

PHASE I ENVIRONMENTAL SITE ASSESSMENT

223, 235, and 263 West Grandview Parkway
City of Traverse City
Grand Traverse County, Michigan

April 20, 2012

Prepared for:

Grand Traverse Hotel Properties, LLC
945 S Rochester Road, Suite 103
Rochester Hills, Michigan 48307

Prepared by:

INLAND SEAS ENGINEERING, INC.

1755 Barlow Street
PO Box 6820
Traverse City, Michigan 49696

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City of Traverse City, Grand Traverse County, Michigan

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April 20, 2012

1.0 EXECUTIVE SUMMARY

Inland Seas Engineering, Inc. (ISE) has conducted a Phase I Environmental Site Assessment (ESA) for 223, 235 and 265 West Grandview Parkway, City of Traverse City, Grand Traverse County, Michigan (subject property). This report is intended to provide a professional opinion regarding the identification of recognized environmental conditions (RECs) associated with the property. A REC is defined as the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property. Information was gathered through records review, inquiry into past and present ownership and uses of the property and adjacent properties, and a site reconnaissance.

The report of findings for property located in Section 3, Township 27 North, Range 11 West, City of Traverse City, Grand Traverse County, Michigan, are summarized as follows:

Findings

1. The subject properties consist of three lots with three buildings, for a total of 0.83 acres. The subject property's address is 223, 235, and 263 West Grandview Parkway, City of Traverse City, Grand Traverse County, Michigan. 223 and 235 West Grandview Parkway are owned by Baywatch Properties, LLC. 263 West Grandview Parkway is owned by Gerald and Kathy Roster. All three properties are zoned Class 201 Commercial Improved.
2. Inland Seas Engineering, Inc. (ISE) personnel completed a site visit on October 6, 2010, and conducted a follow up walkover on February 21 through February 24, 2012. 263 West Grandview Parkway was formerly used as an auto repair facility. Four underground storage tanks (USTs) were noted in association with hydraulic hoists in this building. An oil/water separator and associated UST was also noted. The USTs and former auto repair operations represent a REC on the subject property. 223 and 235 West Grandview Parkway were/are used as office and retail space. An area of tar-like substance at the property's surface was observed at 235 West Grandview Parkway. Subsequent investigation indicated that used oil had been dumped onto the ground by a former lessee at this location. This represents a REC on the subject property. Two monitoring wells were noted on/within the right of way at 223 and 235 West Grandview Parkway. These are related to groundwater monitoring from a release at a former manufactured gas plant (MGP) located upgradient from the subject property. These wells represent a REC on the subject property.
3. Based on historical information collected during this assessment, the building at 263 West Grandview Parkway was built in approximately 1940. The most current former property use was as a Midas Muffler shop. The building at 235 W. Grandview Parkway was constructed between 1929 and 1946. Property use for 235 West Grandview Parkway has included office and commercial businesses, including a former taxicab company. This company reportedly dumped used oil from its vehicles onto the ground to the south of the building. The building at 223 W. Grandview Parkway was constructed in 1955; prior to 1955, a residence was present on this property. Property use for 223 West Grandview Parkway has included residential, commercial and retail businesses. This building was originally heated with fuel oil located in five USTs

located to the west of the building; these USTs have been removed. All these former property uses are considered RECs on the subject property.

4. Property use at 223 West Grandview Parkway could not be determined back to first developed use. While the inability to document property use to first developed use is considered a data failure (property use was determined back to 1899), it is not considered a significant data gap because 1) the oldest historical property use identified from Sanborn fire insurance maps shows a residential structure (which would not be thought to store/use hazardous substances and/or petroleum products), and 2) three Sanborn fire insurance maps previous to 1899 had no coverage of the area, most likely indicating no property use of a significant commercial or industrial nature at that time.
5. A regulatory review of available federal and state environmental databases was completed to determine if the subject property or any surrounding properties, within guidelines established by the American Society for Testing and Materials (ASTM), are listed as environmentally contaminated sites or provide an environmental risk to the subject property. The regulatory review indicates that the subject properties are not listed as a site of environmental contamination. Forty-three sites were identified within applicable ASTM search radii of the subject property; five of these sites (at three discrete locations) are located in a hydraulically upgradient location from the subject property. Of these, one site, the former Coal Gas Plant Part 201 site located at 145 Hall Street, is likely to have environmentally impacted the subject property. This is considered a REC on the subject property.

In the professional opinion of Inland Seas Engineering, Inc., an appropriate level of inquiry has been made regarding the previous ownership and uses of the property pursuant to ASTM 1527-05. This assessment has revealed evidence of RECs in connection with the subject property.

2.0 INTRODUCTION

ISE was retained by Grand Traverse Hotel Properties, LLC to conduct a Phase I ESA for 0.83-acre three-parcel property, with addresses of 223, 235, and 263 West Grandview Parkway, City of Traverse City, Grand Traverse County, Michigan (subject property). The subject properties are located within Section 3, Township 27 North, Range 11 West, Traverse City, Grand Traverse County, Michigan. This assessment was prepared in general accordance with the American Society of Testing and Materials (ASTM) Standard Practices for Environmental Site Assessments: Phase I ESA Process (ASTM Designation: E1527-05).

2.1 Purpose

The purpose of an ESA is to provide a professional opinion regarding the identification of RECs associated with the subject property and surrounding properties. This objective is attained through a review of records, maps, photos, a site walkover, and interviews with persons knowledgeable about the site. Appendix A contains lists of the materials reviewed and persons contacted during the course of this assessment.

A REC is defined as the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of hazardous substances or petroleum products into structures on the property or into the ground, groundwater, or surface water of the property.

2.2 Detailed Scope of Service

The scope of work for this assessment was in general accordance with the American Society of Testing and Materials (ASTM) *Standard Practice for Environmental Site Assessments: Phase I Environmental*

Site Assessment Process (ASTM Designation: E1527-05). These methodologies represent good commercial and customary practice for conducting a Phase I ESA for the purpose of identifying RECs.

2.3 Significant Assumptions

No significant assumptions were relied upon to form the conclusions of this report. Minor assumptions, if any, are indicated in the appropriate Sections throughout this report.

2.4 Limitations and Exceptions of Assessment

The ASTM Standard Practice for Environmental Site Assessments (E 1527-05) was followed in conducting this assessment consistent with the good commercial and customary practice in this area. The professional opinions expressed in this report are based on observations, contacts made, and information gathered. We cannot warrant the accuracy or reliability of information reported to us verbally or in the public record.

Groundwater or soil sampling was not included as part of this assessment. The evaluation of naturally occurring radioactive materials (NORM), electro-magnetic fields, lead, mold and biohazardous substances or potentially hazardous building materials, such as asbestos, was not included in this assessment. The identification of wetlands, if present, was not included in this assessment. Additionally, no assessment or evaluation regarding the potential for the occurrence of vapor intrusion from nearby sites of environmental contamination was completed as part of this assessment. These considerations, and others unassociated with the ASTM E 1527-05 standard are beyond the scope of this assessment. Given the transient nature of environmental conditions, this assessment is only valid for the period in which Inland Seas Engineering, Inc. undertook site review activities.

This environmental site assessment is not a guarantee or certification that the properties are free of contamination or hazardous materials, but is, rather, an opinion of the potential for RECs to exist. No portion of this assessment should be considered to be a substitute for legal or financial advice. This document was prepared for Grand Traverse Hotel Properties, LLC, Traverse City State Bank, the Economic Development Foundation – Certified, and the US Small Business Administration and is not intended to be suitable for use by any other party. ISE is not responsible for damages or loss resulting from, or consequent to, any unauthorized use of this report.

2.5 Special Terms and Conditions

There were no special terms or contractual conditions for this assessment.

2.6 User Reliance

This document was prepared for Grand Traverse Hotel Properties, LLC, Traverse City State Bank, the Economic Development Foundation – Certified, and the US Small Business Administration and is not intended to be suitable for use by any other party. ISE is not responsible for damages or loss resulting from, or consequent to, any unauthorized use of this report.

3.0 SITE DESCRIPTION

3.1 Location and Legal Description

The subject properties are located at 223, 235, and 263 West Grandview Parkway, City of Traverse City, Grand Traverse County, Michigan (subject property). These properties are three adjoining lots. The subject properties are located within Section 3, Township 27 North, Range 11 West, City of Traverse City, Grand Traverse County, Michigan. A location map is included as Figure 1. A legal description is included below and attached as Appendix B.

The legal description is as follows:

- Parcel 1
Lots 58 and 59 Hannah Lay and Co's 11th addition
Property Tax ID No: 51-658-031-00. Also known as 263 West Grandview Parkway.
- Parcel 2
Lot 60 Hannah Lay and Co's 11th addition
Property Tax ID No: 51-658-032-00. Also known as 235 West Grandview Parkway.
- Parcel 3
Lots 61 and West ½ of 62 Hannah Lay and Co's 11th addition
Property Tax ID No: 51-658-033-00. Also known as 223 West Grandview Parkway.

3.2 Site and Vicinity General Characteristics

The subject properties are located on the south side of West Grandview Parkway in the City of Traverse City, Grand Traverse County, Michigan. According to the United States Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) Web Soil Survey Grand Traverse Soil Survey, the predominant soil type in the vicinity of the subject properties are Lake Beach and Eastport sand, a 0 to 6 percent sloped, excessively drained soil.

3.3 Current Use of the Property

The subject property contains three commercial buildings. One was formerly used as an automobile repair service station and one was formerly used for retail operations; these two are currently vacant. The third was formerly used for commercial operations including a taxicab company, and is currently used for offices. The three buildings are zoned 201 Commercial.

3.4 Structures, Roads, Other Improvements on Site

The subject property contains three commercial building with associated driveway/parking areas. The subject properties are accessed from West Grandview Parkway along the north side of property boundary and along Garland Street to the south. The driveway/parking areas are constructed of asphalt. The buildings are all heated with natural gas, and are serviced with city water, sewer, and electricity.

3.5 Current Use of Adjoining Properties

Adjacent properties to the subject property consist of City of Traverse City waterfront to the north, two commercial buildings to the south, commercial property to the east, and commercial property to the west.

4.0 USER INFORMATION PROVIDED

4.1 Title Records

Ms. Wendy Cole, Corporate Settlement Solutions, LLC, supplied a title commitment, the last recorded deeds for the property, and three liens against the property. These documents are discussed in Section 5.4.2 and included in Appendix C.

4.2 Environmental Liens or Activity and Use Limitations

Ms. Wendy Cole, Corporate Settlement Solutions, LLC, supplied a title commitment, the last recorded deeds for the property, and three liens against the property, which are discussed in Section 5.4.2 and included in Appendix C. A User Questionnaire which addressed environmental liens and Activity Use Limitations was completed by Mr. Paul Dunn, Project Manager, Grand Traverse Hotel Properties, LLC. This document is discussed in Section 7.5 and included in Appendix D.

4.3 Specialized Knowledge of User

A User Questionnaire which addressed specialized knowledge of the User was completed by Mr. Paul Dunn, Project Manager, Grand Traverse Hotel Properties, LLC. This document is discussed in Section 7.5 and included in Appendix D.

4.4 Commonly Known or Reasonably Ascertainable Information

A User Questionnaire which addressed commonly known or reasonably ascertainable information was completed by Mr. Paul Dunn, Project Manager, Grand Traverse Hotel Properties, LLC. This document is discussed in Section 7.5 and included in Appendix D.

4.5 Valuation Reduction for Environmental Issues

A User Questionnaire which addressed valuation reduction of environmental issues was completed by Mr. Paul Dunn, Project Manager, Grand Traverse Hotel Properties, LLC. The document is discussed in Section 7.5 and included in Appendix D.

4.6 Owner, Property Manager, and Occupant Information

Owner, property manager, and occupant information, as applicable, was provided by Grand Traverse Hotel Properties, LLC.

4.7 Reason for Performing Phase I ESA

The User Questionnaire completed by Mr. Paul Dunn, Project Manager, Grand Traverse Hotel Properties, LLC indicates the reason for performing the Phase I ESA is to qualify Grand Traverse Hotel Properties, LLC for one of the *Landowner Liability Protections (LLPs)* under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. 9601). These protections include the innocent landowner, contiguous property owner, and bona fide prospective purchaser limitations on CERCLA liability. This Phase I ESA was performed as an appropriate risk management and due diligence standard for real estate transactions in accordance with general industry standards which include ASTM Standard E 1527-05.

4.8 Other

ISE reviewed a report titled "Phase II Environmental Site Assessment, 263, 235, and 223 W. Grandview Parkway" prepared by ISE for the Grand Traverse County Brownfield Redevelopment Authority, dated November 29, 2010, along with all documents researched for preparation of that report, for this Phase I ESA. No other site diagrams, environmental assessments, specialized knowledge regarding the property or other user information was made available to ISE for review.

5.0 RECORDS REVIEW

5.1 Standard Environmental Record Sources, Federal and State

A review of current federal and state records was conducted on March 21, 2012 to identify sites of potential environmental concern in the vicinity of the subject property. The records reviewed are reported to have been updated by their parent agencies on a monthly or daily basis and provide information that was posted by these agencies within the past 90 days. A summary of the ASTM records search is provided in the following table.

Summary of Records Search
223, 235, 263 West Grandview Parkway
City of Traverse City, Grand Traverse County, Michigan

Data Base (Review Date/Last Updated)	Search Radius	No. of Sites	Name & Site Location	Distance & Direction from Subject Property
Federal NPL (March 21, 2012 - Updated monthly)	1 Mile	0	N/A	N/A
Federal NPL – Delisted (March 21, 2012 - Updated monthly)	0.5 Mile	0	N/A	N/A
Federal CERCLIS – Current (March 21, 2012 - Updated monthly)	0.5 Mile	0	N/A	N/A
Federal CERCLIS – Archived (March 21, 2012 - Updated monthly)	0.5 Mile	0	N/A	N/A
Federal RCRA CORRACTS facilities list (March 21, 2012 - Updated monthly)	1 Mile	0	N/A	N/A
Federal RCRA non-CORRACTS TSD facilities list (March 21, 2012 - Updated monthly)	0.5 Mile	0	N/A	N/A
Federal RCRA Generators (March 21, 2012 - Updated monthly)	Subject Property & Adjoining Properties	0	N/A	N/A
Federal ERNS/State PEAS (March 21, 2012 - Updated daily)	Subject Property	0	N/A	N/A
State Listed Sites (Part 201) (March 21, 2012 - Updated daily)	1 Mile	20	Cone Drive Textron 240 E 12 th St.	4,760 Feet Southeast
			MDOT Boardman Yard 12 th St & Boardman Lake	4,640 Feet Southeast
			Randy's Olde Towne Shell 430 Union St.	2,278 Feet Southeast
			Traverse City Iron Works Lake and Cass Street	2,265 Feet Southeast
			Coddington Cleaners 124 N Maple St.	1,472 Feet Southwest
			Harbour View Centre W Grandview Pkwy	415 Feet West
			Red Mill Lumber 115 Hall St.	575 Feet Southwest
			Coal Gas Plant Hall St. 145 Hall St.	412 Feet Southwest
			One Hour Martinizing 115 Pine St.	1,022 Feet Southeast
			Grand Traverse Auto 145 W Front	785 Feet Southeast
			Grand Traverse Auto 124 W Front St.	652 Feet Southeast
			J & S Hamburg Rest. 290/302 W Front St.	606 Feet Southeast
			Grand Traverse Auto 305 W Front	780 Feet South
			201 E Front St.	1,590 Feet Southeast
Bridgestone/Firestone Act 381 251 E Front St.	2,143 Feet Southeast			

**Summary of Records Search
 223, 235, 263 West Grandview Parkway
 City of Traverse City, Grand Traverse County, Michigan**

Data Base (Review Date/Last Updated)	Search Radii	No. of Sites	Name & Site Location	Distance & Direction from Subject Property
			Front St. Area Front St. Between Park & Boardman	2,532 Feet Southeast
			Park St. Redevelopment Lots 1-4, 13-15	2,482 Feet Southeast
			Progress Cleaners 329 E State St.	2,740 Feet Southeast
			Venture Investments 207 W Grandview Pkwy	350 Feet East
			Evans Paint & Wallpaper 336 W Front St.	621 Feet Southwest
State Landfill & Solid Waste Disposal Facilities (March 21, 2012 - Updated daily)	0.5 Mile	0	N/A	N/A
State LUST Sites – Open (March 21, 2012 - Updated daily)	0.5 Mile	16	Scamehorn Shell 701 W Front St.	2,213 Feet Southwest
			Speedway #8868 704 W Front St.	2,164 Feet Southwest
			Grand Traverse Union 76 626 W Front St.	2,081 Feet Southwest
			Traverse City Clark 320 N Division St.	2,020 Feet Northwest
			Scamehorn Shell Service 701 W Front St.	2,213 Feet Southwest
			Finch's Amoco 627 W Front St.	2,020 Feet Southwest
			Former First of America Bank 701 Randolph St.	2,158 Feet Northwest
			Radio Centre 302 E Front St.	2,337 Feet Southeast
			Amoco #0188 206 S Union St.	1,358 Feet Southeast
			Kinney Site 128 S Union St.	1,191 Feet Southeast
			Former Grand Traverse Auto Facility 124 W Front St.	652 Feet Southeast
			Former Krouse Tire 310 W Front St.	600 Feet South
			Bankruptcy Estate of David Evans 336 W Front St.	621 Feet Southwest
			Clinch Park Marina 111 E Grandview Pkwy	1,088 Feet Northeast
			Ventures Investment Co. 207 W Grandview Pkwy	350 Feet East
			Northern Michigan Diesel, Inc. 145 Hall St.	412 Feet Southwest

Summary of Records Search
223, 235, 263 West Grandview Parkway
City of Traverse City, Grand Traverse County, Michigan

Data Base (Review Date/Last Updated)	Search Radii	No. of Sites	Name & Site Location	Distance & Direction from Subject Property
State LUST Sites – Closed (March 21, 2012 - Updated daily)	0.5 Mile	7	Marathon Unit #2797 404 N Division	2,047 Feet Northwest
			Crandall's Service 501 S Union St.	2,535 Feet Southeast
			Randy's Olde Towne 430 S Union St.	2,278 Feet Southeast
			Riverfront Plaza Inc. 317 Front St.	2,419 Feet Southeast
			Bridgestone/Firestone Inc 251 E Front St.	2,143 Feet Southeast
			Parkway 76 101 W Grandview Pkwy	566 Feet East
			Gilberts Service Oil Co. 211 W Grandview Pkwy	269 Feet East
State UST Sites – Open/Closed (March 21, 2012 - Updated daily)	Subject Property & Adjoining Properties	0	N/A	N/A
Institutional Controls (March 21, 2012)	Subject Property	0	N/A	N/A
State Brownfield Sites (March 21, 2012 – Updated daily)	0.5 Mile	5	Scamehorn Shell 701 W Front St.	2,213 Feet Southwest
			Finch's Amoco 627 W Front St.	2,020 Feet Southwest
			Grand Traverse Union 76 626 W Front St.	2,081 Feet Southwest
			Marathon Unit #2797 404 N Division	2,047 Feet Northwest
			Evans Paint & Wallpaper 336 W Front St.	621 Feet Southwest

The regulatory review indicates that the subject properties are not listed as a site of environmental contamination. Forty Three (43) sites of environmental concern were identified within applicable ASTM search radii of the subject property. Documented groundwater flow through the area is generally northeast. Based on this known groundwater flow direction, (38) of the above sites are located either downgradient or cross-gradient from the subject property and are not expected to impact the subject property. The remaining (5) sites are discussed below.

Red Mill Lumber, 115 Hall Street, Michigan Part 201

This site is located approximately 575 feet southwest of the subject property. This site is listed for Barium, Chromium VI, Lead, and Zinc contamination. The site's current status is shown as "Interim Response conducted – no further activities anticipated." This site has been redeveloped as a Bay Area Transportation Authority bus transfer station.

Evans Wallpaper & Paint, Part 201, and Bankruptcy Estate of David Evans, open LUST, 336 W Front St.

This site is located approximately 621 feet southwest of the subject property, and is listed as a Part 201 and an open LUST site. ISE contacted Ms. Ann Emington, Cadillac District, Michigan Department of Environmental Quality (MDEQ) regarding the Evans Wallpaper and Paint site. Ms. Emington indicated that USTs formerly located on this property had been located to the east of the building, and that piping ran north-south along the eastern building side and then west to pump islands which were formerly located to the south of the building, along W. Front Street. Ms. Emington stated that groundwater flow direction was east, towards Boardman River, in this area, and that soil and groundwater had been remediated in the area. She was unsure if the groundwater plume extended off site; however, if it did, it would flow east towards the river. She further indicated that some soil contamination was left in place the building's southeast corner, near the bridge, and extending into W. Front Street from the former pump island location. She did not know the extent of this contamination.

Former Coal Gas Plant, Part 201, and Northern Michigan Diesel, Inc., open LUST, 145 Hall St.

This site is located approximately 415 feet southwest of the subject property, and is listed as a Part 201 and open LUST site. Based on the "Phase II Environmental Site Assessment, 263, 235, and 223 W. Grandview Parkway" prepared by ISE for the Grand Traverse County Brownfield Redevelopment Authority, dated November 29, 2010 mentioned in Section 4.8, this the former coal gas plant is likely to have environmentally affected the subject property (see Section 5.2). The likely presence of contamination migrating onto the subject properties is considered a REC on the subject property.

5.2 Additional Environmental Sources

A Phase II ESA report prepared by Inland Seas Engineering (ISE) on November 29, 2010 for the subject property was reviewed. This report was prepared for the Grand Traverse County Brownfield Redevelopment Authority, and the purpose of the investigation was to assess the subject property for the presence of chemicals in soil and groundwater based on known former on-site and off-site activities. A summary of this report follows.

Areas investigated through soil and groundwater sample collection in regards to former auto service activities at 263 West Grandview Parkway included 1) the area surrounding one of several hydraulic hoists within the building, which the property owner had indicated had leaked in the past; and 2) an oil/water separator and its associated 250-gallon UST. A ground penetrating radar (GPR) survey was conducted on all three properties to search for USTs based on the past presence of heating oil USTs at 223 West Grandview Parkway and unknown subsurface conditions at 263 West Grandview Parkway, and to pinpoint the location of the former UST basin at 223 West Grandview Parkway.

A prior Level I ESA conducted for 235 and 223 West Grandview Parkway had indicated that used oil had been dumped in the southern portion of 235 West Grandview Parkway in the past; a prior Level II ESA for the same properties indicated impact from this uncontrolled dumping. The same ESA indicated that five heating oil USTs had been removed from 223 West Grandview Parkway in the past; a Level II ESA indicated impact following this removal. The November 2010 investigation was completed to better quantify both of these environmental impacts, as well as off-site groundwater impact on all three properties from the former coal gas manufacturing facility located southwest of the subject property.

263 West Grandview Parkway:

Five USTs were located within the building; four hydraulic oil USTs and one UST associated with an oil/water separator. An undetermined GPR anomaly was identified which corresponded to a concrete patch at the surface. Tetrachloroethene and cyanide were detected in soil above the Residential Part 201 Drinking Water Protection Criteria on the property; these soil samples were

collected in an area thought to be representative of near surface soil conditions which had existed during former gas plant operation. Cyanide was present in groundwater above the Part 201 Drinking Water Criteria of 200 ug/L in that same area.

235 West Grandview Parkway:

Five semi-volatile organic compounds (SVOCs) were detected in the soil above Residential Part 201 Drinking Water Protection Criteria in the area of suspected used oil dumping. Lead was detected above the statewide default background level established by the MDEQ in the area. Cyanide was present above the Part 201 Drinking Water Criteria of 200 ug/L in groundwater from this area, possibly from off-site groundwater impact from former coal gas production.

223 West Grandview Parkway:

A GPR anomaly was discovered in the area of the former five-UST system. Soil results were all non-detect for the selected analytes; however, a photoionization detector reading was recorded at 8 to 12 feet below grade, and a petroleum sheen was noted on the groundwater on this property. Cyanide was present above the Part 201 Drinking Water Criteria of 200 ug/L.

The following RECs were identified on the subject property from this previous investigation.

- Four existing hydraulic underground storage tanks (USTs) and one additional hydraulic UST which had been removed at 263 W. Grandview Parkway,
- Oil/water separator and pump unit at 263 W. Grandview Parkway,
- Unidentified ground penetrating radar anomaly that corresponds to a concrete patch at surface (may be an underground structure) at 263 W. Grandview Parkway ,
- Former area of waste oil dumping at 235 W. Grandview Parkway and corresponding soil contamination ,
- Former UST cavity (five removed heating oil USTs) at 223 W Grandview Parkway ,
- Cyanide impacted groundwater likely from the former Manufactured Coal Gas Plant (two properties),
- Cyanide impacted soil likely from the former Manufactured Coal Gas Plant and volatile organic compound impacted soil at 235 W. Grandview Parkway.

No other additional environmental sources, such as local Brownfield lists, local landfill/solid waste disposal site lists, local hazardous waste lists, local registered storage tanks, local land records, emergency release reports, contaminated public wells, or oil and gas lists, were reviewed.

5.3 Physical Setting Sources

Figure 1 was prepared with a USGS 7.5 Minute Series (Topographic) Map dated 1983.

5.4 Historical Use Information on the Property

ISE conducted a historical review of the subject property and immediately adjoining properties following ASTM guidelines. The stated objective for consulting historical sources of information is to develop a history of previous uses of the property and surrounding area to help identify the likelihood of past uses which may have led to RECs in connection with the subject property. Historical information was obtained from Traverse City Assessor's office, a USGS topographic map, Polk City Directories, Earth Explorer Web page, historical aerial photographs, and historical plats.

5.4.1 City of Traverse City Assessor's Office

ISE obtained current and historical property tax cards from the City of Traverse City tax assessors' office on March 22, 2012. Copies of the tax cards are included in Appendix E.

263 West Grandview Parkway

The current tax card indicates that this property is 0.40 acres, and that one 9,916 square foot building exists on the property. The tax card also indicates that the properties are improved with paving, a sidewalk, water, sewer, electric, gas, and a curb. The property is owned by Gerald and Kathy Roster, and is listed as being occupied by Midas Muffler and Mechanical Spec.

Historical tax cards spanning 1963 to 1995 indicate that the building was constructed in 1942, and remodeled from 1975 to 1977. The cards indicate that the building's original use was as a food service warehouse, and that the remodel in 1975 to 1977 changed its use to a service garage. The cards indicate that the service garage has a one-ton crane, five hoists, and a drain. The building is constructed of brick walls with a poured concrete floor, and has gas heat.

235 West Grandview Parkway

The current tax card indicates that this property is 0.17 acres, and that a commercial building exists on the property. The tax card also indicates that the properties are improved with paving, a sidewalk, water, sewer, electric, gas, and a curb. The property is owned by Baywatch Properties LLC, and is listed as being occupied by CTM Associates (consulting engineers), Charter Communications, and Wireless First.

Historical tax cards spanning 1963 to 1992 indicate that a building has been present since at least 1962. The building's use has been as an office building, and it is constructed of brick walls. Heating was listed as oil on the historical tax card.

223 West Grandview Parkway

The current tax card indicates that this property is 0.26 acres, and that a commercial building exists on the property. The tax card also indicates that the properties are improved with paving, a sidewalk, water, sewer, electric, gas, and a curb. The property is owned by Baywatch Properties LLC, and is listed as being occupied by Big Bay Café, Big Bay/Swanky Kitchen, and Smiling Heart Yoga Center.

A historical tax card spanning 1962 to 1993 indicates that the building has been present since at least 1962. The card indicates that the building is used for offices, and is constructed of brick walls. No other pertinent information is recorded on this card.

5.4.2 Recorded Land Title Records

Ms. Wendy Cole, Corporate Settlement Solutions, LLC, supplied a title commitment, the last recorded deeds for the property, and three liens against the property. The recorded deeds show that the prior owners of Lots 58 and 59 were Anthony and Mary Miceli and Stuart and Marian Hubbell, and the prior owner of Lot 60, Lot 61, and the west half of Lot 62 was Northern Properties. Three liens against the subject property were supplied; these are from Fibertec Inc., which provides environmental services, JPRA Architects, P.C., and Eftaxiadis Consulting, Inc. All of these liens were filed in 2010. The title examination included a 40 year search; the only liens against the property are the ones described above.

5.4.3 USGS Topographic Maps

A 1983 USGS topographic map was used to create Figure 1. This map shows relatively flat topography on-site. Historic topographic maps were not reviewed.

5.4.4 City Directories

Polk City Directories, available at the City of Traverse City Tax Assessor's Office, were reviewed on September 28, 2010 and March 22, 2012 to determine past occupancy of the subject property and to identify the past use of adjoining properties that may be of environmental concern. Polk City Directories between the years 2009 and 1940 were reviewed at five year time intervals (or as available). Polk City

Directories dated prior to 1940 were not readily available for review at the time of this assessment. Information obtained in these directories is summarized below.

263 West Grandview Parkway (subject property): Midas Muffler has occupied the property from between 1974 and 1979 to 2009. Prior to 1979, there were no listings for this address.

235 West Grandview Parkway (subject property): This property has been occupied by various office and retail entities from between 1950 and 1959 to 2009. Prior to 1959, there were no listings for this address.

223 West Grandview Parkway (subject property): This property has been occupied by various office and retail (restaurant) entities from between 1950 and 1959 to 2009. Prior to 1959, there were no listings for this address.

301 West Grandview Parkway (property to the west of subject property): This property has been occupied by The Candle Factory/Home Elements from between 1969 and 1974 to 2009. Prior to 1969, there were no listings for this address.

221 West Grandview Parkway (property to the east of subject property): This property has been occupied by an antique shop from between 1989 and 1994 to 2009. From between 1979 and 1984 to between 1989 and 1994, the property was occupied by Gilbert's Service Station. A bedding company occupied the property throughout most of the 1970s, and auto dealerships were listed throughout most of the 1960s. Prior to 1959, there were no listings for this address.

208 and 240 West Grandview Parkway (property to the north of subject property): There are scant listings for these properties in the Polk Directories. The City Light and Power plant is listed at 208 West Grandview Parkway in 1984, and a lumber wholesaler is listed at 230-240 West Grandview Parkway in 1964. No listings were returned for all other dates searched.

5.4.5 Aerial Photographs

ISE reviewed historical aerial photographs of the subject property and surrounding properties at the USDA Office and the Grand Traverse County Soil Conservation office, both located in Traverse City, Michigan, on September 28, 2010 and March 22, 2012. Available historical aerial photographs for the years 1938, 1952, 1964, 1973, 1981 and 1994 were reviewed. USGS Earth Explorer web page was used for 1954, 1968, 1974 and 1977. Google Earth was used for 1998, 1999, 2005 and 2006. A photograph from the year 2010 was reviewed on the Grand Traverse County GIS web page.

Aerial Photograph Dated 1938

The 1938 photograph shows most of the subject property as being vacant, with a dwelling on the eastern edge of the property. The property to the north and east appears to contain some buildings. The property to the south appears vacant. The property to the west contains some buildings.

Aerial Photograph Dated 1952

The 1952 photograph shows the property containing two buildings with a third possibly under construction. The property to the north contains two buildings and a parking lot for the power plant. The property to the south contains two buildings. To the east is a building. The property to the west appears to contain a warehouse and some railroad tracks.

Aerial Photograph Dated 1954

The 1954 photograph shows the site as containing three buildings. The property to the north contains a single building with land to the east up to the power plant. The property to the south contains two

buildings. The property to the east contains a building. The property to the west is washed out with poor visibility.

Aerial Photograph Dated 1964

The 1964 photograph shows the property as three buildings. To the south there are two buildings. To the north there are three buildings. The property to the east contains a building. The property to the west is a warehouse with tractor trails at a loading dock.

Aerial Photograph Dated 1968

The 1968 photograph shows the property as containing three buildings. The property to the north is a single building. To the south there are two buildings. To the east there is a building. The property to the west appears to contain three buildings of different sizes.

Aerial Photograph Dated 1973

The 1973 photograph is virtually unchanged from the 1968 aerial photograph. To the north the property appears to be vacant and possibly used for parking at the power plant. The property to the west appears to contain some wood storage racks, and one less building.

Aerial Photograph Dated 1974

The 1974 photograph is virtually unchanged from the 1973 aerial photograph. The property to the west contains two buildings, with no storage of items outside.

Aerial Photograph Dated 1977

The 1977 photograph is virtually unchanged from the 1974 aerial photograph.

Aerial Photograph Dated 1981

The 1981 photograph shows three buildings on the subject property. To the north is vacant. To the south there are two buildings. To the east is a building. The property to the west contains a building.

Aerial Photograph Dated 1994

The 1994 photograph is virtually unchanged from the 1981 photograph. Three buildings are located on site with a building located to the east and west, with two buildings to the south of the subject property.

Aerial Photograph Dated 1998

The 1998 photograph is virtually unchanged from the 1994 photograph. The property to the west appears to contain a new building on the western edge of the property.

Aerial Photograph Dated 1999

The 1999 photograph is unchanged from the 1998 aerial.

Aerial Photograph Dated 2005

The 2005 photograph shows the site containing three buildings. The property to the north is vacant with some debris from the demolition process on the power plant. The property to the south is two buildings. To the east the property contains a building. The property to the west contains a building.

Aerial Photograph Dated 2006

The 2006 photograph is virtually unchanged from the 2006 aerial photograph. The property to the north is a parking lot with the start of open space to the east.

Aerial Photograph Dated 2010

The 2010 photograph is unchanged from the 2006 photo. There is now grass in the open space to the north.

5.4.6 Historical Plat Books

The historical Atlas of Grand Traverse County by E. L. Hayes, dated 1881, was reviewed. The map shows the subject properties are vacant, no ownership is shown. There are no buildings located on the subject property. A railroad is shown to the north of the subject property.

The New Atlas and Directory of Grand Traverse County by George E. Steele, dated 1895, was reviewed from HistoricMapWorks.com. The map shows the subject property as vacant, no ownership is shown. The properties are shown on Bay Street. There is a railroad north of Bay Street and to the south of Garland Street. No buildings are shown on the subject property.

The Standard Atlas of Grand Traverse County by G.A. Ogle and Company, dated 1908, was reviewed. The map shows the subject property as vacant with no buildings shown on the subject property. Hall Street is now shown. Copies of the plats are included in Appendix F.

5.4.7 Sanborn Fire Insurance Maps

Sanborn Fire Insurance Maps for the subject and surrounding properties were reviewed. The years reviewed were from 1884, 1890, 1893, 1899, 1904, 1910, 1920, 1929, 1946, and 1960. The 1884, 1890 and 1893 did not have coverage of the subject property.

The 1899 shows a dwelling and a small stable on Lot 61. Lot 58 is not visible.

The 1904 Sanborn is the same as the 1899 with Lots 58 and 59 shown as much larger lots that extend south to a set of railroad tracks. There is a dwelling shown on the southern part of the expanded lot 58 and 59. On the west adjacent property there is Traverse City Gas Co. with one tank for holding gas. There is a feed mill (E. Hagadorn) located directly to the west of the subject property, north of the gas company; this feed mill is listed as closed. The presence of a former manufactured gas plant adjacent and upgradient of the property constitutes a REC on the subject property.

The 1910 Sanborn shows a larger dwelling on Lot 61 that extends onto Lot 62 to the east. Lots 58 and 59 are shown smaller with Garland Street continuing through to Hall Street. The Traverse City Gas Co. appears to be the same size as the 1904 map. The feed mill building is listed as vacant. The property adjacent to the east is shown vacant.

The 1920 Sanborn is the same as the 1910. There is a cone pile shown and a change in shape of the former feed mill building. This building is now listed as factory to occupy later. The property adjacent to the east is shown vacant.

The 1929 Sanborn map shows piles of stove wood (which continue to the south of the subject properties) on the southern portions of all subject properties. The piles of wood are blocking access to Garland Street. The American Commonwealth Power Corp. Gas Plant (coal gas) is located to the west of the subject properties. (2) Gasometer Tanks (100,000 cubic feet and 47,000 cubic feet) are located on this property, as is a small tank (contents and size not identified) on the northern portion of that property. There is still a dwelling shown on Lot 61 and part of Lot 62. Along Garland Street on Lots 63 and 64 there are two small buildings shown as auto body and fender repair.

The 1946 Sanborn map shows the same dwelling on Lots 61 and 62. A building is now located on Lot 60 shown as roofing material, with an address listed as 227. A building is shown on Lot 58 labeled as

Michigan Bell Telephone Co. garage. The property adjacent to the south is shown as Lee and Cady wholesale grocery on the west edge with a merchandise warehouse on the eastern edge. The property adjacent to the east is listed as auto sales and service. The adjacent property to the west is still Traverse City Gas Co. shown with two holding tanks. The building on the corner of Bay and Hall is gone.

The 1960 Sanborn map shows a food distribution wholesale building with a coal room/boiler located on 263 West Grandview Parkway and office buildings on both 235 and 223 West Grandview Parkway. To the east is an auto sales/service building with a paint booth, and further east is an auto service station. To the south are paper products and merchandise wholesalers, and a motor freight station is located to the west.

5.4.8 Zoning/Land Use Record Review

Property zoning from the Traverse City Property Tax Card is Zoned C-4A, Class 201- Commercial Improved.

5.5 Historical Use Information on Adjoining Properties

The objective of consulting historical sources regarding adjoining properties is to develop a history of the previous uses of the surrounding properties in order to help identify the likelihood of past uses that may lead to a REC on the subject property. Surrounding property use was researched through examination of aerial photographs, Sanborn maps, and city directories. The surrounding property uses have formerly been commercial and industrial properties, including a manufactured gas plant immediately adjacent to the west of the subject property.

6.0 SITE RECONNAISSANCE

6.1 Methodology and Limiting Conditions

Ms. Barbara Quinlan of ISE originally conducted a walkover of the property on October 6, 2010, and conducted a follow up walkover on February 21 through February 24, 2012. Ms. Quinlan was originally accompanied by Mr. Gerald Roster, owner of 263 West Grandview Parkway, and Mr. Dave Chryst, Baywatch Properties, LLC, owner of 223 and 235 West Grandview Parkway. The reconnaissance included a walk-through of all accessible areas of the subject property to identify evidence of the presence of contamination or other environmental concerns on the subject property. Adjoining properties were also observed as viewed from the property and public roads.

The property walkover began inside the building located at 263 West Grandview Parkway, followed by the exterior of 263 West Grandview Parkway. The walkover continued with the interior of 235 West Grandview Parkway, followed by the interior of 223 West Grandview Parkway. The exterior of these two properties combined was then viewed.

6.2 General Site Setting

The subject properties are located on the south side of West Grandview Parkway, and are bordered by Hall Street to the west and Garland Avenue to the south. Commercial properties are present to the east. The land is relatively flat, and three buildings are located on the property (one on each parcel). Most of the exterior of the buildings is covered with asphalt. A green area and West Grand Traverse Bay are located further north, and commercial buildings are present on all other sides.

6.3 Interior Observations

263 West Grandview Parkway

The building on this property was most recently used as an automobile repair facility (Midas Muffler). The building is constructed of brick, with a poured concrete floor. Seven overhead bay doors are present on the eastern side of the building; each of these lead into former automobile repair stations. All of these have either in-ground or above ground hoists; three UST fill ports were observed in association with these

hoists. Mr. Roster indicated that two USTs and one in-ground hoist had been removed. Lined trench drains were present both along each service bay and running north-south along the western side of all the bays. Mr. Roster indicated that all trench drains were connected to an oil/water separator and then to the sanitary sewer. The oil/water separator and its pump were present inside the building, along the eastern wall.

The northern half of the western portion of the building was divided with brick walls into smaller areas. A storage area with no drains, a restroom, another storage area with shelving and one drain, and a compressor room with a metal above-ground storage tank (AST) were present in this area. A concrete patch was present in the floor in the storage area; GPR survey results from the previous Phase II ESA had indicated a slight anomaly in this area. Two overhead doors are present along the western side of the building and two former overhead doors were located along the southern side of the building (these have been bricked over), indicating former auto/truck repair/storage areas.

The southern portion of this building consists of two office areas, restrooms, and additional storage/work areas. Four plastic 110 gallon ASTs and one additional AST were observed in this area in October 2010; Mr. Roster indicated that a drain present near the ASTs also led to the oil/water separator prior to sanitary sewer discharge. Three additional drains were observed in this area; Mr. Roster indicated that these three and the drain in the storage room were connected to the sanitary sewer. One additional fill port for an UST associated with a hydraulic hoist was also observed; Mr. Roster indicated that this UST was still in the ground. Some equipment was present in the building in October 2010 (although automobile repair was no longer being conducted), including an aboveground hoist, shelving, vehicles, and the ASTs as described. Conditions in February 2012 were similar, with equipment removed except for a small boat and various small items.

RECs identified in this building include:

- Four existing hydraulic underground storage tanks (USTs) and one additional hydraulic UST which had been removed,
- Oil/water separator and pump unit,
- Unidentified ground penetrating radar anomaly that corresponds to a concrete patch at surface (may be an underground structure)

235 West Grandview Parkway

The building on this property is an office building with various rental spaces. The interior of the office is carpeted and dry walled, with a sink and kitchen area. A utility area contains a sink, some paint storage, and supplies. The boiler is currently natural gas; Mr. Chryst was unsure of the previous type of heat. All drains exit to the sanitary sewer. CTM Associates currently occupies this office space.

The upper level was previously an old apartment; it is now used for office space and storage for CTM. Mr. Chryst indicated that there is some asbestos wrapping on the pipes for hot water in the attic. Former tenants of which Mr. Chryst was aware included the Red Dresser (retail), a wireless company, and a furniture stripper. He indicated that the furniture stripper used a parts washer which emptied into the sanitary sewer; he indicated that the chemicals used were water based. Building use was the same in October 2010 as in February 2012; CTM was occupying a portion of the building and the rest was vacant.

223 West Grandview Parkway

The building on this property was most recently used for retail and restaurant operations; it is currently vacant (as it was in October 2010). The northernmost units had most recently been used as a restaurant. There are at least four floor drains in this area, with a boiler room, range and counter area, and an above ground grease trap. Other units included a spa and a resale shop. A below grade tunnel runs along the western portion of the building; Mr. Chryst indicated that the tunnel contains water heaters for the units,

electricity, sewer, and telephone. The tunnel is accessed by a metal trap door near the south end of the building.

6.4 Exterior Observations

263 West Grandview Parkway

The building on this property extends to the property boundaries on the north, west, and south sides, and is bordered by roads on those sides. The parking/drive area is located to the east, and consists of an asphalted area with storm drains. No RECs were observed in this area.

235 West Grandview Parkway

The building on this property covers most of this property; with an asphalted parking area to the south of the building. A tar-like area was observed in the asphalt; Mr. Chryst indicated that this was the area where used oil had been dumped by former tenants (taxicab company). This area is considered a REC on the subject property. One monitoring well was observed immediately north of this building (in the right-of-way); Mr. Chryst indicated that the well is the property of others and is used to monitor groundwater conditions related to the MGP site located southwest of the subject property. The presence of this monitoring well is considered a REC on the subject property.

223 West Grandview Parkway

The building on this properties are located on the east side, with an asphalted parking/drive area to the west. One monitoring well was observed in the northern portion of the parking area; Mr. Chryst indicated that the well is the property of others and is used to monitor groundwater conditions related to the MGP site located southwest of the subject property. The presence of this monitoring well is considered a REC on the subject property.

The following table summarizes the observed conditions identified on the subject property at the time of the site visit.

OBSERVED SITE CONDITIONS

OBSERVATION	NO	YES	LOCATION (IF YES)
Underground Storage Tanks		X	(4) hydraulic fluid USTs in building on 263 W. Grandview Parkway; (1) in same building assoc. w/ oil water separator
Aboveground Storage Tanks		X	(6) in building on 263 W. Grandview Parkway in October 2010
Septic Fields	X		Not Applicable
Drainage Systems		X	(2) Storm drains in parking area
Drums and Open Containers	X		Not Applicable
Dumping or Filling Activities		X	Tar-like material on 235 W. Grandview Parkway
Floor Drains		X	(4) with discharge to sanitary sewer and several trench and other drains plumbed to and oil/water separator to sanitary sewer in building on 263 W. Grandview Parkway; all others discharge to municipal sewer
Hazardous Chemical Storage	X		Not Applicable
Petroleum Hydrocarbon Containers	X		Not Applicable
Materials Spills	X		Not Applicable
Material Threats	X		Not Applicable
Monitor/Supply/Disposal Wells		X	(1) monitor well in right-of-way north of 235 W. Grandview Parkway; (1) monitor wells on 223 W. Grandview Parkway

OBSERVATION	NO	YES	LOCATION (IF YES)
Odors	X		Not Applicable
Stained Pavement/Soil	X		Not Applicable
PCB-Containing Electrical Transformers	X		Not Applicable
Pesticide Usage/Storage	X		Not Applicable
Pits/Ponds/Lagoons	X		Not Applicable
Pools of Liquid	X		Not Applicable
Roads/Trails with No Apparent Purpose	X		Not Applicable
Stressed Vegetation	X		Not Applicable
Toxic Substance Storage	X		Not Applicable
Unidentified Substance Containers	X		Not Applicable
Wastewater Generation	X		Not Applicable

During the site visit, surrounding properties were viewed to determine usage and to identify any observable potential environmental concerns. ISE personnel did not access the adjoining properties, but rather viewed these parcels from the subject property and public roads.

<i>Adjoining Property to the North:</i>	West Grandview Parkway, followed by grassy area and West Grand Traverse Bay
<i>Adjoining Property to the East:</i>	City of Traverse City utility corridor, former antiques store
<i>Adjoining Property to the South:</i>	Commercial Buildings
<i>Adjoining Property to the West:</i>	Candle Factory (retail)

ISE noted no RECs in association with the adjoining properties.

7.0 INTERVIEWS

ISE personnel interviewed local government officials in order to obtain information indicating whether any RECs exist in connection with the subject property.

7.1 Interview with Current Site Owners

263 West Grandview Parkway

Mr. Gerald Roster was interviewed on October 6 and 7, 2010, and also on March 22, 2012 by ISE personnel. Mr. Roster indicated that he purchased the property in approximately 1974; the previous use of the property was as a food storage warehouse. Mr. Roster installed the oil/water separator and associated 250-gallon UST and connected all lined trench drains and some other drains to the oil/water separator soon after purchase. He indicated that three underground hydraulic hoists and associated USTs were present on the property, as well as one additional UST for a hydraulic hoist. He indicated that all hydraulic oil USTs were 55-gallon metal tanks installed upright. He further indicated that two hydraulic oil USTs and one hydraulic hoist had been removed from the property; one of the USTs was removed because the hoist was leaking.

Mr. Roster indicated that two metal and several plastic ASTs had been present on the property; the plastic ASTs were located near a drain which lead to the oil/water separator. He indicated that during his operation as an automobile repair facility, petroleum products and some hazardous chemicals were stored and used on site. Mr. Roster had ceased operation prior to ISE's October 2010 site visit. He indicated that the property was serviced by municipal water and sewer.

Mr. Roster indicated that two storm sewer drains were present on the property, and that three newer pad-mounted transformers were located to the southeast of 223 W. Grandview Parkway (off the subject property). He was aware of monitoring wells installed on the neighboring (to east) properties. Mr. Roster

stated that property use had not changed between October 2010 and March 2012; the property remained unused during that time period.

235 and 223 West Grandview Parkway

Mr. Dave Chryst, Baywatch Properties, LLC was interviewed on October 6 and 7, 2010, and Mr. Larry Truelove, Baywatch Properties, LLC was interviewed on March 22, 2012 by ISE personnel. Mr. Chryst indicated that they purchased the property approximately 20 years ago. He believed that the building at 235 W. Grandview Parkway was built in the 1960s, and had building plans from 1955 for a strip mall at 223 W. Grandview Parkway. He indicated that CTM Associates occupies part of the building at 235 W. Grandview Parkway; other portions of the building had been leased over the years. He was aware of a taxicab company which had leased a portion of 235 W. Grandview Parkway; he indicated that they had dumped used oil from their cars on the property.

Mr. Chryst indicated that one AST had been associated with the restaurant at 223 W. Grandview Parkway; this AST was used for their used grease. He was aware that five USTs had been removed from that property. He stated that all floor drains in both building discharged to the sanitary sewer. Mr. Chryst was aware of four monitoring wells installed on or near these properties; he indicated that two were sampled quarterly in association with the MGP site located to the southwest of the subject property. Mr. Truelove stated that property use had not changed between October 2010 and March 2012; the property remained unused except for CTM Associates office use during that time period.

7.2 Interview with Key Site Manager

263 and 223 W. Grandview Parkway were unused at the time of the interviews; the interview with Mr. Chryst above serves as an interview with the Key Site Manager for 235 W. Grandview Parkway.

7.3 Interview with Current Site Occupants

263 and 223 W. Grandview Parkway were unused at the time of the interviews; the interview with Mr. Chryst above serves as an interview with the Current Site Occupants for 235 W. Grandview Parkway.

7.4 Interview with Local Government Officials

7.4.1 Interview with County Health Department

ISE contacted Mr. Randy Emeott of the Grand Traverse County Health Department concerning the subject property on March 26, 2012. The Health Department does not have a file for the subject property. Mr. Emeott was unaware of any environmental issues at the subject property.

7.4.2 Interview with Local Fire Department

ISE contacted Mr. James Tuller, Fire Chief of the Traverse City Fire Department, regarding the subject property on March 29, 2012. The fire department did not have records of calls to the site for fire or spills. The fire department had a report on the removal of five tanks at an address listed as 223-225 Grandview Parkway. The report stated that the tanks were removed on September 29, 1990, by Gillhespy and R. V. Seaman Inc. The report describes five tanks, each 550 gallons in size. The northernmost tank (number one (1)), had a leak when removed. Tank number two had a hole in it, but no apparent leakage. Tanks three (3), four (4) and five (5) were in good shape when they were removed. The report states in all cases soil was removed from each hole until no further contaminated soil was evident. The report indicates that soil samples were taken for analysis; no further information is available. This documentation is included in Appendix G. The former presence of USTs on the subject property which had leaked and/or had holes is considered a REC on the subject property.

7.5 Interview with Others

7.5.1 User Questionnaire

The completion of the User Questionnaire is required in order for one of the landowner liability protections (i.e. Bona Fide Prospective Purchaser Liability Protection, Contiguous Property Owner Liability Protection, and Innocent Landowner Defense) offered by the Small Business Liability Relief and Brownfield's Revitalization Act of 2001 to be utilized. "User" is defined under the ASTM Standard as *"the party seeking to use Practice E 1527 to complete an environmental assessment of the property. A user may include, without limitation, a potential purchaser of property, a potential tenant of property, an owner of property, a lender, or property manager"*. A User Questionnaire was completed by Mr. Paul Dunn, Project Manager, Grand Traverse Hotel Properties, LLC, on April 9, 2012. A copy of the questionnaire is contained in Appendix D.

According to Mr. Paul Dunn, there are no known environmental cleanup liens filed or recorded against the site. Mr. Dunn was aware of Activity Use Limitations (AULs) that are in place or have been filed or recorded in a registry. Subsequent conversation with Mr. Dunn indicated that he was not referring to environmental use limitations; he was referring to building codes and zoning ordinances. Mr. Dunn was unaware of past property uses. Mr. Dunn was unaware of specific chemicals that have been present on the property, and was also unaware of any spills, chemical releases, or environmental cleanups that have taken place on the property. Mr. Dunn did not have specialized knowledge as the User of the Phase I ESA, nor was he aware of any property valuation reduction due to environmental issues. Mr. Dunn was aware of an obvious indicator that pointed to the presence or likely presence of contamination at the property.

8.0 FINDINGS

The subject property consists of three lots with three buildings, for a total of 0.83 acres. The subject property's address is 223, 235, and 263 West Grandview Parkway, City of Traverse City, Grand Traverse County, Michigan. 223 and 235 West Grandview Parkway are owned by Baywatch Properties, LLC. 263 West Grandview Parkway is owned by Gerald and Kathy Roster. All three properties are zoned Class 201 Commercial Improved.

Inland Seas Engineering, Inc. (ISE) personnel completed a site visit on October 6, 2010, and conducted a follow up walkover on February 21 through February 24, 2012. 263 West Grandview Parkway was formerly used as an auto repair facility. Four underground storage tanks (USTs) were noted in association with hydraulic hoists in this building; an oil/water separator and associated UST was also noted. The USTs and former auto repair operations represent a REC on the subject property. 223 and 235 West Grandview Parkway were/are used as office and retail space. An area of tar-like substance at the property's surface was observed at 235 West Grandview Parkway. Subsequent investigation indicated that used oil had been dumped onto the ground by a former lessee at this location; this represents a REC on the subject property. Two monitoring wells were noted on/within the right of way at 223 and 235 West Grandview Parkway; these are related to groundwater monitoring from a release at a former manufactured gas plant (MGP) located upgradient from the subject property. These wells represent a REC on the subject property.

Based on historical information collected during this assessment, the building at 263 West Grandview Parkway was built in approximately 1940. The most current former property use was as a Midas Muffler shop. The building at 235 W. Grandview Parkway was constructed between 1929 and 1946. Property use for 235 West Grandview Parkway has included office and commercial businesses, including a former taxicab company. This company reportedly dumped used oil from its vehicles onto the ground to the south of the building. The building at 223 W. Grandview Parkway was constructed in 1955; prior to 1955, a residence was present on this property. Property use for 223 West Grandview Parkway has included residential, commercial and retail businesses. This building was originally heated with fuel oil

located in five USTs located to the west of the building; these USTs have been removed. All these former property uses are considered RECs on the subject property.

Property use at 223 West Grandview Parkway could not be determined back to first developed use. While the inability to document property use to first developed use is considered a data failure (property use was determined back to 1899), it is not considered a significant data gap because 1) the oldest historical property use identified from Sanborn fire insurance maps shows a residential structure (which would not be thought to store/use hazardous substances and/or petroleum products), and 2) three Sanborn fire insurance maps previous to 1899 had no coverage of the area, most likely indicating no property use of a significant commercial or industrial nature at that time.

A regulatory review of available federal and state environmental databases was completed to determine if the subject property or any surrounding properties, within guidelines established by the American Society for Testing and Materials (ASTM), are listed as environmentally contaminated sites or provide an environmental risk to the subject property. The regulatory review indicates that the subject properties are not listed as a site of environmental contamination. Forty-three sites were identified within applicable ASTM search radii of the subject property; five of these sites (at three discrete locations) are located in a hydraulically upgradient location from the subject property. Of these, one site, the former Coal Gas Plant Part 201 site located at 145 Hall Street, is likely to have environmentally impacted the subject property. This is considered a REC on the subject property.

9.0 OPINION

In the professional opinion of Inland Seas Engineering, Inc., an appropriate level of inquiry has been made regarding the previous ownership and uses of the property pursuant to ASTM 1527-05.

10.0 CONCLUSIONS

Inland Seas Engineering, Inc. has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E1527-05 of 223, 235, and 263 West Grandview Parkway, City of Traverse City, Grand Traverse County, Michigan (subject property); exceptions to or deletions from this practice are described in Section 11.0 of this report. This assessment has revealed no evidence of RECs in connection with the property except for the following:

- Four existing hydraulic underground storage tanks (USTs) and one additional hydraulic UST which had been removed at 263 W. Grandview Parkway,
- Oil/water separator and pump unit at 263 W. Grandview Parkway,
- Unidentified ground penetrating radar anomaly that corresponds to a concrete patch at surface (may be an underground structure) at 263 W. Grandview Parkway ,
- Former area of waste oil dumping at 235 W. Grandview Parkway and corresponding soil contamination ,
- Former UST cavity (five removed heating oil USTs) at 223 W Grandview Parkway ,
- Cyanide impacted groundwater likely from the former Manufactured Coal Gas Plant (two properties),
- Cyanide impacted soil likely from the former Manufactured Coal Gas Plant and volatile organic compound impacted soil at 235 W. Grandview Parkway.

11.0 DEVIATIONS

No deviations from ASTM 1527-05 Standard Practice for Phase I Environmental Site Assessments occurred during this assessment.

12.0 ADDITIONAL SERVICES

Inland Seas Engineering, Inc. performed no additional services as part of this Phase I ESA.

13.0 REFERENCES

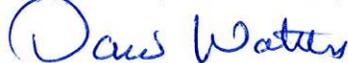
A list of the references used during the completion of this ESA can be found in Appendix A.

14.0 ENVIRONMENTAL PROFESSIONAL STATEMENT AND SIGNATURE

Ms. Barbara Quinlan, P.E., the Environmental Professional (as defined by ASTM E1527-05) responsible for the Phase I Environmental Site Assessment, has signed below. Ms. Quinlan acknowledges the following statements regarding her declaration and qualifications as an Environmental Professional as required by 40 CFR 312.21 (d). Documentation in support of the qualification of Ms. Quinlan as an Environmental Professional is contained in Appendix H.

- I declare that, to the best of my professional knowledge and belief, I meet the definition of Environmental Professional as defined in 312.10 of 40 CFR Part 312.
- I have the specific qualifications based on education, training and experience to assess a property of the nature, history, and setting of the subject property. I have developed and performed the all appropriate inquiries in conformance with the standards and practices set forth in 40 CFR Part 312.

Prepared by:
INLAND SEAS ENGINEERING, INC.



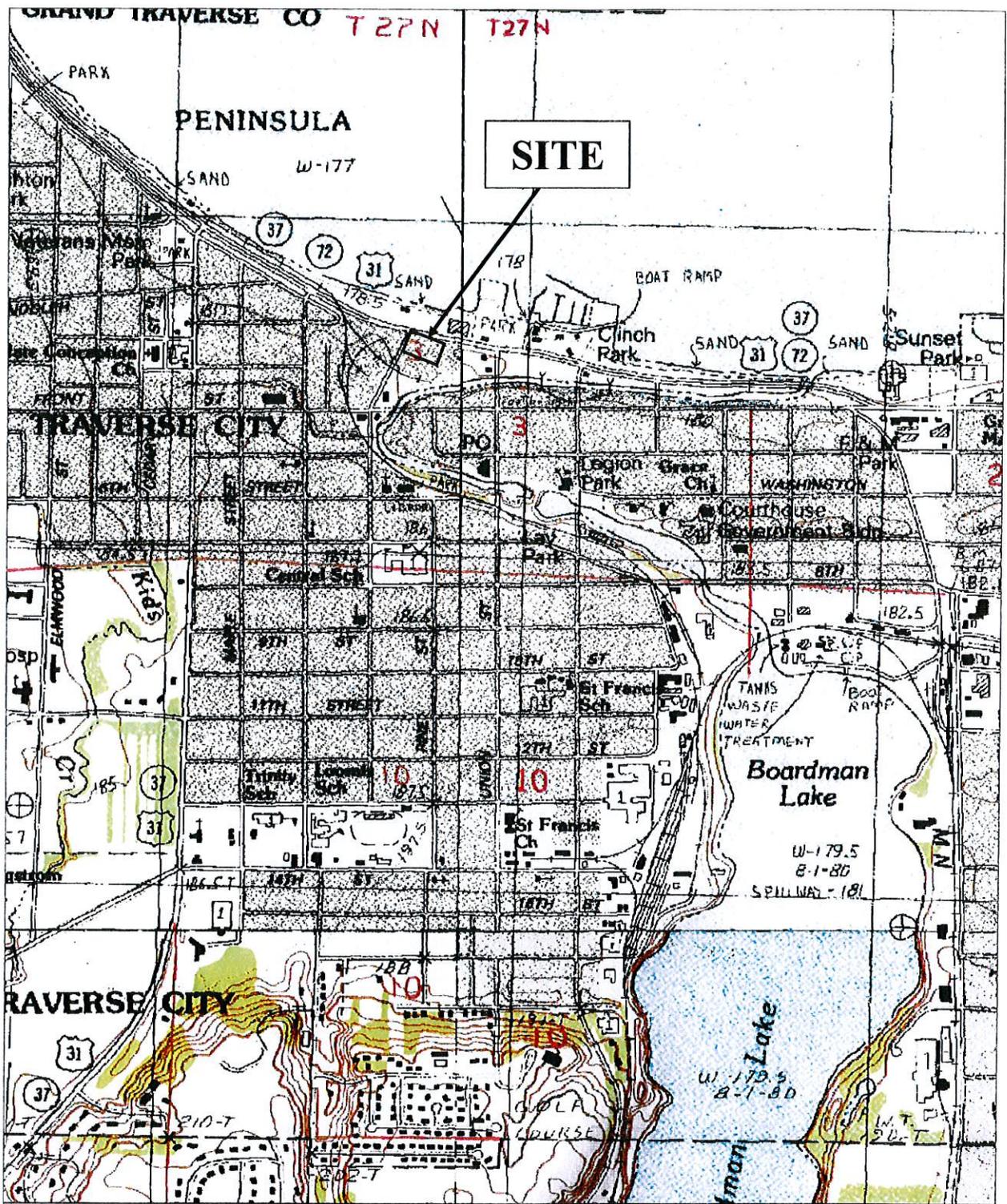
David J. Walters
Analyst

Reviewed by:
INLAND SEAS ENGINEERING, INC

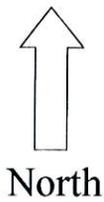


Barbara J. Quinlan, PE
Project Manager

FIGURE 1
SITE LOCATION MAP



1" ~ 1/4 mile



Grand Traverse Hotel Properties, LLC
 223, 235, 263 West Grandview Parkway
 Traverse City, Michigan 49684
 ISE Project # 11168

INLAND SEAS ENGINEERING, INC.

**FIGURE 1
 SITE LOCATION MAP**

APPENDIX A

MATERIALS REVIEWED AND PERSONS CONTACTED

MATERIALS REVIEWED AND PERSONS CONTACTED
263, 235, 223 West Grandview
Traverse City, Grand Traverse County, Michigan

Persons Contacted/Visited			
Date	Contact	Affiliation	Contact Number
10-6 and 7-10; 3-22-12	Mr. Gerald Roster	Owner, 263 W. Grandview Parkway	Personal Interview
10-6 and 7-10	Mr. Dave Chryst	Baywatch Properties, LLC (owner, 235 and 223 W. Grandview Parkway)	231-946-1919
3-22-12	Mr. Larry Truelove	Baywatch Properties, LLC (owner, 235 and 223 W. Grandview Parkway)	231-946-1919
3-26-12	Mr. Randy Emeott	Grand Traverse County Health Department	231-995-6051
3-29-12	Mr. James Tuller	Fire Chief , Traverse City Fire Department	231-922-4930
References			
USDA, Soil Conservation Service, Soil Survey of Grand Traverse County, Michigan			
MDEQ and USEPA Webpages, Currently Listed Sites of Environmental Concern (See database table for updating currency/frequency)			
USGS 7.5 Minute Series (Topographic), and Delorme Topo Quads, 2002			
Grand Traverse County Register of Deeds – Historical Grand Traverse County Plat Books			
Traverse City Tax Assessor’s Office - Current and Historical Tax Cards			
Grand Traverse County Equalization Department Geographical Information Systems Land Use Maps, Aerial photograph from 2010			
Aerial Photographs – USDA NRCS Office and Grand Traverse County Conservation District Office – Traverse City, Michigan; USDA, Soil Conservation Service,			
City of Traverse City Assessor’s Office, Polk City Directories			

APPENDIX B

LEGAL DESCRIPTION



OLD REPUBLIC
National Title Insurance Company

File No.: MI-72360

COMMITMENT

SCHEDULE A
(continued)

Parcel 1

Lots 58 and 59, Hannah, Lay & Co's Eleventh Addition to Traverse City, according to the plat thereof as recorded in Liber 2 of Plats, Page 62.

Parcel 2

Lots 60, 61 and the West half of Lot 62, Hannah, Lay & Co's Eleventh Addition to Traverse City, according to the plat thereof as recorded in Liber 2 of Plats, page 62.

Situated in the City of Traverse City, County of Grand Traverse, State of Michigan.

DEVELOPMENT SITE PROPERTIES

PIN: 51-658-031-00 (Hannah Lay & Co's 11th Add., Lots 58 & 59)
Site Address: 263 W. Grandview Parkway
Traverse City, Michigan 49684
Owner: Roster, Gerald J. and Kathy N.

PIN: 51-658-032-00 (Hannah Lay & Co's 11th Add., Lot 60)
Site Address: 235 W. Grandview Parkway
Traverse City, Michigan 49684
Owner: Baywatch Properties, LLC

PIN: 51-658-033-00 (Hannah Lay & Co's 11th Add., Lots 61 & W ½ of 62)
Site Address: 223 W. Grandview Parkway
Traverse City, Michigan 49684

Legal:

Lots 58, 59, 60, 61 & W ½ of 62, Hannah Lay & Co's 11th Addition, Grand Traverse County,
Michigan, Section 3, T27N, R11W

ZONE C-4A

APPENDIX C

TITLE SEARCH INFORMATION

DEVELOPMENT SITE PROPERTIES

PIN: 51-658-031-00 (Hannah Lay & Co's 11th Add., Lots 58 & 59)
Site Address: 263 W. Grandview Parkway
Traverse City, Michigan 49684
Owner: Roster, Gerald J. and Kathy N.

PIN: 51-658-032-00 (Hannah Lay & Co's 11th Add., Lot 60)
Site Address: 235 W. Grandview Parkway
Traverse City, Michigan 49684
Owner: Baywatch Properties, LLC

PIN: 51-658-033-00 (Hannah Lay & Co's 11th Add., Lots 61 & W ½ of 62)
Site Address: 223 W. Grandview Parkway
Traverse City, Michigan 49684

Legal:

Lots 58, 59, 60, 61 & W ½ of 62, Hannah Lay & Co's 11th Addition, Grand Traverse County,
Michigan, Section 3, T27N, R11W

ZONE C-4A



OLD REPUBLIC
National Title Insurance Company

File No.: **MI-72360**

COMMITMENT

SCHEDULE A

1. Effective date: **March 27, 2012 8:00AM**
2. Policy or Policies to be issued: Amount

(a) Owner's Policy (6-17-06)
Proposed Insured:

(b) Lender's Policy (6-17-06) **\$7,950,000.00**
Proposed Insured:
Traverse City State Bank, it's successors and or assigns as their interests may appear
3. The estate or interest in the land described or referred to the Commitment and covered herein is **FEE SIMPLE**
4. Title to said estate or interest in said land is at the effective date hereof vested in:
Gerald J. Roster and Kathy N. Roster, husband and wife, Parcel 1; and Baywatch Properties, L.L.C., Parcel 2
5. The land referred to in this Commitment is situated in the **City of Traverse City** of the **County of Grand Traverse, State of Michigan**, and is described as follows:

SEE CONTINUATION OF SCHEDULE A FOR LEGAL DESCRIPTION

Countersigned:
Corporate Settlement Solutions

By: Wendy Welch Cole
Authorized Officer or Agent



OLD REPUBLIC
National Title Insurance Company

File No.: **MI-72360**

COMMITMENT

SCHEDULE A
(continued)

Parcel 1

Lots 58 and 59, Hannah, Lay & Co's Eleventh Addition to Traverse City, according to the plat thereof as recorded in Liber 2 of Plats, Page 62.

Parcel 2

Lots 60, 61 and the West half of Lot 62, Hannah, Lay & Co's Eleventh Addition to Traverse City, according to the plat thereof as recorded in Liber 2 of Plats, page 62.

Situated in the City of Traverse City, County of Grand Traverse, State of Michigan.



OLD REPUBLIC
National Title Insurance Company

File No.: MI-72360

SCHEDULE B
SECTION I

Requirements

The following are the requirements to be complied with:

1. Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. You must tell us in writing of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.
4. Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed delivered and recorded.

Deed from Gerald J. Roster and Kathy N. Roster, husband and wife, (Parcel 1), and Baywatch Properties, L.L.C., (Parcel 2), to Grand Traverse Hotel Properties, LLC.

Mortgage to be properly executed, prior to commencement of Construction, by Grand Traverse Hotel Properties, LLC, in favor of Traverse City State Bank, to secure the proposed loan.

5. Provide evidence of payment of all special assessments due hereunder.
6. Provide evidence of payment of all taxes due.
7. In order to issue the subject policy, the following item is required: Owner's Affidavit.
8. Note for Information: If, per Public Act 201 of 2010, the land to be insured is defined as "Commercial Real Estate" and the proposed transaction is or will be the subject of a written commission agreement running in favor of a commercial real estate broker, the Company shall be immediately notified and this Commitment will be revised and made subject to such further requirements and exceptions as deemed necessary.
9. Provide insurer with Articles of Organization and Operating Agreement for Baywatch Properties, LLC, which states the powers of member's/manager's authority to act on behalf of business.
10. Provide insurer with Articles of Organization and Operating Agreement for Grand Traverse Hotel Properties, LLC, which states the powers of member's/manager's authority to act on behalf of business.
11. Record Discharge of Mortgage recorded in Liber 595, page 852, or SAME WILL APPEAR ON THE FINAL POLICY.
12. Record Release of Lien as to Lien recorded in Instrument No. 2010R-21921.
13. Record Release of Lien as to Lien recorded in Instrument No. 2012R-01054.
14. Record Release of Lien as to Lien recorded in Instrument No. 2012R-03851.
15. Record and post notice of commencement prior to commencement of construction.
16. Appoint Gerald J. Roster; Kathy N. Roster; and Baywatch Properties, L.L.C. as designee for purpose of receiving notices pursuant to the construction lien act.



OLD REPUBLIC
National Title Insurance Company

File No.: **MI-72360**

17. The Policy to be issued pursuant to this Commitment will be subject to the pending Disbursement Clause. Coverage thereunder will be increased from time to time upon receipt of satisfactory Sworn Statements and Waivers of Lien.
18. Provide insurer at closing with Construction Lien Indemnity from Mortgagor and Contractor, if any.
19. Submit to insurer an Affidavit signed, stating that no construction has commenced prior to the recording of the mortgage.

In the event Corporate Settlement Solutions does not close the mortgage transaction, the recording of the insured Mortgage must be within 30 days of execution of the respective Mortgage, or the following exception will be shown on the final policy: Loss of priority or validity of the insured Mortgage arising out of any Bankruptcy of the Mortgagor



OLD REPUBLIC
National Title Insurance Company

File No.: MI-72360

SCHEDULE B
SECTION II

Exceptions

Schedule B of the policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

Defects, liens encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.

Encroachments, overlaps, boundary line disputes, variations, violations or adverse circumstances which would be disclosed by an accurate survey and inspection of the premises.

1. Any encroachment, encumbrance, violation, variation or adverse circumstance which would be disclosed by an accurate survey and complete survey of the land.
2. Boundary line disputes and overlaps which would be disclosed by an accurate survey or inspection of the premises.
3. Easements or claims of easements, not shown by the public records and existing water, mineral, oil and exploration rights.
4. Rights or claims of parties in possession not shown by the public records and any facts, rights, interests or claims that aren't shown by public records but that could be ascertained by an inspection of the land or inquiry of persons in possession of the land.
5. Any lien or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Any rights, title, interest or claim thereof to that portion of the land taken, used or granted for streets, roads or highways.
7. Any and all oil, gas, mineral, mining rights and/or reservations thereof.
8. Taxes or special assessments which are not shown as existing liens by the public records.
9. Property Identification Number: 28-51-658-031-00. (Parcel 1): 2010 and prior taxes are paid. 2011 Winter base tax was \$899.60 - DELINQUENT. 2011 Summer base tax was \$10,760.97 (City Portion was \$2,718.13) - DELINQUENT. April payoff of Delinquent 2011 taxes is \$12,959.79. 2011 SEV - \$521,200.00. 2011 Taxable Value - \$208,180.00. 0% Homestead.
10. Property Identification Number: 28-51-658-032-00. (Parcel 2, Lot 60): 2011 and prior taxes are paid. 2011 Winter base tax was \$330.27. 2011 Summer base tax was \$4,067.47 (City Portion was \$1,027.92. 2011 SEV - \$252,000.00. 2011 Taxable Value - \$78,728.00. 0% Homestead.
11. Property Identification Number: 28-51-658-033-00. (Parcel 2, Lot 61 & W 1/2 of Lot 62): 2011 and prior taxes are paid. 2011 Winter base tax was \$535.25. 2011 Summer base tax was \$6,594.84 (City Portion was \$1,665.81). 2011 SEV - \$322,100.00. 2011 Taxable Value - \$127,583.00. 0% Homestead.
12. Mortgage from Northern Properties, a registered Michigan co-partnership, securing Ormond S. Danford and Madge Danford, husband and wife, dated January 1, 1984, recorded March 21, 1984 in Liber 595, page 852. Parcel 2.



OLD REPUBLIC
National Title Insurance Company

File No.: **MI-72360**

13. Claim of Lien by Fibertec Inc. a Michigan corporation vs Baywatch Properties, LLC, dated December 17, 2010, recorded December 20, 2010 in Instrument No. 2010R-21921. Parcel 2 Lot 60.
14. Claim of Lien by JPRA Architects, P.C., vs Baywatch Properties, L.L.C., and Gerale J. and Kathy N. Roster, dated January 16, 2012, recorded January 19, 2012 in Instrument No. 2012R-01054. Parcels 1 and 2.
15. Claim of Lien by Eftaxiadis Consulting, Inc., vs Baywatch Properties, L.L.C., and Gerale J. and Kathy N. Roster, dated March 5, 2012, recorded March 7, 2012 in Instrument No. 2012R-03851. Subsequent Reduction in amount of Claim of Lien dated March 22, 2012, recorded March 23, 2012 in Instrument No. 2012R-05147. Parcels 1 and 2.
16. Encroachment of "Building Outside" as cited on Steven P. Bye Land Surveyor, PLC survey dated December 7, 2010, Job No. 2010 67. Parcel 1
17. Storm Drain, Underground Electric, Underground Telephone and Underground Gas, as cited on a Steven P. Bye Land Surveyor, PLC survey dated December 7, 2010, Job No. 2010 67.

PRIVACY POLICY NOTICE

Purpose of this Notice

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Old Republic National Title Insurance Company and Corporate Settlement Solutions.

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from our affiliates, or others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Prepared in The Law Office
of
HUBBELL, BLAKESLEE, McCORMICK & HOULIHAN
EIGHTH AT BOARDMAN AVE.
TRAVERSE CITY, MICH. 49684

Grand Traverse - Leelanau -
Antrim Bar Association
Form

Recorded
at of Deeds, page
Liber of Deeds, page

By: Stuart D. Hubbell

WARRANTY DEED

Register of Deeds

THIS INDENTURE, Made this 7th day of October, 1976,
WITNESSETH, That ANTHONY MICELI and MARY M. MICELI, husband and wife, of
15515 Birch Drive, Traverse City, Michigan and STUART D. HUBBELL and
MARIAN J. HUBBELL, husband and wife, of 9122 Peninsula Drive, Traverse
City, Michigan,

for the sum of \$140,000----- CONVEY
AND WARRANT to GERALD J. ROSTER and KATHY N. ROSTER, husband and wife,
as tenants by the entirety, of 4432 Foxfire, Traverse City, Michigan,

the following described lands and premises situated in City of Traverse City,
County of Grand Traverse and State of Michigan, viz:

Lots 58 and 59 of Hannah, Lay & Co's Eleventh
Addition to the City of Traverse City, according
to the recorded plat thereof.

STATE OF MICHIGAN
AND TRAVERSE CO. MI
RECEIVED FOR RECORD
OCT 14 4 07 PM '76

Shirley A. Whitten
REGISTER OF DEEDS

28 91 458 031 00
201 1976 28,200

Revenue stamps required: \$154.00

Signed in presence of

Signed on the date first above written

Dolores Kratochvil
Dolores Kratochvil

Anthony Miceli
Anthony Miceli

Mary M. Miceli
Mary M. Miceli

Shirley A. Whitten
Shirley A. Whitten

Stuart D. Hubbell
Stuart D. Hubbell

Marian J. Hubbell
Marian J. Hubbell

STATE OF MICHIGAN,
COUNTY OF GRAND TRAVERSE

On this 7th day of October 19 76, before me, a Notary Public in and for said
County personally appeared Anthony Miceli and Mary M. Miceli, husband and wife,
and Stuart D. Hubbell and Marian J. Hubbell, husband and wife,

to me known to be the same persons described in and who executed the within instrument,
who acknowledged the same to be their free act and deed.

My Commission Expires
July 13, 1980.

Dolores Kratochvil
Dolores Kratochvil
Notary Public, Grand Traverse County, Michigan

I hereby certify that there are no Tax Liens or Titles held by the State or any individual against the within description, and all
Taxes on same are paid for five years previous to the date of this instrument as appears by the records in my office. This does not
cover taxes in the process of collection by Township, City or Village.

Tana Halvorsen, Dep.

Date OCT 13 1976 19

County Treasurer Grand Traverse

County, Michigan

STATE OF MICHIGAN



REAL ESTATE TRANSFER TAX

GRAND TRAVERSE COUNTY
AUGUST 12, 2003
RECEIPT #8492

\$ 297.00-CD
\$ 0.00-ST
STAMP # B531

LIBER 1980 PAGE 565

Parcel # 2851 658 032 00
2851 658 033 00 By [Signature]
STATE OF MICHIGAN, County of Grand Traverse, at Traverse City, Michigan
I hereby certify that there are no Tax Liens or Titles held by the State of any individual against the within description, and all taxes on same are paid for five years previous to the date of the instrument as appears by the records in my office. This does not cover taxes in the process of collection by Township, City or Village.
08/07/2003 Grand Traverse County, Treasurer

STATE OF MICHIGAN
GRAND TRAVERSE COUNTY
RECORD
12 AUG 2003 3:41:47 PM
PEGGY HAINES
REGISTER OF DEEDS

A C... [Signature]

WARRANTY DEED

Baywatch Prop. 2041
235 Grandview
Traverse City
29700 692247

The Grantor: NORTHERN PROPERTIES, a Michigan Co-Partnership,
Whose Address is: formerly of 8800 Horizon Drive, Traverse City, Michigan 49684,
now c/o 8321 Drake Lane, Williamsburg, Michigan 49690,
Conveys and Warrants To: BAYWATCH PROPERTIES, L.L.C. (a/k/a Baywatch Properties,
L.C.C.),
Whose Address is: 235 Grandview Parkway, Traverse City, Michigan 49684.

the following described premises situated in the City of Traverse City, County of Grand Traverse, and State of Michigan, and described as follows:

Lot 60, 61 and the West Half of Lot 62, Hannah Lay & Co's Eleventh Addition to Traverse City, according to the plat thereof, as recorded in Liber 2, Page 62.

Subject to oil, gas and mineral rights severed by grant, reservation or lease.

Subject to easements, reservations and restrictions of record

The Grantor grants to the Grantee the right to make any permitted divisions under Section 108 of the Land Division Act, Act Number 288 of the Public Acts of 1967, as amended.

This property may be located within the vicinity of farmland or a farm operation. Generally accepted agricultural and management practices which may generate noise, dust, or odors, and other associated conditions may be used and are protected by the Michigan Right to Farm Act.

This Deed is given pursuant to a Land Contract between the above-stated Grantor, as Seller, and the above-stated Grantee, as Purchaser, dated June 7, 1994, and the warranties herein except acts and omissions by persons other than the Grantor subsequent to said date.

#2851 658 032 00 ✓ [Signature]
2851 658 033 00 ✓

RECEIVED AUG 07 2003

For consideration of Two Hundred Sixty-Nine Thousand Seven Hundred Fifty and no/100 (\$269,750.00) Dollars.

Dated this 21st day of July, 2003.

NORTHERN PROPERTIES,
a Michigan Co-Partnership

By: Bret G. Bell
Bret G. Bell
Its: Partner

By: Carol S. Bell
Carol S. Bell
Its: Partner

By: Stanley Smith
Stan Smith, a/k/a Stanley Smith
Its: Partner

By: Linda Smith
Linda Smith
Its: Partner

By: Don Smith
Don Smith
Its: Partner

By: Carrol Herber
Carrol Herber, f/k/a Carrol Smith
Its: Partner



8 0 2 5 0 7 1
Tx:4012935

2010R-21921

STATE OF MICHIGAN
GRAND TRAVERSE COUNTY
RECORDED

12/20/2010 3:09 PM PAGE 1 OF 2
PEGGY HAINES REGISTER OF DEEDS

CLAIM OF LIEN

NOTICE IS HEREBY GIVEN that on the 17th day of December, 2010

Fibertec Inc., 1914 Holloway Drive, Holt, Michigan
(Name and Address)

first provided labor or material for an improvement to LOT 60 HANNAH LAY & CO's 11th ADD. the
(owner/lessee) of which property is

Baywatch Properties LLC

The last day of providing labor or material was on the 10th day of October, 2010.

Contractors, Subcontractors, or Suppliers:

The lien claimant's amount, including extras, is \$ 2,670.00. The lien claimant has received
payment thereon in the total of \$ 0 and therefore claims a construction lien upon the above
described real property in the amount of \$ 2,670.00.

Laborers:

The lien claimant's hourly rate, including fringe benefits and withholdings is \$ _____. There is due
and owing to or on behalf of the laborer the sum of \$ _____ for which the laborer claims a construction
lien upon the above described real property.

Fibertec Inc., a Michigan Corporation
(Lien Claimant)

Date: 12/17/2010

By: *Matthew H. Frisch*
Matthew H. Frisch, President

Address: 1914 Holloway Drive, Holt, MI 48842

State of Michigan

County of Ingham } S

Subscribed and sworn to before me
this 17th day of December, A.D., 2010.

Keleigh B. Halmich
Keleigh B. Halmich,
Notary Public, Ingham County, Michigan

My Commission expires: June 7, 2012

Prepared by:

Name: Matthew Frisch
Address: 1914 Holloway Drive
Holt, MI 48842

Proof of Service is attached.

PROOF OF SERVICE OF CLAIM OF LIEN

State of Michigan

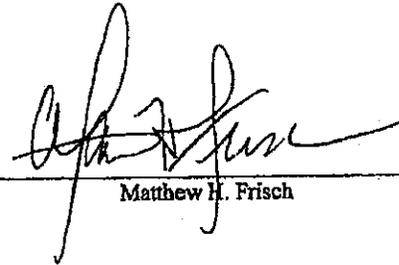
County of Ingham } S

Matthew H. Frisch, a person of suitable age and discretion, as the duly authorized agent for

Fibertec, Inc., being first duly sworn in accordance with the law, deposes and says:

That on the 17th day of December, A.D. 2010, he/she has served a Claim of Lien upon the owner/designee named in the Notice of Commencement, by U.S. Certified Mail, Return Receipt requested, and with postage fully prepaid thereon to the following person(s) with the certified number as indicated:

Addressee and Address	Certified Mail Number	Indicate whether Owner, Designee or Contractor
Baywatch Properties LLC 235 W Grandview Pky Traverse City, MI 49684	7004 2510 0001 2168 4623	Owner



Matthew H. Frisch

Subscribed and sworn to before me
this 17th day of December, A.D. 2010.

Keleigh B. Halmich
Keleigh B. Halmich,
Notary Public, Ingham County, Michigan

My Commission expires: June 7, 2012



2012R-01054
STATE OF MICHIGAN
GRAND TRAVERSE COUNTY
RECORDED
01/19/2012 1:42 PM PAGE 1 OF 4
PEGGY HAINES REGISTER OF DEEDS

CLAIM OF LIEN

NOTICE IS HEREBY GIVEN that on the 24th day of August, 2010, JPRA Architects, P.C. of 39300 West 12 Mile Road, Suite 180, Farmington Hills, Michigan 48331, first provided labor or material for an improvement of the property commonly known as 223 W. Grandview Parkway, 235 W. Grandview Parkway and 263 W. Grandview Parkway, Traverse City, Michigan, and legally described as:

Lots 58, 59, 60, 61 & W 1/2 of 62, Hannah Lay & Co.'s 11th Add., Grand Traverse County, Michigan, Section 3, T27N, R11W.

The owners of the above-described property are Baywatch Properties, L.L.C. of 235 W. Grandview Parkway, Traverse City, MI 49684 and Gerald J. and Kathy N. Roster of 7730 Peninsula Drive, Traverse City, MI 49686. The last day of providing labor or material was the 13th day of December 2011.

The Lien Claimant's amount, including extras, is Seventy-Three Thousand Four Hundred Fifty-Nine and 54/100 (\$73,459.54) Dollars. The Lien Claimant has received payment thereon in an amount of Twenty-Five Thousand Two Hundred Fifty and 00/100 (\$25,250.00) Dollars. The Lien Claimant therefore claims a construction lien upon the above-described real property in the amount of Forty-Eight Thousand Two Hundred Nine and 54/100 (\$48,209.54) Dollars.

Dated: January 16, 2012

JPRA ARCHITECTS, P.C.

By:

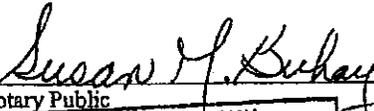


Gregory I. Thomas, its Attorney
Business address:
400 Galleria Officentre, Suite 550
Southfield, MI 48034
(248) 353-4450

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

On this 16th day of January, 2012, before me, a Notary Public in and for said County; appeared for JPRA Architects, P.C., by Gregory I. Thomas, its Attorney, to me known to be the same person described in and who executed the foregoing instrument and acknowledge the same to be his free act and deed.

Drafted by and when
recorded return to:
Gregory I. Thomas
400 Galleria Officentre, Suite 550
Southfield, MI 48034



Notary Public
SUSAN M. BUHAY
Notary Public, State of Michigan
County of Wayne
My Commission Expires Feb. 27, 2014
Acting in the County of Oakland

NOTICE OF FURNISHING

TO: Baywatch Properties, LLC
235 W. Grandview Parkway
Traverse City, MI 49684

And

Gerald J. and Kathy N. Roster
7730 Peninsula Drive
Traverse City, MI 49686

PLEASE TAKE NOTICE that the undersigned is furnishing to Grand Traverse Hotel Properties, LLC, 945 S. Rochester Road, Suite 103, Rochester Hills, MI 48307, certain labor and related building materials in connection with the improvement of real property located in Traverse City, Grand Traverse County, Michigan, commonly known as 223 W. Grandview Parkway, 235 W. Grandview Parkway and 263 W. Grandview Parkway, Traverse City, Michigan, and legally described as:

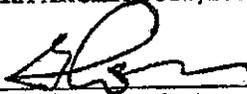
Lots 58, 59, 60, 61 & W 1/2 of 62, Hannah Lay & Co.'s 11th Add., Grand Traverse County, Michigan, Section 3, T27N, R11W.

WARNING TO OWNER: THIS NOTICE IS REQUIRED BY THE MICHIGAN CONSTRUCTION LIEN ACT. IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS AND DUTIES UNDER THIS ACT, YOU SHOULD CONTACT AN ATTORNEY TO PROTECT YOU FROM THE POSSIBILITY OF PAYING TWICE FOR THE IMPROVEMENTS TO YOUR PROPERTY.

Dated: January 16, 2012

JPRA ARCHITECTS, P.C.

By:



Gregory I. Thomas, its Attorney
Business address:
400 Galleria Officentre, Suite 550
Southfield, MI 48034
(248) 353-4450

Drafted by and when
recorded return to:
Gregory I. Thomas
400 Galleria Officentre, Suite 550
Southfield, MI 48034

PROOF OF SERVICE OF NOTICE OF FURNISHING

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

Gregory I. Thomas, a person of suitable age and discretion, as the duly authorized agent for JPRA Architects, P.C., a Michigan professional service corporation, being first duly sworn in accordance with the law, deposes and says:

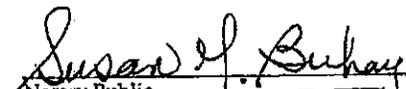
That on the 16th day of January 2012, a Notice of Furnishing (a true and exact copy of which is attached hereto) was mailed by U.S. Certified mail and with postage fully prepaid thereon to the following persons with the certified numbers as indicated:

<u>Addressee & Address</u>	<u>Certified Number</u>	<u>Designee or Contractor</u>
Baywatch Properties, LLC 235 W. Grandview Parkway Traverse City, MI 49684	7002 3150 0002 2695 6022	Owner
Gerald J. and Kathy N. Roster 7730 Peninsula Drive Traverse City, MI 49686	7002 3150 0002 2695 6039	Owner



Gregory I. Thomas

Subscribed and sworn to before me this 16th day of January 2012, by Gregory I. Thomas.



Notary Public
SUSAN M. BUHAY
Notary Public, State of Michigan
County of Wayne
My Commission Expires Feb. 27, 2014
Acting in the County of Oakland

Drafted by and when
recorded return to:
Gregory I. Thomas
400 Galleria Officentre, Suite 550
Southfield, MI 48034

**PROOF OF SERVICE OF CLAIM OF LIEN, NOTICE OF FURNISHING
AND PROOF OF SERVICE OF NOTICE OF FURNISHING**

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

Gregory I. Thomas, a person of suitable age and discretion, as the duly authorized agent for JPRA Architects, P.C., a Michigan professional service corporation, being first duly sworn in accordance with the law, deposes and says:

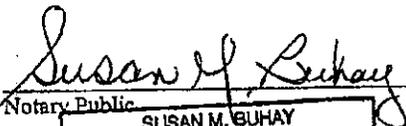
That on the 16th day of January 2012, he mailed a Claim of Lien, Notice of Furnishing and Proof of Service of Notice of Furnishing by U.S. Certified mail and with postage fully prepaid thereon to the following persons with the certified numbers as indicated:

<u>Addressee & Address</u>	<u>Certified Number</u>	<u>Designee or Contractor</u>
Baywatch Properties, LLC 235 W. Grandview Parkway Traverse City, MI 49684	7002 3150 0002 2695 6022	Owner
Gerald J. and Kathy N. Roster 7730 Peninsula Drive Traverse City, MI 49686	7002 3150 0002 2695 6039	Owner
Grand Traverse Hotel Properties, LLC 945 S. Rochester Road, Suite 103 Rochester Hills, MI 48307	7002 3150 0002 2695 6046	Designee



Gregory I. Thomas

Subscribed and sworn to before me this 16th day of January 2012.



Notary Public

SUSAN M. BUHAY
Notary Public, State of Michigan
County of Wayne
My Commission Expires Feb. 27, 2014
Acting in the County of *Oakland*



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TX:4032782

2012R-03851
STATE OF MICHIGAN
GRAND TRAVERSE COUNTY
RECORDED
03/07/2012 12:26 PM PAGE 1 OF 2
PEGGY HAINES REGISTER OF DEEDS

CLAIM OF LIEN

Notice is hereby given that on the 16th day of February, 2010, Eftaxiadis Consulting, Inc. first provided labor or material for an improvement to the following described real property:

Land in the City of Traverse City, Grand Traverse County, Michigan, to-wit:
Lots 58 and 59 of Hannah, Lay & Co's Eleventh Addition to the City of Traverse City, according to the recorded plat thereof.
Commonly known as 263 West Grandview Parkway.
Property Tax ID#: 28-51-658-031-00.
The owner of which property is Gerald J. Roster and Kathy N. Roster, husband and wife, as tenants by the entireties of 4432 Foxfire, Traverse city, MI.

Lots 60, 61 and the West half (W 1/2) of Lot 62, Hannah Lay & Co's Eleventh Addition to Traverse City, according to the plat thereof, as recorded in Liber 2, Page 62, Grand Traverse County Records.
Commonly known as 235 West Grandview Parkway and 223 West Grandview Parkway.
Property Tax ID#: 28-51-658-032-00 and 28-51-658-033-00.
The owner of which property is Baywatch Properties, L.L.C., of 235 West Grandview Parkway, Traverse City, MI 49684.

The last day of providing the labor or material was the 15th day of December, 2011.

The lien claimant's services performed, including extras, is: \$30,831.95. The lien claimant has received payment thereon in the total amount of \$12,000.00, and therefore claims a construction lien upon the above described real property in the amount of \$18,831.95.

Dated: March 5, 2012.

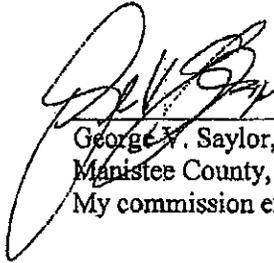
Eftaxiadis Consulting, Inc.

By

F. Eftaxiadis
Its President

STATE OF MICHIGAN)
: SS.
COUNTY OF MANISTEE)

On this 5th day of March, 2012, before me, the undersigned, a Notary Public in and for said county, in the state aforesaid, personally appeared T. Eftaxiadis to me personally known, who, by me being duly sworn, did say that he is the President of Eftaxiadis Consulting, Inc., a Michigan corporation, and that the said instrument was signed in behalf of said corporation by authority of its board of directors, and said T. Eftaxiadis acknowledged said instrument to be the free act and deed of said corporation.



George W. Saylor, III, Notary Public
Manistee County, Michigan
My commission expires: 8/3/2012

Prepared by:
Eftaxiadis Consulting, Inc.
830 Cottage Drive, Suite 1015
Traverse City, MI 49684



8 0 7 8 3 9 5
Tx:4033560

2012R-05147
STATE OF MICHIGAN
GRAND TRAVERSE COUNTY
RECORDED
03/23/2012 1:31 PM PAGE 1 OF 2
PEGGY HAINES REGISTER OF DEEDS

REDUCTION IN AMOUNT OF CLAIM OF LIEN

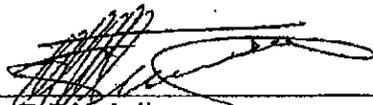
Notice is hereby given that the Claim of Lien filed by Eftaxiadis Consulting, Inc. of 830 Cottageview Drive, Traverse City, MI 49684, and recorded at Document 2012R-03851, Grand Traverse County Records, in the amount of \$18,831.95 has been partially satisfied. The undersigned acknowledges receipt of an additional payment of \$9,985.00, thereby reducing the claim of Eftaxiadis Consulting, Inc. to \$8,846.95 and the filing of this document should act as an amendment of the Claim of Lien showing a claim of construction lien of the below-described property in the amount of \$8,846.95.

Land in the City of Traverse City, Grand Traverse County, Michigan, to-wit:
Lots 58 and 59 of Hannah, Lay & Co's Eleventh Addition to the City of Traverse City, according to the recorded plat thereof.
Commonly known as 263 West Grandview Parkway.
Property Tax ID#: 28-51-658-031-00.
The owner of which property is Gerald J. Roster and Kathy N. Roster, husband and wife, as tenants by the entireties of 4432 Foxfire, Traverse city, MI.

Lots 60, 61 and the West half (W 1/2) of Lot 62, Hannah Lay & Co's Eleventh Addition to Traverse City, according to the plat thereof, as recorded in Liber 2, Page 62, Grand Traverse County Records.
Commonly known as 235 West Grandview Parkway and 223 West Grandview Parkway.
Property Tax ID#: 28-51-658-032-00 and 28-51-658-033-00.
The owner of which property is Baywatch Properties, L.L.C., of 235 West Grandview Parkway, Traverse City, MI 49684.

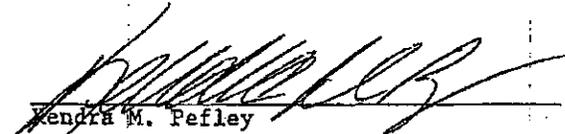
Dated: March 22, 2012.

Eftaxiadis Consulting, Inc.

By 
Eftaxiadis
Its President

STATE OF MICHIGAN)
: SS.
COUNTY OF MANISTEE)

On this 22 day of March, 2012, before me, the undersigned, a Notary Public in and for said county, in the state aforesaid, personally appeared T. Eftaxiadis to me personally known, who, by me being duly sworn, did say that he is the President of Eftaxiadis Consulting, Inc., a Michigan corporation, and that the said instrument was signed in behalf of said corporation by authority of its board of directors, and said T. Eftaxiadis acknowledged said instrument to be the free act and deed of said corporation.


Kendra M. Pefley
Notary Public
Manistee County, Michigan
My commission expires: 4/24/15

Prepared by:
Eftaxiadis Consulting, Inc.
830 Cottage Drive, Suite 1015
Traverse City, MI 49684