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October 17, 2006

Phillip Goldsmith
Lennard Graham & Goldsmith
212 Washington Street
Monroe, Michigan 48161

**VIA FACSIMILE (734) 242-9509
AND HAND DELIVERED**

David B. Landry
Nemier Tolari Landry Mazzeo & Johnson
37000 Grand River Avenue, Suite 300
Farmington Hills, MI 48335

**VIA FACSIMILE (248) 476-6564
AND FIRST CLASS MAIL**

Re: *Bedford Partners LLC vs. Bedford Township*
Monroe County Circuit Court Case No. 05-20841-CH
Offer to Stipulate to Entry of Judgment Under MCR 2.405
Subject to MRE 408

Dear Messrs Goldsmith and Landry:

I am writing as we discussed at the pretrial held before Judge LaBeau on October 10, 2006, concerning our discussions in this pending litigation matter up to the point of the pretrial. As you know, representatives of both parties and respective counsel have now met in this matter numerous times commencing in March of this year in order to discuss the proposed development of the Property, the Township's concerns with regard to the development requested and a potential settlement. Throughout those several meetings, the Township expressed its concerns as to the design of the proposed development, the Township's strong desire to improve the possibility of securing potable water for those property owners along Erie Road whom up to this point have been unsuccessful in the creation of a special assessment district for that purpose and most importantly we believe to the Township, the current condition of Erie Road.

The potential settlement discussed would allow the development of the southerly 80 acres at a density greater than that which it could develop under the current zoning classification. The density to be agreed upon has best been quantified as a total of 450 residential units on the total of 160 acres rather than a defined number of residences on the 80 acres for the reason that if a settlement is arrived at the development of the

northerly 80 acres will likely be redesigned as well in order to accommodate the maximum number of reu's on that acreage. That is the only consideration requested by Developer as a part of the settlement discussions thus far.

Conversely, in response to the concerns of the Township as articulated at our various meetings, the Developer has agreed to provide for the redesign of the entire 160 acres to incorporate the desires and requests of the Township Planner and to provide some level of buffering for the existing neighboring property owners through the relocation of residential home sites, detention and other improvements and the creation of additional and smaller and more shapely detention. The settlement discussed by the Township and Developer would require the Developer to provide for the oversizing of the water main from the 8" main currently intended for installation, to a 12" main, through the already zoned and currently developing single-family residential lands for the benefit of the neighboring property owners of Bedford Township along Erie Road and beyond. The Developer had further agreed to a sizeable monetary contribution to Erie Road improvements, albeit, at a number which was not solidified pending receipt of a solid estimate of cost for satisfactory improvements to Erie Road by the MCRC.

In all of our most recent discussions, Erie Road was the real only unresolved matter - thus our joint request from the Judge's Chambers on September 6th, 2006 to the MCRC to meet with the Township and the Developer and to work with us on the matter. On September 21, 2006 and October 4, 2006, we met with representatives of the MCRC in order to discuss the final piece of the proposed settlement puzzle - the improvement of Erie Road between Lewis Avenue and Crabb Road. We needed the MCRC to be reasonable and they stepped to the plate and made a pitch that we felt neither the Developer nor the Township could let slip by. The MCRC provided us with an estimate of cost for improvements to Erie Road in the total amount of \$388,000.00, which I think we would all agree was more than a pleasant surprise and which we felt was in fact the resolution to the dilemma concerning Erie Road. At the conclusion of the meeting with the MCRC, I think it is fair to state that every person in the room was more than a little surprised to hear Supervisor Wilburn announce that there could be no settlement at this time.

As we discussed in our pretrial conference, the Township Board has not formally acted upon the proposed settlement as discussed by party representatives. In line with our discussions at the pretrial Bedford Partners makes an offer to stipulate to the entry of judgment under MCR 2.405 according to the following terms:

1. Approval of single-family residential development at a density of approximately 200+ residential units for the 80 acres or a total of 450 units on the total of 160 acres (includes 80 acres not subject of litigation and which is already zoned R-2 single-family residential).
2. Contribution of \$200,000.00 for improvements as recommended and approved by MCRC to Erie Road between Crabb Road and Lewis Avenue. This represents over 50% of the total estimate of costs prepared and provided to the parties by the MCRC in the amount of \$388,000.00. It should be noted that with the suggested potential

contribution of \$88,000.00 more or less from the MCRC, that the Township's share of the improvement would be only \$100,000.00.

3. Installation of water main through development - oversized from 8" to 12" main size in order to provide an opportunity for the property owners and residents on Erie Road and beyond to continue the water main and to establish the long desired water district at a substantially reduced cost to them. (At an approximate additional cost to Developer of \$62,000.00).
4. Developer will attempt to arrive at an agreement with the Ann Arbor Railroad, which would allow for the creation of a Construction/Haul Route to the Subdivision from Lewis Ave rather than via Erie Road for the sole benefit of Erie Road at an additional estimated cost to Developer of \$50,000.00.
5. Redesign of development of entire 160 acres to the design preferred by Township Planner as discussed at our several settlement meetings.
6. Dismiss for the amount of Zero (\$0.00) Dollars, all claims for damages on the 4 counts of Plaintiff's Complaint.

I will not belabor statements from previous correspondence to you and your Board other than to state that the only way sums will be contributed to the Township for the improvement of Erie Road by Bedford Partners is voluntarily through a consent judgment. In the event that the Court decides this matter, the sums that Bedford Partners is offering to voluntarily contribute to the rebuilding of Erie Road and to the proposed water special assessment district will not be offered and will necessarily be designated for the legal fees and costs incurred in litigating this matter. Certainly, any Judgment that is entered in this litigation cannot require any monetary contribution to the Township from Bedford Partners for roads or water and no Judgment will or can require Bedford Partners to rebuild Erie Road.

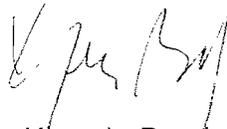
The Township must consider that if Bedford Partners prevails, it will proceed with its proposed development without payment for offsite improvements, compensation for the temporary taking of its land, and a likely award of attorney fees. The most the Township can walk out of the courthouse with after the time and expense of the trial or trials as the case may be, is the limitation of the development of the 80 acres to approximately 16 reu's. It will still have a single-family residential development of 80 acres on the Property. That is the best-case scenario. What the Township stands to lose even if it "wins" is all of the items listed above which would benefit the Township. The Township will also lose needed tax revenue from the 80 acres, which under its current unreasonable zoning classification, will become dead land. It is evident that local governments will continue to lose state funding at an ever-increasing rate. It is fiscally irresponsible for local governments to fight against increasing the tax base and taking advantage of private sector funding of public improvements. The Township needs to plan for its financial future.

As we discussed, in lieu of a settlement, we will need to schedule our respective depositions so that they can be taken during the first two weeks or so of both November and December. Bedford Partners will honor the terms of the proposed settlement through

October 31, 2006. We would respectfully request that the Township Board give serious consideration to this offer to stipulate to entry of a judgment based on the merits of this particular case and with the interest of the Township as a whole and most certainly without regard to other pending litigation or other peripheral matters. We urge your Board to consider this offer and let us know as soon as possible whether you will stipulate. Thank you.

Very truly yours,

PETRANGELO & BONDY
Professional Corporation

A handwritten signature in black ink, appearing to read "Kerry L. Bondy". The signature is written in a cursive, somewhat stylized font.

Kerry L. Bondy

KLB/smr

cc: Ronald A. Blank, Member
Bedford Partners LLC
Mark S. Brant, Member
Bedford Partners LLC
Susan Friedlaender, Attorney
Honigman Miller Schwartz & Cohn

Preliminary Estimate

October 4, 2006

Project	Erie Road
Limits	Lewis Avenue to Crabb Road
Project Length	5,300' (1.00 miles)
Road Classification	Local
Township	Bedford

Existing Road Conditions

Traffic Count (ADT & Year)	2,600 (average of 6 counts in 2001)
Pavement Surface and Base	Asphalt over 16' wide Macadam base
Pavement Condition	Fair to poor with failed edges and excessive pavement crown
Average Pavement Width	20'
Average Shoulder Width (each side)	1'
Average Grade Width	26' to 28'

Proposed Design

Pavement Width	22'
Shoulder Width (each side)	2' Gravel
Asphalt Pavement Thickness	4"
Base Treatment	Widen gravel base, pulverize pavement, add stone to correct crown, regrade, and compact
Ditching Required?	An allowance of 1,000 feet of ditching has been included to move ditches out in select areas.

Estimated Costs

Estimated Construction Cost	\$330,000 ^a
10% Construction Contingency	\$33,000 ^b
Preliminary survey and design engineering	\$15,000
Construction engineering, inspection, and staking	\$10,000
Estimated Project Cost	\$388,000

Additional Notes:

1. This estimate is based on a few field measurements and a visual inspection. Therefore, a 10% construction contingency has been added to the estimated construction cost to cover any additional items of work that may be needed to be added after the survey and design phases of the project are completed.
2. \$15,000 has been included to perform a topographic survey, analyze the proposed cross section, and determine any areas where the ditch will need to be moved out to accommodate the proposed pavement and shoulder width.

Engineer's Opinion of Costs

Project Number: 489-001 Estimate Number: 2 Project Type: Road Rehabilitation Location: Erie Road - Lewis Avenue to Crabb Road Bedford Township, Monroe County, Michigan	Project Engineer: MCRC Date Created: 10/4/2006 Fed/State #: N/A Fed Item: N/A Control Section: N/A
Description: 1.00 miles of aggregate base widening, HMA base crushing & shaping, HMA paving, and aggregate shoulders on Erie Road from Lewis Avenue to Crabb Road in Bedford Township, Monroe County, Michigan	

Line	Pay Item	Description	Quantity	Units	Unit Price	Total
0001	2020004	Tree, Rem, 6 inch to 18 inch (remove as needed for ditch relocation)	10.00	Ea	\$300.00	\$3,000.00
0002	2030001	Culv, Rem, Less than 24 inch (remove cross tiles and select driveway culverts)	43.00	Ea	\$300.00	\$12,900.00
0003	2030005	Culv End, Rem, Less than 24 inch (remove culvert headwalls)	7.00	Ea	\$200.00	\$1,400.00
0004	2040008	Guardrail, Rem (at Lewis Avenue)	200.00	Ft	\$2.00	\$400.00
0005	2040011	Pavt, Rem (4 concrete drives x 35 syd)	140.00	Syd	\$12.00	\$1,680.00
0006	2050011	Embankment, LM (Restore edges along new shoulder - 2 sides x 5,300' x 4' wide x 6 inch depth)	800.00	Cyd	\$20.00	\$16,000.00
0007	2057002	_ (Ditching - move as needed - Gradall crew - 3 days x \$4,000 per day)	10.00	Sta	\$1,200.00	\$12,000.00
0008	2080025	Erosion Control, Silt Fence	200.00	Ft	\$2.00	\$400.00
0009	3020001	Aggregate Base (Crown correction - 5,300' x 26' x 1.5 inch average depth)	1,300.00	Ton	\$18.00	\$23,400.00
0010	3020001	Aggregate Base (Trench widening - 2 sides x 5,300' x 4' wide x 12 inch depth)	3,150.00	Ton	\$18.00	\$56,700.00
0011	3050002	HMA Base Crushing and Shaping (5,300' x 24' + 2 sidestreets x 150 syd)	14,500.00	Syd	\$1.30	\$18,850.00
0012	3070021	Approach, CI II (27 gravel drives x 5 ton)	135.00	Ton	\$25.00	\$3,375.00
0013	3070121	Shoulder, CI II (2 sides x 5,300' x 2' wide x 6 inch depth)	800.00	Ton	\$22.00	\$17,600.00
0014	3070200	Trenching (2 sides x 5,300' x 4' wide x 12 inch depth)	106.00	Sta	\$275.00	\$29,150.00
0015	4010260	Culv, CI C, Conc, 12 inch (2 cross tiles x 48 feet + 4 driveway culverts x 32 feet)	224.00	Ft	\$40.00	\$8,960.00
0016	4037050	_ Adjusting Sanitary Structure	2.00	Ea	\$600.00	\$1,200.00
0017	5020061	HMA Approach (15 asphalt drives x 5 ton + 1 sidestreet x 30 ton)	105.00	Ton	\$120.00	\$12,600.00
0018	5027031	_ HMA, 448 Type 1, Wearing (2,200' x 22' x 2 1/4" #/syd)	600.00	Ton	\$48.00	\$28,800.00
0019	5027031	_ HMA, 448 Type 2, Leveling (2,200' x 22' x 2 1/4" #/syd)	750.00	Ton	\$45.00	\$33,750.00

Line	Pay Item	Description	Quantity	Units	Unit Price	Total
0020	8010005	Driveway, Nonreinf Conc, 6 inch (4 concrete drives x 25 syd)	100.00	Syd	\$35.00	\$3,500.00
0021	8070000	Guardrail, Type B (replace guardrail at Lewis Avenue)	150.00	Ft	\$25.00	\$3,750.00
0022	8070042	Guardrail Approach Terminal, Type 2B	4.00	Ea	\$2,500.00	\$10,000.00
0023	8070095	Post, Mailbox	25.00	Ea	\$85.00	\$2,125.00
0024	8110111	Pavt Mrkg, Waterborne, 4 inch, Yellow	1,000.00	Ft	\$0.25	\$250.00
0025	8120031	Flag Control, Max. _____	1.00	LS	\$4,000.00	\$4,000.00
0026	8120051	Minor Traf Devices, Max. _____ (Signs, barricades, and plastic drums)	1.00	LS	\$4,000.00	\$4,000.00
0027	8120086	Pavt Mrkg, Type NR, Tape, 4 inch, Yellow, Temp	200.00	Ft	\$1.00	\$200.00
0028	8167011	_ Slope Restoration, 4 inch (Topsoil, seed, fertilizer, & mulch - 2,200' x 32')	7,800.00	Syd	\$2.50	\$19,500.00
0029	8210005	Monument Box, Adj	1.00	Ea	\$500.00	\$500.00
Estimate Total: \$329,990.00						