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a professional corporation

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October 21, 2009

**VIA EMAIL
AND U.S. MAIL**

James K. White, Esquire
Mika, Meyers, Beckett & Jones
900 Monroe Avenue, NW
Grand Rapids, MI 49503

Re: The Economic Development Corporation
of the Township of Georgetown Limited
Obligation Revenue Refunding Bonds,
Series 2009 (Sunset Manor, Inc. Project)

Dear Jim:

As counsel to The Economic Development Corporation of the Township of Georgetown (the "EDC"), you have requested that I address certain matters related to the captioned proposed financing.

First, you've asked that I describe how the current proposed financing relates to the financing consummated by the EDC for the benefit of Sunset Manor, Inc. ("Sunset Manor") in 2005. The current proposed financing is the culmination of what was begun in 2005. Approximately \$4,000,000 of the proceeds of the bonds issued in 2005 were used to finance pre-construction development and marketing expenses for Waterford Place. Those activities were necessary before construction financing could be obtained. Construction didn't begin until April of 2008 with the proceeds of a construction loan provided by Huntington National Bank (the "Bank").

You've also asked me to describe the technical aspects of a designation by the EDC of its bonds as "qualified tax-exempt obligations." The Bank, which proposes to purchase the entire proposed bond issue, has asked that the bonds be designated "qualified tax-exempt obligations." As background, the Internal Revenue Code of 1986, as amended (the "Code"), prohibits certain financial institutions from deducting any interest they incur on funds borrowed or deemed borrowed to purchase tax-exempt obligations. The theory is that a financial institution should not obtain both a deduction for borrowing funds and an exclusion from income relating to the

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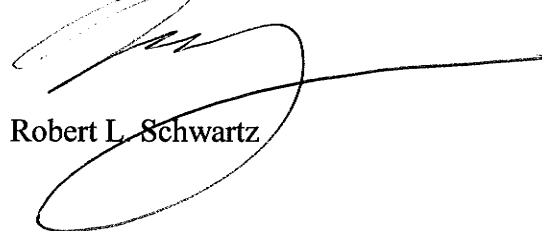
Page Two

obligations purchased with those funds. The Code contains an exception to this rule to the extent that the amount of bonds issued by an issuer during any calendar year does not exceed \$10 million (the "qualified small issuer" exception). The American Recovery and Reinvestment Act of 2009 ("ARRA") increased the small issuer exception to \$30 million. To the extent that the small issuer exception is applied to an organization exempt from income tax under Section 501(c)(3) of the Code, like Sunset Manor, the amount of the exception and the limit itself is applied to the tax-exempt organization rather than the bond issuer. Because of the increased small issuer exception, the Bank would like to take advantage of that exception with respect to the entire amount of EDC bonds it purchases.

Finally, you've asked me to explain how, if at all, the "prevailing wage" provisions of the Economic Development Corporations Act of 1974, as amended (the "Act"), applies to the current proposed financing. In brief, Section 8(4)(h) of the Act provides that a proposed borrower of EDC bond proceeds indicate in its Project Plan "the payment to all persons performing work on the construction project of the prevailing wage and fringe benefit rates for the same or similar work in the locality in which the work is to be performed" In our case, the proceeds of the EDC's bonds will be used to refinance a construction loan, not finance construction to be performed. Suggesting that prevailing wage should apply under such circumstances would be akin to closing the barn door after the livestock have left the barn. Construction is complete and our bond proceeds will be used merely to refinance debt incurred to finance construction. As an aside, I might note that EDC bonds were not issued to finance construction because projects of this nature are almost always financed on a short-term construction loan basis because of the credit risk associated with start-up and occupancy issues.

I hope the foregoing is responsive to your inquiries. If you require further information, you need only call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Schwartz", written over a horizontal line.

Robert L. Schwartz

RLS/jmh