



Economic Development Corporation of the City of Detroit

June 11, 2009
Commander J.A. Healy
Commanding Officer USCG CEUC
1240 East Ninth Street
Room 2179
Cleveland OH 44119-2060

Dear Commander Healy:

The EDC is in receipt of your May 9, 2009 transmittal letter and revised Exchange Agreement. It is clear we both recognize the impasse in our proposed transaction and Agreement. In response to your revised Exchange Agreement, the EDC offers the following comments:

1. The third Whereas clause on page 1 contains a reference to the legislation that we agreed we would delete in a previous conference call with the Coast Guard. The EDC has no opinion as to whether the Coast Guard is proceeding to the closing of the transaction under the specific authority granted by the legislation, and since the legislation does not bear on the EDC's performance under the Agreement, we think the reference to the legislation is inappropriate.
2. Section 2 has been modified to provide that the title policy will be issued in an amount "consistent with Department of Justice Standards". This is a new condition, and the EDC requests that this phrase be removed. The EDC has no understanding of the DOJ standard. The EDC and the City have successfully completed many real estate transactions that required the use of complete and accepted title policies. The Coast Guard can independently determine whether the title policy meets any applicable DOJ standards when they receive the policy from EDC, and doesn't need the EDC to agree in writing that those standards have been met.
3. The entire "as is" clause has been removed from this draft. The Coast Guard's legal counsel has explained that the Coast Guard can not indemnify or hold harmless the EDC for environmental conditions discovered after the transaction has closed. The EDC will require a hold harmless provision in the agreement.
4. Section 5 has been amended to include numerous references to the EPA and "EPA oversight", *even though* this section already requires compliance with applicable state and federal law. We have agreed in the past to have the Michigan Department of Environmental Quality standards prevail regarding any potential clean up on the City property. We do not agree that this Section should include a reference to "EPA oversight".

Again, it is clear we are at impasse. Unfortunately, Commander, the EDC has no other proposed solutions that respond to the impasse issues. The EDC has communicated with Senator Levin's office on the status of the transaction, and expect to interact soon.

Sincerely,



Economic Development Corporation of the City of Detroit

Will Tamminga

Economic Development Corporation of the City of Detroit

cc.

Blair Person esq. Lewis Munday LLC

Chris Ammerman esq. City of Detroit Law Department.

George Jackson Detroit Economic Growth Corporation