE. HAD BEEN BANK-OWNED FOR APPROXIMATELY 1 YEAR.

COMPARABLE INFORMATION	BUILDING SALE
IM2550BER Use additional sheet if necessary for DESCRIPTION	NO:. 6

DATE TAKEN:	TAKEN BY:	DIRECTION OF PHOTO:
LOCATION: 2550 MEADOWBROOK, BENTON TOWNSHIP, BERRIEN COUNTY		
DATE OF SALE: 06-19-09	SELLER: GAST MANUFACTURING	PURCHASER: LAKELAND HOSPITAL
CONDITIONS OF SALE: **ARMS LENGTH**	DAYS ON MARKET:	ENVIRONMENTAL ITEMS: **NONE KNOWN**
DATE INSPECTED:		LIBER / PAGE: 2889/680

HIGHEST & BEST USE (At Time of Sale): INDUSTRIAL	ZONING: I-1 INDUSTRIAL	
BUILDING SIZE: 59,597	LAND MEASUREMENTS: IRREGULAR	LAND SIZE: 9.9 ACRES
TOPOGRAPHY: LEVEL	SHAPE: IRREGULAR	UTILITIES: ALL MUNICIPAL
LEGAL DESCRIPTION: 11-03-003406-8		
PRICE: $ 1,325,000	TERMS: CASH SALE	
$ Sq.Ft.:		$ Cu.Ft.:
VERIFICATION SOURCE/BY WHOM: ASSESSOR, BROKER		
DESCRIPTION OF IMPROVEMENTS (Including Square Footage of Primary Building): MULTI-TENANT INDUSTRIAL BUILDING OF VARIOUS AGES & CONDITIONS. AT TIME OF SALE, MOSTLY CONCRETE BLOCK CONSTRUCTION.		