

A SEMINAR ON BUILDING VALUE PRESERVATION AND PROPERTY MOTHBALLING

PLYMOUTH COUNTRY CLUB
FEBRUARY 4, 2009

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 **TriState**

REALTORS® Commercial Alliance
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TODAY'S AGENDA

INTRODUCTION

Welcome and
Overview of Key Issues

Tim Pulte, TriState President

Principles of Protecting Property Value
During Financial Downturns

Gary Brown,
RT Environmental Services

Surveys at Time of Tenant Vacating;
Should I Mothball?

Larry Bily,
RT Environmental Services

BREAK

Updated Environmental Due Diligence
Protocol – SBA

Larry Bily,
RT Environmental Services

Government Financing/Government Backed
And Grant Opportunities

Thomas Barbine, MCIDC

What You Must Do As A Lender To
Avoid Environmental Liability With Foreclosure

Steven Hann, Esq. – HRMML

Panel Discussion

Gary Brown – Moderator

All Speakers

Bob Bifulco – Chief Lending Officer –
Continental Bank

WELCOME

Thomas Barbine

Vice President

Montgomery County Industrial Development
Corporation (MCIDC)

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MCIDC

Montgomery County Industrial Development Corporation



OVERVIEW OF KEY ISSUES

Tim Pulte

President

TriState Realtors Alliance

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MCIDC

Montgomery County Industrial Development Corporation



PRINCIPLES OF PROTECTING PROPERTY VALUE DURING FINANCIAL DOWNTURNS

Gary R. Brown

President

RT Environmental Services, Inc. (RT)

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FINANCIAL TRENDS

- ❖ Banks falling with accelerating speed [4-1st/2nd Quarter 2008; 21 3rd/4th Quarter 2008] (WSJ 1/23/09)
- ❖ Fine dining sales to plummet by 12-15% in 2009 (WSJ 1/23/09)
- ❖ Weakest January Dow Jones stock performance on record [113 years] – (WSJ 1/31/09)
- ❖ 200,000 Retail stores expected to close in 2009
- ❖ Unemployment at 25 year high (Inq. 1/30/09)
- ❖ Insurance coverage's being dropped

KEY ISSUES

- ❖ Tenant lease terminations and bankruptcies rising
- ❖ Offices – renewal deals and short term leases more prevalent
- ❖ Banks not financing spec. homes (Dec. – record monthly drop in new home starts [Inq. – 1/23/09])
- ❖ Vacancies in office market-forecast to rise through 2010 1-2% (Cushman & Wakefield)
- ❖ Many construction projects deferred
- ❖ Increased power center and shopping center vacancies already (Marcus & Millichap)
- ❖ Will dollar flooding to resolve liquidity cause dollar to fall/overseas investors to pull cash?
- ❖ More sublease space
- ❖ \$400 billion in commercial real estate loans maturing in 2009

PRE-TERMINATION

- ❖ Phase I ESA
- ❖ Interim Issues
- ❖ Lease Provisions
 - ❖ “Broom Clean” – What Does It Mean
 - ❖ Any decommissioning Items/Environmental Permit/Rule/Law/Local Ordinance Items

VACATING

- ❖ Environmental Issues
 - ❖ Tanks
 - ❖ Waste Removal
 - ❖ OSHA Issues - Dusts
 - ❖ Asbestos
 - ❖ Treatment Systems
 - ❖ Process equipment – 90 day Haz Waste Rule
 - ❖ Lead Based Paint
 - ❖ Decommissioning

CONTAMINATED SITES

- ❖ Superfund Sites
- ❖ Hazardous Sites Cleanup Act Sites
- ❖ Non-Exacerbation
- ❖ Cannot Interface with Remedy

STEPS TO MOTHBALLING

- ❖ When all means of finding a productive use have failed
- ❖ Building Code Rule or Damage (% of value); must update to current code
- ❖ Condition Assessment
- ❖ Cannot Interface with Remedy

MOTHBALLING CONSIDERATIONS

- ❖ Fire sprinkler service
- ❖ Security
- ❖ Roof condition
- ❖ Utility systems and controls
- ❖ Ventilation
- ❖ Boarding up

PANEL DISCUSSION

Gary R. Brown, P.E., – RT

Larry Bily – RT

Steven Hann, Esq. – HRMML

Thomas Barbine – MCIDC

Bob Bifulco – Continental Bank

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