

Economic Development

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Date: February 12, 2014
To: Planning Commission
cc: Cary Teague, Planning Director
From: Bill Neuendorf
Economic Development Manager
Re: **Creation of Pentagon Park Tax Increment Financing (TIF) District and Modifications to SouthEast Edina Redevelopment Project Area**

BACKGROUND

The Edina City Council directed staff to prepare documentation and schedule a Public Hearing regarding the possible establishment of a new Tax Increment Financing (TIF) District to support redevelopment of the Pentagon Park properties.

The owner of the Pentagon Park properties anticipates significant redevelopment activities on the 40-acre site to create properties that are desirable and relevant in the 21st century marketplace. While not fully defined at this time, the anticipated project is likely to include complete reconstruction of the commercial buildings as well as a variety of public improvements to ensure that the final project is desirable to the broader community. The future project is anticipated to not only contribute to the City's tax base but also to provide opportunities that enhance the quality of life in Edina.

Creation of a new TIF District will also require that the Southeast Edina Redevelopment Project Area be modified to identify the new TIF District. This Redevelopment Project Area is modified from time-to-time to ensure that the City's broad redevelopment goals are actively addressed. This Project Area was last updated in 2012 when the City created the Southdale 2 TIF District.

There are several steps in the process of creating a new TIF District. In addition to consulting with other governmental agencies with taxing authority, input is solicited from the Plan Commission to ensure that the redevelopment plans are consistent with the City's Comprehensive Plan.

SUMMARY

The City retained LHB, Inc. to inspect the existing buildings to determine whether they meet the legal standards for inclusion in a TIF District. Their findings indicate that the proposed District satisfies the requirements for creation of a 26-year TIF Redevelopment District. A copy of the Inspection Report (dated January 13, 2014) is attached and will be included as part of the final TIF Plan.

The City also retained Ehlers & Associates to prepare the TIF Plan and necessary modifications to the Redevelopment Project Area. The attached memo describes the broad goals of the proposed TIF Plan.

The proposed TIF Plan does not contemplate any modifications to the City's Land Use Plan within the Comprehensive Plan. Therefore, the TIF Plan and Redevelopment Plan modifications would be compliant with Edina's Comprehensive Plan.

ACTION REQUESTED

The Planning Commission is asked to adopt the attach Resolution finding that the proposed TIF Plan and modifications to the Redevelopment Plan conforms to the general plans for development and redevelopment of the City.

- c. Plan Commission Resolution B-14-2
City Council Resolution 2013-126 (Scheduling Public Hearing)
Ehlers memo dated 2-5-2014
Ehlers draft report dated 2-4-2014
LHB report dated 1-13-2014

**PLANNING COMMISSION
CITY OF EDINA, MINNESOTA**

RESOLUTION NO. B-14-2

**FINDING THAT A MODIFICATION TO THE REDEVELOPMENT PLAN FOR
THE SOUTHEAST EDINA REDEVELOPMENT PROJECT AREA AND A TAX
INCREMENT FINANCING PLAN FOR THE PENTAGON PARK TAX
INCREMENT FINANCING DISTRICT CONFORM TO THE GENERAL PLANS
FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY.**

WHEREAS, the Edina Housing and Redevelopment Authority (the "HRA") and the City of Edina (the "City") have proposed to adopt a Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area (the "Redevelopment Plan Modification") and a Tax Increment Financing Plan for the Pentagon Park Tax Increment Financing District (the "TIF Plan") and;

WHEREAS, the Redevelopment Plan Modification and the TIF Plan (collectively herein referred to as the "Plans") have been submitted to the Edina Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and

WHEREAS, the Commission has reviewed the Plans to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Edina Planning Commission that the Plans conform to the general plans for the development and redevelopment of the City of Edina as a whole.

Dated: February 12, 2014

Chair

ATTEST:

Secretary



RESOLUTION 2013-126

**RESOLUTION CALLING FOR PUBLIC HEARING ON
MODIFICATIONS TO THE REDEVELOPMENT PLAN FOR THE SOUTHEAST
EDINA REDEVELOPMENT PROJECT AREA AND ON TAX INCREMENT
FINANCING PLAN ESTABLISHING A TAX INCREMENT FINANCING DISTRICT**

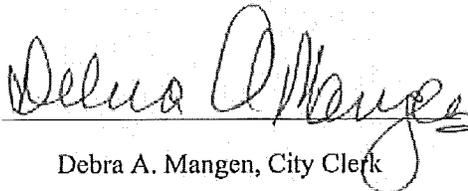
BE IT RESOLVED by the City Council of the City of Edina, Minnesota, as follows:

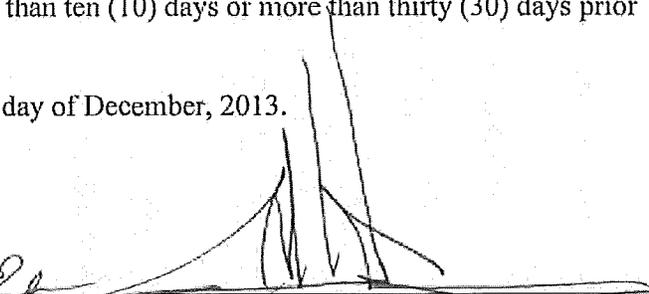
1. The Housing and Redevelopment Authority in and for the City of Edina, Minnesota (the "HRA") has proposed that the HRA and the City consider approving modifications to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area, and a tax increment financing plan establishing the Pentagon Park Tax Increment District (the "TIF Plan").

2. A public hearing on the proposed modifications to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area and on the TIF Plan is hereby called and shall be held on February 18, 2014 at 7:00 o'clock p.m. in the City Council Chambers at the Edina City Hall. The City Clerk shall cause notice of the public hearing to be published in the official newspaper of the City at least once not less than ten (10) days or more than thirty (30) days prior to the date fixed for the public hearing.

Adopted by the Edina City Council this 3rd day of December, 2013.

Attest:


Debra A. Mangen, City Clerk


James B. Hovland, Mayor

CITY OF EDINA

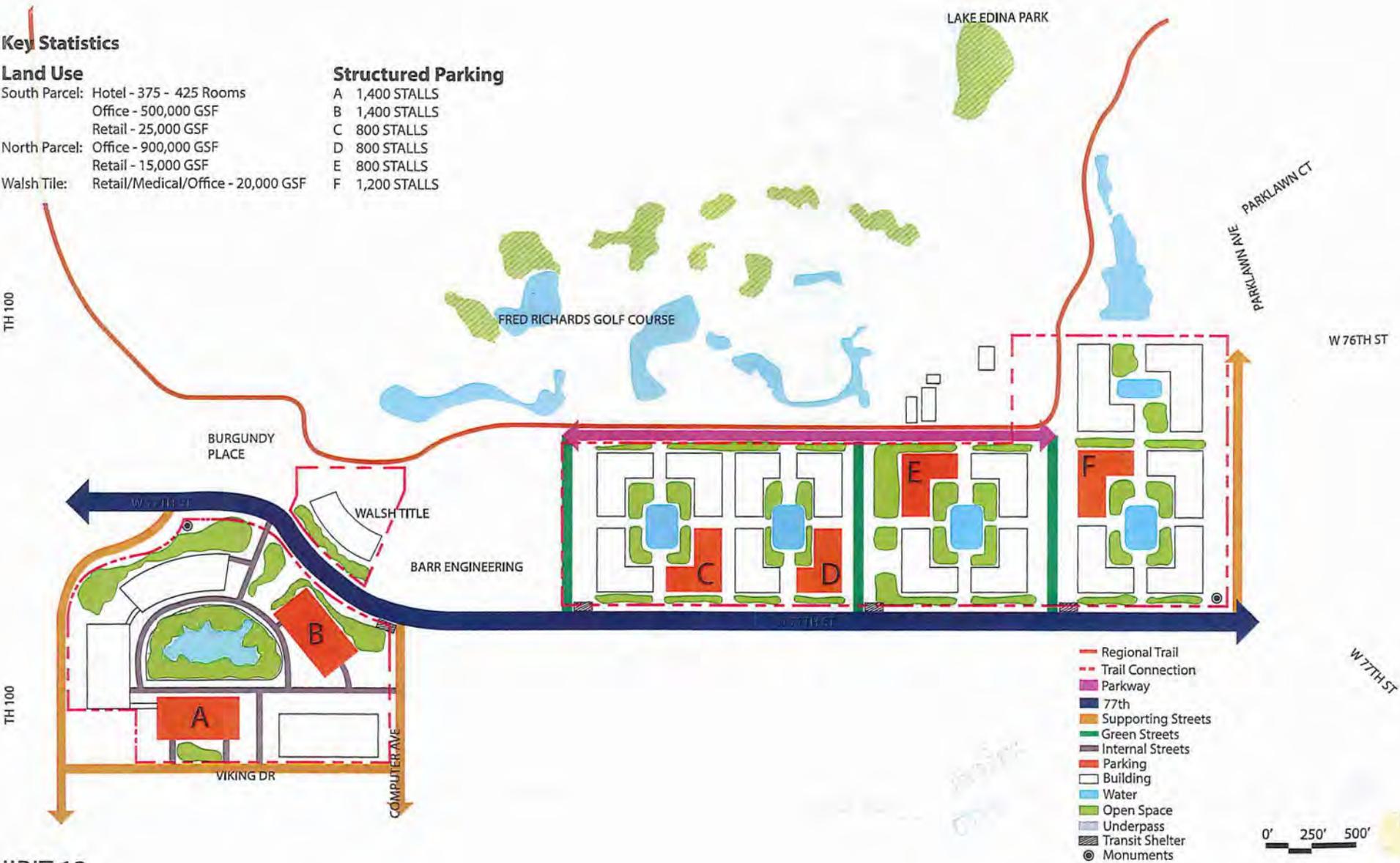
4801 West 50th Street • Edina, Minnesota 55424
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Key Statistics

Land Use
 South Parcel: Hotel - 375 - 425 Rooms
 Office - 500,000 GSF
 Retail - 25,000 GSF
 North Parcel: Office - 900,000 GSF
 Retail - 15,000 GSF
 Walsh Tile: Retail/Medical/Office - 20,000 GSF

Structured Parking

A 1,400 STALLS
 B 1,400 STALLS
 C 800 STALLS
 D 800 STALLS
 E 800 STALLS
 F 1,200 STALLS



- Regional Trail
- - - Trail Connection
- Parkway
- 77th
- Supporting Streets
- Green Streets
- Internal Streets
- Parking
- Building
- Water
- Open Space
- Underpass
- Transit Shelter
- Monuments

0' 250' 500'

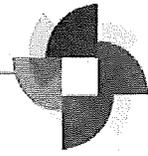
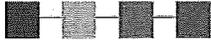
HIBIT 13

MON **FARBER ASSOCIATES**
 BOB CLOSE STUDIO, LLC

PRELIMINARY PLANNING COMMISSION **OPTION 1**
 EDINA, MN - JANUARY 22, 2014

PENTAGON PARK





*As of February 4, 2014
Draft for Planning Commission*

**Modification to the Redevelopment Plan
for the Southeast Edina Redevelopment Project Area**

and the

Tax Increment Financing Plan

for the establishment of

**the Pentagon Park Tax Increment Financing District
(a redevelopment district)**

within the

Southeast Edina Redevelopment Project Area

Edina Housing and Redevelopment Authority
City of Edina
Hennepin County
State of Minnesota

Public Hearing: February 18, 2014
Adopted:



EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

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(for reference purposes only)

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***Section 1 - Modification to the Redevelopment Plan
for the Southeast Edina Redevelopment Project Area***

Foreword

The following text represents a Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Southeast Edina Redevelopment Project Area. Generally, the substantive changes include the establishment of Pentagon Park Tax Increment Financing District.

For further information, a review of the Redevelopment Plan for the Southeast Edina Redevelopment Project Area is recommended. It is available from the City Manager at the City of Edina. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Southeast Edina Redevelopment Project Area.

Section 2 - Tax Increment Financing Plan for the Pentagon Park Tax Increment Financing District

Subsection 2-1. Foreword

The Edina Housing and Redevelopment Authority (the "HRA"), the City of Edina (the "City"), staff and consultants have prepared the following information to expedite the establishment of the Pentagon Park Tax Increment Financing District (the "District"), a redevelopment tax increment financing district, located in the Southeast Edina Redevelopment Project Area.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.001 to 469.047, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area.

Subsection 2-3. Statement of Objectives

The District currently consists of sixteen parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the multi-phase construction of several hundred thousand square feet of new office space, adjacent public improvements, and other commercial development including, potentially, a hotel in the City. Please see Appendix A for further District information. The HRA is in the process of negotiating an agreement with Hillcrest Development, and development is likely to occur in 2016. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Southeast Edina Redevelopment Project Area.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Southeast Edina Redevelopment Project Area and the District.

Subsection 2-4. Redevelopment Plan Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The HRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The HRA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2-6. Classification of the District

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)* as defined below:

(a) *"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:*

(1) *parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;*

(2) *The property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way;*

(3) *tank facilities, or property whose immediately previous use was for tank facilities, as defined in Section 115C, Subd. 15, if the tank facility:*

(i) *have or had a capacity of more than one million gallons;*

(ii) *are located adjacent to rail facilities; or*

(iii) *have been removed, or are unused, underused, inappropriately used or infrequently used; or*

(4) *a qualifying disaster area, as defined in Subd. 10b.*

(b) *For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.*

- (c) *A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.*
- (d) *A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvement described in paragraph (e) if all of the following conditions are met:*
- (1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;*
 - (2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;*
 - (3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirement of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and*
 - (4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by § 469.177, subdivision 1, paragraph (f).*
- (e) *For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.*
- (f) *For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).*

In meeting the statutory criteria the HRA and City rely on the following facts and findings:

- The District is a redevelopment district consisting of sixteen parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix F).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111 or 273.112 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The HRA or City elects to receive the first tax increment in 2018, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2043, or when the TIF Plan is satisfied. The HRA or City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2013 for taxes payable 2014.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2018) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2014, assuming the request for certification is made before June 30, 2014. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Southeast Edina Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2018. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$8,812,299	
Original Estimated Net Tax Capacity (ONTC)	\$371,498	
Fiscal Disparities Reduction	\$2,855,308	
Estimated Captured Tax Capacity (CTC)	\$5,585,493	
Original Local Tax Rate	1.17171	Estimated Pay 2014
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$6,544,578	
Percent Retained by the HRA	100%	

Tax capacity includes a 0% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$1,354,280.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and has found building permits that were issued in the past 18 months prior to the public hearing. Please see Appendix H for the building permits that were issued.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$155,071,222
<u>Interest</u>	<u>\$15,507,122</u>
TOTAL	\$170,578,344

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$90,545,791. Such bonds may be in the form of pay-as-

you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the multi-phase construction of several hundred thousand square feet of new office space, adjacent public improvements, and other commercial development including, potentially, a hotel in the City. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$1,000,000
Site Improvements/Preparation	\$30,241,000
Utilities	\$1,847,000
Other Qualifying Improvements	\$41,950,669
<u>Administrative Costs (up to 10%)</u>	<u>\$15,507,122</u>
PROJECT COST TOTAL	\$90,545,791
<u>Interest</u>	<u>\$80,032,553</u>
PROJECT AND INTEREST COSTS TOTAL	\$170,578,344

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Southeast Edina Redevelopment Project Area, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the HRA or City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

- (1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the*

current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

- (2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

The HRA will choose to calculate fiscal disparities by clause b.

According to M.S., Section 469.177, Subd. 3:

- (c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).

Subsection 2-12. Business Subsidies

Pursuant to M.S., Section 116J.993, Subd. 3, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in M.S., Section 116J.552, Subd. 3;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under M.S., Section 469.174, Subd. 23;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;

- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The HRA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-13. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the HRA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the HRA or City within forty-five days of receipt of this TIF Plan. In the opinion of the HRA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The HRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the HRA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

	Estimated Pay 2014 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Hennepin County	1,236,174,443	5,585,493	0.4518%
City of Edina	94,077,024	5,585,493	5.9371%
ISD No. 273	80,662,848	5,585,493	6.9245%

IMPACT ON TAX RATES

	Estimated Pay 2014 Extension Rates	Percent of Total	CTC	Potential Taxes
Hennepin County	0.498590	42.55%	5,585,493	2,784,871
City of Edina	0.278010	23.73%	5,585,493	1,552,823
ISD No. 273	0.274140	23.40%	5,585,493	1,531,207
Other	<u>0.120970</u>	<u>10.32%</u>	<u>5,585,493</u>	<u>675,677</u>
Total	1.171710	100.00%		6,544,578

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the estimated Pay 2014 rate. The total net capacity for the entities listed above are based on estimated Pay 2014 figures. The District will be certified under the actual Pay 2014 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$155,071,222;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing buildings, which will be eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures.

The impact of the District on public infrastructure is expected to be minimal. The current infrastructure for traffic movements, sanitary sewer, storm sewer and water will be modified to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting

and sidewalks. The development in the District is expected to contribute to sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$36,286,666;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$65,982,805;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the HRA and City's findings:

- TIF District Redevelopment Qualifications Report, LHB: January 13, 2014

Subsection 2-16. Definition of Tax Increment Revenues

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the Authority with tax increments;
3. Principal and interest received on loans or other advances made by the Authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

Subsection 2-17. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the HRA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the HRA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10*, must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2)(A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the HRA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The HRA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-18. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the HRA or City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District; or
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond

counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the HRA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 2-19. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified

as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The HRA or City or a property owner must improve parcels within the District by approximately February 2018 and report such actions to the County Auditor.

Subsection 2-20. Use of Tax Increment

The HRA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. to finance, or otherwise pay public redevelopment costs of the Southeast Edina Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the HRA or City or for the benefit of the Southeast Edina Redevelopment Project Area by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-21. Excess Increments

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in the Southeast Edina Redevelopment Project

Area or the District.

Subsection 2-22. Requirements for Agreements with the Developer

The HRA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the HRA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the HRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA or City should the development or redevelopment not be completed.

Subsection 2-23. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 2-24. Administration of the District

Administration of the District will be handled by the HRA Executive Director.

Subsection 2-25. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the HRA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-26. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-27. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the the Southeast Edina Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.
4. Redevelopment District. At least 90 percent of the revenues derived from tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under *M.S., Section 469.176 Subd. 4j*. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated

administrative expenses of the HRA or City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

Subsection 2-28. Summary

The Edina Housing and Redevelopment Authority is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

Appendix A

Project Description

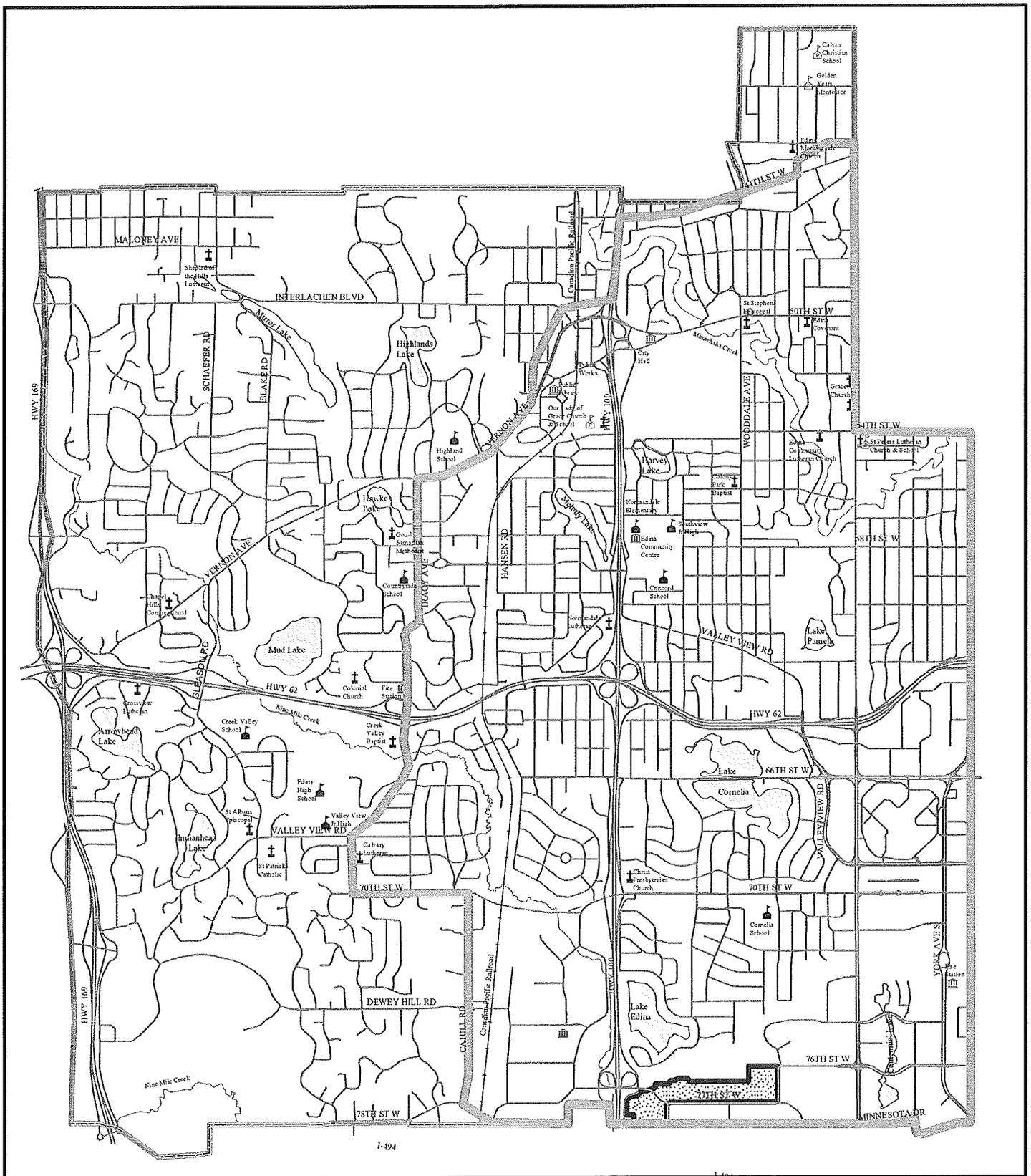
The Pentagon Park Tax Increment District is a significant redevelopment effort of the City of Edina. The total development cost is estimated to be in excess of \$500 million. The Project is focused on revitalizing an outdated 659,000 square foot office park first constructed in the 1960's.

The redevelopment is expected to occur in stages over the next two to ten years. The City is currently in negotiations with Hillcrest Development over a redevelopment agreement. The proposed redevelopment may potentially include over 900,000 square feet of office, 60,000 square feet of retail, and 425 hotel units. Potential public improvements include pavement, sidewalk, intersection and streetscape improvements along West 77th Street between Normandale and Parklawn, along Parklawn Avenue between West 76th and 77th Streets, and potential new public streets providing access throughout the parcel north of West 77th St. Modifications to storm water control, landscaping and other related improvements are also contemplated as part of project costs.

The project will be financed by a pay-as-you-go note. More detailed information about the Southeast Edina Redevelopment Project Area can be found in the Southeast Edina Redevelopment Plan on file at the Edina City Hall.

Appendix B

Maps of the Southeast Edina Redevelopment Project Area and the District



1-494

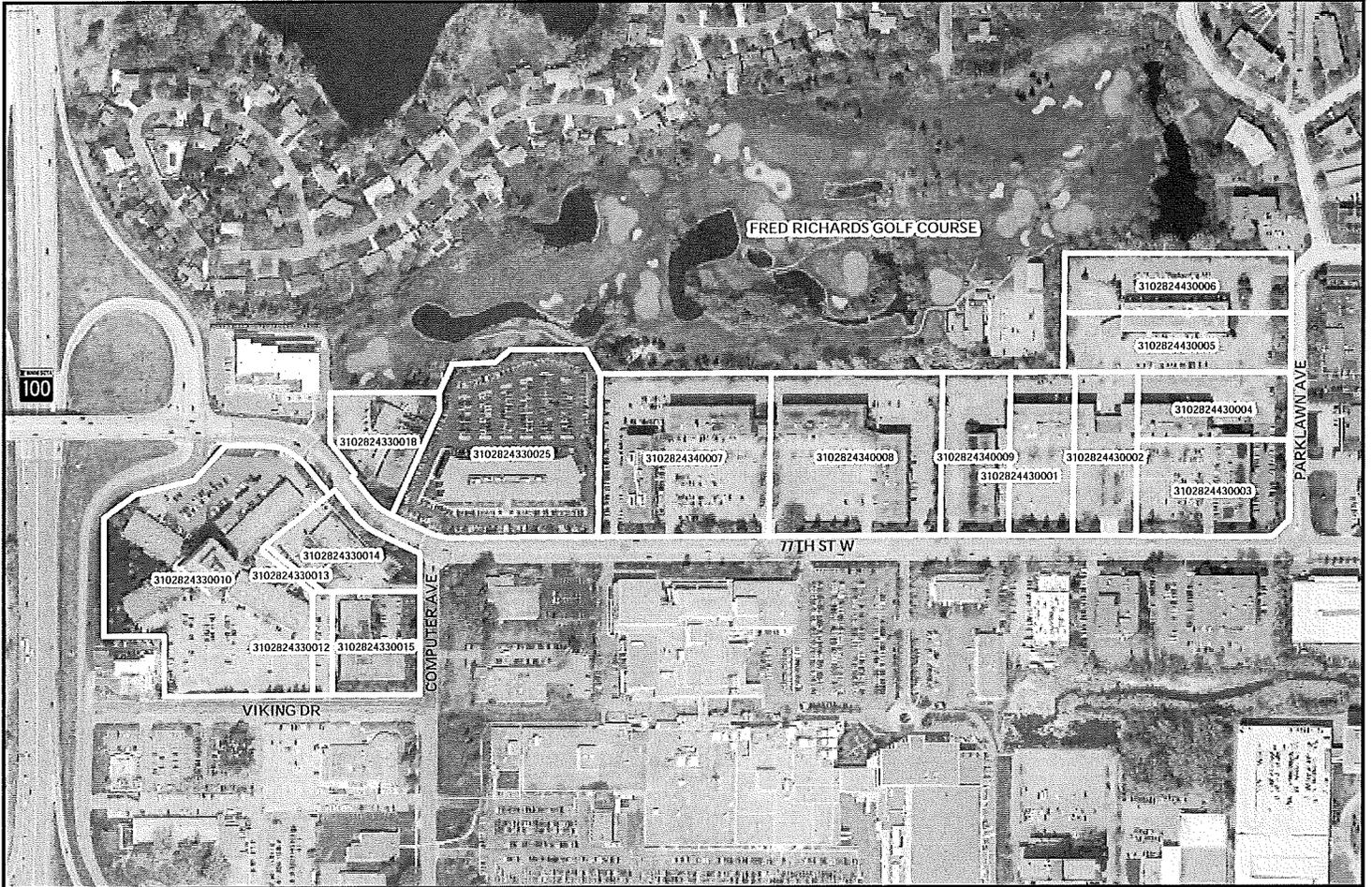
Southeast Edina Redevelopment Project Area and Proposed Pentagon Park TIF District



- Project Area
- Proposed Pentagon Park TIF District



Engineering Dept.
December, 2013



Proposed Pentagon Park TIF District

Proposed Pentagon Park TIF District Parcels



Appendix C

Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
31-028-24-33-0010	4901 77 th St. W	Pentagon South LLC
31-028-24-33-0012	Address Unassigned	Crown Bank
31-028-24-33-0014	4815 77 th St. W	Pentagon South LLC
31-028-24-33-0013	Address Unassigned	Pentagon South LLC
31-028-24-33-0018	4820 77 th St. W	FYT LLC
31-028-24-33-0015	7710 Computer Ave	Crown Bank
31-028-24-33-0025	4700 77 th St. W	Realty Associates Iowa Corp
31-028-24-34-0007	4660 77 th St. W	Pentagon North LLC
31-028-24-34-0008	4600 77 th St. W	Pentagon North LLC
31-028-24-34-0009	4570 77 th St. W	Pentagon North LLC
31-028-24-43-0002	4540 77 th St. W	Pentagon North LLC
31-028-24-43-0001	4550 77 th St. W	Pentagon North LLC
31-028-24-43-0003	4510 77 th St. W	Pentagon South LLC
31-028-24-43-0004	4530 77 th St. W	Pentagon South LLC
31-028-24-43-0005	7600 Parklawn Ave	Pentagon South LLC
31-028-24-43-0006	7600 Parklawn Ave	Pentagon South LLC

Appendix D
Estimated Cash Flows for the District



Pentagon Park TIF District - Phase 1

City of Edina

495,000 sq. ft office, 425 room hotel, and 30,000 sq. ft retail - Shenehon values

ASSUMPTIONS AND RATES

Redevelopment		Tax Rates	
District Type:	Redevelopment	Exempt Class Rate (Exempt)	0.00%
District Name/Number:		Commercial Industrial Preferred Class Rate (CI Pref.)	
County District #:	2016	First \$150,000	1.50%
First Year Construction or Inflation on Value		Over \$150,000	2.00%
Existing District - Specify No. Years Remaining		Commercial Industrial Class Rate (CI)	2.00%
Inflation Rate - Every Year:	0.00%	Rental Housing Class Rate (Rental)	1.25%
Interest Rate:	6.00%	Affordable Rental Housing Class Rate (Aff. Rental)	
Present Value Date:	1-Aug-15	First \$100,000	0.75%
First Period Ending	1-Feb-16	Over \$100,000	0.25%
Tax Year District was Certified:	Pay 2014	Non-Homestead Residential (Non-H Res. 1 Unit)	
Cashflow Assumes First Tax Increment For Development:	2018	First \$500,000	1.00%
Years of Tax Increment	26	Over \$500,000	1.25%
Assumes Last Year of Tax Increment	2043	Homestead Residential Class Rate (Hmstd. Res.)	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	First \$500,000	1.00%
Incremental or Total Fiscal Disparities	Incremental	Over \$500,000	1.25%
Fiscal Disparities Contribution Ratio	32.4014% Pay 2014	Agricultural Non-Homestead	1.00%
Fiscal Disparities Metro-Wide Tax Rate	183.1210% Pay 2014		
Maximum/Frozen Local Tax Rate:	117.171% Pay 2014		
Current Local Tax Rate: (Use lesser of Current or Max.)	117.171% Pay 2014		
State-wide Tax Rate (Comm./Ind. only used for total taxes)	53.0000% Pay 2014		
Market Value Tax Rate (Used for total taxes)	0.22925% Pay 2014		

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
	3102824330010	Pentagon S LLC		2,984,600	1,000	2,985,600	100%	2,985,600	Pay 2014	CI Pref.	58,962	CI Pref.	58,962	
	3102824330013	Pentagon S LLC		35,500	0	35,500	100%	35,500	Pay 2014	CI	710	CI	710	
	3102824330014	Pentagon S LLC		663,300	180,600	843,900	100%	843,900	Pay 2014	CI	16,878	CI	16,878	
	3102824330012	Crown Bank		174,000	0	174,000	100%	174,000	Pay 2014	CI	3,480	CI	3,480	
	3102824330015	Crown Bank		770,900	550,300	1,321,200	100%	1,321,200	Pay 2014	CI Pref.	25,674	CI Pref.	25,674	
				4,628,300	734,900	5,363,200		5,363,200			105,704		105,704	

Note:

1. Base values are based upon review of County website on 12-18-2013.



Pentagon Park TIF District - Phase 1

City of Edina

495,000 sq. ft office, 425 room hotel, and 30,000 sq. ft retail - Shenehon values

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2016	Percentage Completed 2017	Percentage Completed 2018	Percentage Completed 2019	First Year Full Taxes Payable	
Group 1&2	Office	274	274	495,000	135,428,040	C/I	2,708,561	5	50%	75%	100%	100%	2020	
	Hotel	220,000	220,000	425	93,500,000	C/I	1,870,000	4,400	0%	50%	100%	100%	2020	
	Retail	269	269	30,000	8,074,000	C/I	161,480	5	0%	100%	100%	100%	2019	
TOTAL					237,002,040		4,740,041							

Note:

1. Market values are based upon estimates provided by Shenehon on 1-9-2014.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	2,708,561	877,612	1,830,949	2,145,341	1,431,569	1,435,537	310,469	5,322,916	10.75
Hotel	1,870,000	605,906	1,264,094	1,481,151	988,360	991,100	214,349	3,674,960	8,646.97
Retail	161,480	52,322	109,158	127,902	85,348	85,584	18,510	317,344	10.68
TOTAL	4,740,041	1,535,840	3,204,201	3,754,395	2,505,277	2,512,222	543,327	9,315,220	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	9,315,220
less State-wide Taxes	(2,512,222)
less Fiscal Dis p. Adj.	(2,505,277)
less Market Value Taxes	(543,327)
less Base Value Taxes	(83,724)
Annual Gross TIF	3,670,671

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	5,360,200
New Market Value - Est.	237,002,040
Difference	231,641,840
Present Value of Tax Increment	38,219,254
Difference	193,422,586
Value likely to occur without Tax Increment is less than:	193,422,586



Pentagon Park TIF District - Phase 1
City of Edina

495,000 sq. ft office, 425 room hotel, and 30,000 sq. ft retail - Shenhon values

TAX INCREMENT CASH FLOW														
% of DTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/16
														08/01/16
														02/01/17
														08/01/17
100%	1,354,280	(105,704)	(404,556)	844,020	117.171%	988,947	494,473	(1,780)	(49,269)	443,424	371,361	0.5	2018	02/01/18
100%	3,127,901	(105,704)	(979,234)	2,042,963	117.171%	2,393,760	1,196,880	(4,309)	(119,257)	1,073,314	1,579,189	1.5	2018	02/01/19
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	3,626,466	2.5	2019	02/01/20
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	4,815,467	3	2020	02/01/21
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	5,959,836	3.5	2021	08/01/21
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	7,090,584	4	2021	02/01/22
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	8,178,688	4.5	2022	08/01/22
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	9,235,100	5	2022	02/01/23
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	10,260,743	5.5	2023	08/01/23
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	11,258,512	6	2023	02/01/24
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	12,223,279	6.5	2024	08/01/24
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	13,161,887	7	2024	02/01/25
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	14,073,157	7.5	2025	08/01/25
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	14,957,886	8	2025	02/01/26
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	15,816,845	8.5	2026	08/01/26
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	16,650,786	9	2026	02/01/27
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	17,460,438	9.5	2027	08/01/27
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	18,246,508	10	2027	02/01/28
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	19,009,682	10.5	2028	08/01/28
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	19,750,628	11	2028	02/01/29
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	20,469,994	11.5	2029	08/01/29
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	21,168,406	12	2029	02/01/30
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	21,846,477	12.5	2030	08/01/30
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	22,504,798	13	2030	02/01/31
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	23,143,944	13.5	2031	08/01/31
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	23,764,475	14	2031	02/01/32
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	24,366,932	14.5	2032	08/01/32
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	24,951,842	15	2032	02/01/33
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	25,519,716	15.5	2033	08/01/33
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	26,071,049	16	2033	02/01/34
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	26,606,324	16.5	2034	08/01/34
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	27,126,009	17	2034	02/01/35
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	27,630,557	17.5	2035	08/01/35
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	28,120,409	18	2035	02/01/36
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	28,595,994	18.5	2036	08/01/36
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	29,057,728	19	2036	02/01/37
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	29,506,012	19.5	2037	08/01/37
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	29,941,240	20	2037	02/01/38
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	30,363,791	20.5	2038	08/01/38
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	30,774,035	21	2038	02/01/39
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	31,172,330	21.5	2039	08/01/39
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	31,559,024	22	2039	02/01/40
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	31,934,455	22.5	2040	08/01/40
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	32,298,952	23	2040	02/01/41
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	32,652,832	23.5	2041	08/01/41
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	32,996,404	24	2041	02/01/42
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	33,329,970	24.5	2042	08/01/42
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	33,653,821	25	2042	02/01/43
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	33,968,238	25.5	2043	08/01/43
100%	4,740,041	(105,704)	(1,501,590)	3,132,747	117.171%	3,670,671	1,835,335	(6,607)	(182,873)	1,645,855	34,273,498	26	2043	02/01/44
Total							91,478,805	(329,324)	(9,114,948)	82,034,533				
Present Value From 08/01/2015							38,219,254	(137,589)	(3,808,168)	34,273,498				



Pentagon Park TIF District - Phase 2a

City of Edina

197,500 sq. ft office and 22,500 sq. ft retail - Shenehon values

ASSUMPTIONS AND RATES

DistrictType: Redevelopment		Tax Rates	
District Name/Number:		Exempt Class Rate (Exempt)	0.00%
County District #:		Commercial Industrial Preferred Class Rate (C/I Pref.)	
First Year Construction or Inflation on Value	2017	First \$150,000	1.50%
Existing District - Specify No. Years Remaining	25	Over \$150,000	2.00%
Inflation Rate - Every Year:	0.00%	Commercial Industrial Class Rate (C/I)	2.00%
Interest Rate:	6.00%	Rental Housing Class Rate (Rental)	1.25%
Present Value Date:	1-Aug-15	Affordable Rental Housing Class Rate (Aff. Rental)	
First Period Ending	1-Feb-16	First \$100,000	0.75%
Tax Year District was Certified:	Pay 2014	Over \$100,000	0.25%
Cashflow Assumes First Tax Increment For Development:	2019	Non-Homestead Residential (Non-H Res. 1 Unit)	
Years of Tax Increment	25	First \$500,000	1.00%
Assumes Last Year of Tax Increment	2043	Over \$500,000	1.25%
Fiscal Disparities Election (Outside (A), Inside (B), or NA)	Inside(B)	Homestead Residential Class Rate (Hmstd. Res.)	
Incremental or Total Fiscal Disparities	Incremental	First \$500,000	1.00%
Fiscal Disparities Contribution Ratio	32.4014% Pay 2014	Over \$500,000	1.25%
Fiscal Disparities Metro-Wide Tax Rate	163.1210% Pay 2014	Agricultural Non-Homestead	1.00%
Maximum/Frozen Local Tax Rate:	117.171% Pay 2014		
Current Local Tax Rate: (Use lesser of Current or Max.)	117.171% Pay 2014		
State-wide Tax Rate (Comm./Ind. only used for total taxes)	53.0000% Pay 2014		
Market Value Tax Rate (Used for total taxes)	0.22925% Pay 2014		

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
	3102824330018	FYT LLC		762,300	167,400	929,700	100%	929,700	Pay 2014	C/I Pref.	17,844	C/I Pref.	17,844	
	3102824340007	Pentagon N LLC		2,013,900	1,000	2,014,900	100%	2,014,900	Pay 2014	C/I Pref.	39,548	C/I Pref.	39,548	
				2,776,200	168,400	2,944,600		2,944,600			57,392		57,392	

Note:

1. Base values are based upon review of County website on 12-18-2013.



Pentagon Park TIF District - Phase 2a
 City of Edina
 197,500 sq. ft office and 22,500 sq. ft retail - Shenehon values

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2017	Percentage Completed 2018	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	First Year Full Taxes Payable
Group 3	Office	220	220	197,500	43,392,067	C/I	867,841	4	50%	100%	100%	100%	100%	2020
Group 3	Retail	269	269	2,500	672,833	C/I	13,457	5	50%	100%	100%	100%	100%	2020
Walsh	Retail	269	269	20,000	5,382,667	C/I	107,653	5	100%	100%	100%	100%	100%	2019
TOTAL							49,447,567	988,951						

Note:

1. Market values are based upon estimates provided by Shenehon on 1-9-2014.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	867,841	281,193	586,649	687,382	458,684	459,956	99,476	1,705,499	8.64
Retail	13,457	4,360	9,097	10,658	7,112	7,132	1,542	26,445	10.58
Retail	107,653	34,881	72,772	85,268	58,899	57,056	12,340	211,562	10.58
TOTAL	988,951	320,434	668,517	783,308	522,695	524,144	113,369	1,943,506	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	1,943,506
less State-wide Taxes	(524,144)
less Fiscal Disp. Adj.	(522,695)
less Market Value Taxes	(113,359)
less Base Value Taxes	(45,458)
Annual Gross TIF	737,850

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	2,944,600
New Market Value - Est.	49,447,567
Difference	46,502,967
Present Value of Tax Increment	7,446,649
Difference	39,056,317
Value likely to occur without Tax Increment is less than:	39,056,317



Pentagon Park TIF District - Phase 2a
City of Edina
197,500 sq. ft office and 22,500 sq. ft retail - Shenehon values

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.35%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/16
														08/01/16
														02/01/17
														08/01/17
														02/01/18
														08/01/18
														02/01/19
100%	548,302	(57,392)	(159,062)	331,849	117.171%	388,830	194,415	(700)	(19,372)	174,344	137,629	0.5	2019	08/01/19
							194,415	(700)	(19,372)	174,344	271,248	1	2019	02/01/20
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	517,423	1.5	2020	08/01/20
							368,925	(1,328)	(36,760)	330,837	756,427	2	2020	02/01/21
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	986,469	2.5	2021	08/01/21
							368,925	(1,328)	(36,760)	330,837	1,213,753	3	2021	02/01/22
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	1,432,476	3.5	2022	08/01/22
							368,925	(1,328)	(36,760)	330,837	1,644,828	4	2022	02/01/23
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	1,850,995	4.5	2023	08/01/23
							368,925	(1,328)	(36,760)	330,837	2,051,157	5	2023	02/01/24
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	2,245,489	5.5	2024	08/01/24
							368,925	(1,328)	(36,760)	330,837	2,434,161	6	2024	02/01/25
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	2,617,337	6.5	2025	08/01/25
							368,925	(1,328)	(36,760)	330,837	2,795,179	7	2025	02/01/26
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	2,967,840	7.5	2026	08/01/26
							368,925	(1,328)	(36,760)	330,837	3,135,473	8	2026	02/01/27
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	3,298,223	8.5	2027	08/01/27
							368,925	(1,328)	(36,760)	330,837	3,456,233	9	2027	02/01/28
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	3,609,640	9.5	2028	08/01/28
							368,925	(1,328)	(36,760)	330,837	3,758,580	10	2028	02/01/29
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	3,903,181	10.5	2029	08/01/29
							368,925	(1,328)	(36,760)	330,837	4,043,571	11	2029	02/01/30
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	4,179,871	11.5	2030	08/01/30
							368,925	(1,328)	(36,760)	330,837	4,312,202	12	2030	02/01/31
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	4,440,679	12.5	2031	08/01/31
							368,925	(1,328)	(36,760)	330,837	4,565,413	13	2031	02/01/32
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	4,686,514	13.5	2032	08/01/32
							368,925	(1,328)	(36,760)	330,837	4,804,088	14	2032	02/01/33
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	4,918,236	14.5	2033	08/01/33
							368,925	(1,328)	(36,760)	330,837	5,029,063	15	2033	02/01/34
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	5,136,660	15.5	2034	08/01/34
							368,925	(1,328)	(36,760)	330,837	5,241,123	16	2034	02/01/35
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	5,342,543	16.5	2035	08/01/35
							368,925	(1,328)	(36,760)	330,837	5,441,010	17	2035	02/01/36
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	5,536,608	17.5	2036	08/01/36
							368,925	(1,328)	(36,760)	330,837	5,629,422	18	2036	02/01/37
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	5,719,533	18.5	2037	08/01/37
							368,925	(1,328)	(36,760)	330,837	5,807,019	19	2037	02/01/38
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	5,891,967	19.5	2038	08/01/38
							368,925	(1,328)	(36,760)	330,837	5,974,422	20	2038	02/01/39
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	6,054,484	20.5	2039	08/01/39
							368,925	(1,328)	(36,760)	330,837	6,132,214	21	2039	02/01/40
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	6,207,561	21.5	2040	08/01/40
							368,925	(1,328)	(36,760)	330,837	6,280,949	22	2040	02/01/41
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	6,352,083	22.5	2041	08/01/41
							368,925	(1,328)	(36,760)	330,837	6,421,146	23	2041	02/01/42
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	6,488,196	23.5	2042	08/01/42
							368,925	(1,328)	(36,760)	330,837	6,553,294	24	2042	02/01/43
100%	988,951	(57,392)	(301,838)	629,721	117.171%	737,850	368,925	(1,328)	(36,760)	330,837	6,616,496	24.5	2043	08/01/43
							368,925	(1,328)	(36,760)	330,837	6,677,657	25	2043	02/01/44
Total							18,097,242	(65,160)	(1,803,209)	16,228,882				
					6.00%		7,446,649	(26,808)	(741,984)	6,677,857				



Pentagon Park TIF District - Phase 2b
 City of Edina
 197,500 sq. ft office and 2,500 sq. ft retail - Shenehon values

ASSUMPTIONS AND RATES

District Type: Redevelopment District Name/Number: County District #: First Year Construction or Inflation on Value: 2019 Existing District - Specify No. Years Remaining: 23 Inflation Rate - Every Year: 0.00% Interest Rate: 6.00% Present Value Date: 1-Aug-19 First Period Ending: 1-Feb-20 Tax Year District was Certified: Pay 2014 Cashflow Assumes First Tax Increment For Development: 2021 Years of Tax Increment: 23 Assumes Last Year of Tax Increment: 2043 Fiscal Disparities Election [Outside (A), Inside (B), or NA]: Inside(B) Incremental or Total Fiscal Disparities: Incremental Fiscal Disparities Contribution Ratio: 32.4014% Pay 2014 Fiscal Disparities Metro-Wide Tax Rate: 163.1210% Pay 2014 Maximum/Frozen Local Tax Rate: 117.171% Pay 2014 Current Local Tax Rate: (Use lesser of Current or Max.) 117.171% Pay 2014 State-wide Tax Rate (Comm./Ind. only used for total taxes): 53.0000% Pay 2014 Market Value Tax Rate (Used for total taxes): 0.22925% Pay 2014	<table border="1"> <thead> <tr> <th colspan="3">Tax Rates</th> </tr> </thead> <tbody> <tr> <td>Exempt Class Rate (Exempt)</td> <td></td> <td align="right">0.00%</td> </tr> <tr> <td>Commercial Industrial Preferred Class Rate (CI Pref.)</td> <td></td> <td></td> </tr> <tr> <td> First \$150,000</td> <td></td> <td align="right">1.50%</td> </tr> <tr> <td> Over \$150,000</td> <td></td> <td align="right">2.00%</td> </tr> <tr> <td>Commercial Industrial Class Rate (CI/)</td> <td></td> <td align="right">2.00%</td> </tr> <tr> <td>Rental Housing Class Rate (Rental)</td> <td></td> <td align="right">1.25%</td> </tr> <tr> <td>Affordable Rental Housing Class Rate (Aff. Rental)</td> <td></td> <td></td> </tr> <tr> <td> First \$100,000</td> <td></td> <td align="right">0.75%</td> </tr> <tr> <td> Over \$100,000</td> <td></td> <td align="right">0.25%</td> </tr> <tr> <td>Non-Homestead Residential (Non-H Res. 1 Unit)</td> <td></td> <td align="right">1.00%</td> </tr> <tr> <td> First \$500,000</td> <td></td> <td align="right">1.25%</td> </tr> <tr> <td> Over \$500,000</td> <td></td> <td align="right">1.25%</td> </tr> <tr> <td>Homestead Residential Class Rate (Hmstd. Res.)</td> <td></td> <td></td> </tr> <tr> <td> First \$500,000</td> <td></td> <td align="right">1.00%</td> </tr> <tr> <td> Over \$500,000</td> <td></td> <td align="right">1.25%</td> </tr> <tr> <td>Agricultural Non-Homestead</td> <td></td> <td align="right">1.00%</td> </tr> </tbody> </table>	Tax Rates			Exempt Class Rate (Exempt)		0.00%	Commercial Industrial Preferred Class Rate (CI Pref.)			First \$150,000		1.50%	Over \$150,000		2.00%	Commercial Industrial Class Rate (CI/)		2.00%	Rental Housing Class Rate (Rental)		1.25%	Affordable Rental Housing Class Rate (Aff. Rental)			First \$100,000		0.75%	Over \$100,000		0.25%	Non-Homestead Residential (Non-H Res. 1 Unit)		1.00%	First \$500,000		1.25%	Over \$500,000		1.25%	Homestead Residential Class Rate (Hmstd. Res.)			First \$500,000		1.00%	Over \$500,000		1.25%	Agricultural Non-Homestead		1.00%
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BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
	3102824340008	Pentagon N LLC		2,008,600	1,000	2,009,600	100%	2,009,600	Pay 2014	CI	40,192	CI	40,192	40,192
				2,009,600	1,000	2,009,600		2,009,600			40,192		40,192	

Note:

1. Base values are based upon review of County website on 12-18-2013.



Pentagon Park TIF District - Phase 2b
 City of Edina
 197,500 sq. ft office and 2,500 sq. ft retail - Shenehon values

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable	
Group 4	Office	220	220	197,500	43,382,067	C/I	867,841	4	50%	100%	100%	100%	2022	
Group 4	Retail	269	269	2,500	672,833	C/I	13,457	5	50%	100%	100%	100%	2022	
TOTAL					44,054,900		881,298							

Note:

1. Market values are based upon estimates provided by Shenehon on 1-9-2014.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	867,841	281,193	586,649	687,382	458,684	459,956	99,476	1,705,499	8.64
Retail	13,457	4,360	9,097	10,658	7,112	7,132	1,542	26,445	10.58
TOTAL	881,298	285,553	595,745	698,041	465,797	467,088	101,019	1,731,944	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	1,731,944
less State-wide Taxes	(467,088)
less Fiscal Disp. Adj.	(465,797)
less Market Value Taxes	(101,019)
less Base Value Taxes	(31,834)
Annual Gross TIF	666,205

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	2,009,600
New Market Value - Est.	44,064,900
Difference	42,055,300
Present Value of Tax Increment	7,245,876
Difference	34,809,424
Value likely to occur without Tax Increment is less than:	34,809,424



Pentagon Park TIF District - Phase 2b
City of Edina
197,500 sq. ft office and 2,500 sq. ft retail - Shenehon values

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/20
														08/01/20
														02/01/21
100%	440,649	(40,192)	(129,754)	270,703	117.171%	317,186	158,593	(571)	(15,802)	142,220	126,360	0.5	2021	08/01/21
							158,593	(571)	(15,802)	142,220	249,040	1	2021	02/01/22
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	499,208	1.5	2022	08/01/22
							333,103	(1,199)	(33,190)	298,713	742,090	2	2022	02/01/23
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	977,897	2.5	2023	08/01/23
							333,103	(1,199)	(33,190)	298,713	1,206,836	3	2023	02/01/24
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	1,429,107	3.5	2024	08/01/24
							333,103	(1,199)	(33,190)	298,713	1,644,904	4	2024	02/01/25
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	1,854,415	4.5	2025	08/01/25
							333,103	(1,199)	(33,190)	298,713	2,057,825	5	2025	02/01/26
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	2,255,309	5.5	2026	08/01/26
							333,103	(1,199)	(33,190)	298,713	2,447,042	6	2026	02/01/27
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	2,633,191	6.5	2027	08/01/27
							333,103	(1,199)	(33,190)	298,713	2,813,917	7	2027	02/01/28
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	2,989,380	7.5	2028	08/01/28
							333,103	(1,199)	(33,190)	298,713	3,159,732	8	2028	02/01/29
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	3,325,122	8.5	2029	08/01/29
							333,103	(1,199)	(33,190)	298,713	3,485,896	9	2029	02/01/30
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	3,641,592	9.5	2030	08/01/30
							333,103	(1,199)	(33,190)	298,713	3,792,947	10	2030	02/01/31
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	3,939,895	10.5	2031	08/01/31
							333,103	(1,199)	(33,190)	298,713	4,082,592	11	2031	02/01/32
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	4,221,074	11.5	2032	08/01/32
							333,103	(1,199)	(33,190)	298,713	4,355,551	12	2032	02/01/33
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	4,486,112	12.5	2033	08/01/33
							333,103	(1,199)	(33,190)	298,713	4,612,870	13	2033	02/01/34
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	4,735,936	13.5	2034	08/01/34
							333,103	(1,199)	(33,190)	298,713	4,855,418	14	2034	02/01/35
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	4,971,419	14.5	2035	08/01/35
							333,103	(1,199)	(33,190)	298,713	5,084,042	15	2035	02/01/36
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	5,193,384	15.5	2036	08/01/36
							333,103	(1,199)	(33,190)	298,713	5,299,542	16	2036	02/01/37
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	5,402,808	16.5	2037	08/01/37
							333,103	(1,199)	(33,190)	298,713	5,502,872	17	2037	02/01/38
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	5,599,821	17.5	2038	08/01/38
							333,103	(1,199)	(33,190)	298,713	5,694,141	18	2038	02/01/39
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	5,785,714	18.5	2039	08/01/39
							333,103	(1,199)	(33,190)	298,713	5,874,619	19	2039	02/01/40
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	5,960,935	19.5	2040	08/01/40
							333,103	(1,199)	(33,190)	298,713	6,044,737	20	2040	02/01/41
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	6,126,098	20.5	2041	08/01/41
							333,103	(1,199)	(33,190)	298,713	6,205,090	21	2041	02/01/42
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	6,281,781	21.5	2042	08/01/42
							333,103	(1,199)	(33,190)	298,713	6,356,237	22	2042	02/01/43
100%	881,298	(40,192)	(272,530)	568,576	117.171%	666,206	333,103	(1,199)	(33,190)	298,713	6,428,526	22.5	2043	08/01/43
							333,103	(1,199)	(33,190)	298,713	6,498,709	23	2043	02/01/44
Total							14,973,719	(53,905)	(1,491,981)	13,427,832				
							Present Value From 08/01/2019		7,246,876	(26,089)	(722,079)			
							Present Value Rate	6.00%			6,498,709			



Pentagon Park TIF District - Phase 2c
 City of Edina
 197,500 sq. ft office and 2,500 sq. ft retail - Shenehon values

ASSUMPTIONS AND RATES

DistrictType: Redevelopment		Tax Rates	
District Name/Number:		Exempt Class Rate (Exempt)	0.00%
County District #:		Commercial Industrial Preferred Class Rate (C/I Pref.)	
First Year Construction or Inflation on Value	2021	First \$150,000	1.50%
Existing District - Specify No. Years Remaining	21	Over \$150,000	2.00%
Inflation Rate - Every Year:	0.00%	Commercial Industrial Class Rate (C/I)	2.00%
Interest Rate:	6.00%	Rental Housing Class Rate (Rental)	1.25%
Present Value Date:	1-Aug-19	Affordable Rental Housing Class Rate (Aff. Rental)	
First Period Ending	1-Feb-20	First \$100,000	0.75%
Tax Year District was Certified:	Pay 2014	Over \$100,000	0.25%
Cashflow Assumes First Tax Increment For Development:	2023	Non-Homestead Residential (Non-H Res. 1 Unit)	
Years of Tax Increment	21	First \$500,000	1.00%
Assumes Last Year of Tax Increment	2043	Over \$500,000	1.25%
Fiscal Disparities Election (Outside (A), Inside (B), or NA)	Inside(B)	Homestead Residential Class Rate (Hmstd. Res.)	
Incremental or Total Fiscal Disparities	Incremental	First \$500,000	1.00%
Fiscal Disparities Contribution Ratio	32.4014% Pay 2014	Over \$500,000	1.25%
Fiscal Disparities Metro-Wide Tax Rate	163.1210% Pay 2014	Agricultural Non-Homestead	1.00%
Maximum/Frozen Local Tax Rate:	117.171% Pay 2014		
Current Local Tax Rate: (Use lesser of Current or Max.)	117.171% Pay 2014		
State-wide Tax Rate (Comm./Ind. only used for total taxes)	53.0000% Pay 2014		
Market Value Tax Rate (Used for total taxes)	0.22925% Pay 2014		

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
	3102824340009	Pentagon N LLC		802,600	1,000	803,600	100%	803,600	Pay 2014	C/I	16,072	C/I	16,072	
	3102824430001	Pentagon N LLC		748,400	1,000	749,400	100%	749,400	Pay 2014	C/I	14,988	C/I	14,988	
				1,551,000	2,000	1,553,000		1,553,000			31,060		31,060	

Note:

1. Base values are based upon review of County website on 12-18-2013.



Pentagon Park TIF District - Phase 2c

City of Edina

197,500 sq. ft office and 2,500 sq. ft retail - Shenehon values

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	First Year Full Taxes Payable	
Group 5	Office	220	220	197,500	43,392,067	C/I	867,841	4	50%	100%	100%	100%	2024	
Group 5	Retail	289	289	2,500	672,833	C/I	13,457	5	50%	100%	100%	100%	2024	
TOTAL					44,064,900		881,298							

Note:

1. Market values are based upon estimates provided by Shenehon on 1-9-2014.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	867,841	281,193	586,649	687,382	466,684	469,956	99,476	1,705,499	8.64
Retail	13,457	4,360	9,097	10,658	7,112	7,132	1,542	26,445	10.58
TOTAL	881,298	285,553	595,745	698,041	466,797	467,088	101,019	1,731,944	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	1,731,944
less State-wide Taxes	(467,088)
less Fiscal Disp. Adj.	(465,797)
less Market Value Taxes	(101,019)
less Base Value Taxes	(24,601)
Annual Gross TIF	673,439

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,553,000
New Market Value - Est.	44,064,900
Difference	42,511,900
Present Value of Tax Increment	6,217,541
Difference	36,294,359
Value likely to occur without Tax Increment is less than:	36,294,359



Pentagon Park TIF District - Phase 2c
City of Edina
197,500 sq. ft office and 2,500 sq. ft retail - Shenehon values

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/20
														08/01/20
														02/01/21
														08/01/21
														02/01/22
														08/01/22
														02/01/23
100%	440,649	(31,060)	(132,713)	276,876	117.171%	324,419	162,209	(584)	(16,163)	145,463	114,830	0.5	2023	08/01/23
							162,209	(584)	(16,163)	145,463	226,315	1	2023	02/01/24
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	450,989	1.5	2024	08/01/24
							336,720	(1,212)	(33,551)	301,957	669,139	2	2024	02/01/25
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	880,925	2.5	2025	08/01/25
							336,720	(1,212)	(33,551)	301,957	1,086,543	3	2025	02/01/26
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	1,286,172	3.5	2026	08/01/26
							336,720	(1,212)	(33,551)	301,957	1,479,986	4	2026	02/01/27
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	1,668,156	4.5	2027	08/01/27
							336,720	(1,212)	(33,551)	301,957	1,850,845	5	2027	02/01/28
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	2,028,212	5.5	2028	08/01/28
							336,720	(1,212)	(33,551)	301,957	2,200,414	6	2028	02/01/29
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	2,367,800	6.5	2029	08/01/29
							336,720	(1,212)	(33,551)	301,957	2,529,917	7	2029	02/01/30
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	2,687,506	7.5	2030	08/01/30
							336,720	(1,212)	(33,551)	301,957	2,840,504	8	2030	02/01/31
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	2,989,047	8.5	2031	08/01/31
							336,720	(1,212)	(33,551)	301,957	3,133,263	9	2031	02/01/32
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	3,273,279	9.5	2032	08/01/32
							336,720	(1,212)	(33,551)	301,957	3,409,217	10	2032	02/01/33
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	3,541,195	10.5	2033	08/01/33
							336,720	(1,212)	(33,551)	301,957	3,669,329	11	2033	02/01/34
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	3,793,731	11.5	2034	08/01/34
							336,720	(1,212)	(33,551)	301,957	3,914,510	12	2034	02/01/35
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	4,031,771	12.5	2035	08/01/35
							336,720	(1,212)	(33,551)	301,957	4,145,616	13	2035	02/01/36
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	4,256,146	13.5	2036	08/01/36
							336,720	(1,212)	(33,551)	301,957	4,363,456	14	2036	02/01/37
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	4,467,641	14.5	2037	08/01/37
							336,720	(1,212)	(33,551)	301,957	4,568,792	15	2037	02/01/38
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	4,666,906	15.5	2038	08/01/38
							336,720	(1,212)	(33,551)	301,957	4,762,340	16	2038	02/01/39
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	4,854,907	16.5	2039	08/01/39
							336,720	(1,212)	(33,551)	301,957	4,944,777	17	2039	02/01/40
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	5,032,030	17.5	2040	08/01/40
							336,720	(1,212)	(33,551)	301,957	5,116,742	18	2040	02/01/41
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	5,198,987	18.5	2041	08/01/41
							336,720	(1,212)	(33,551)	301,957	5,278,836	19	2041	02/01/42
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	5,356,359	19.5	2042	08/01/42
							336,720	(1,212)	(33,551)	301,957	5,431,624	20	2042	02/01/43
100%	881,298	(31,060)	(275,489)	574,749	117.171%	673,439	336,720	(1,212)	(33,551)	301,957	5,504,698	20.5	2043	08/01/43
							336,720	(1,212)	(33,551)	301,957	5,575,642	21	2043	02/01/44
Total							13,793,202	(49,656)	(1,374,355)	12,369,191				
							6,217,541	(22,383)	(619,516)	5,575,642				



Pentagon Park TIF District - Phase 2d

City of Edina

297,500 sq. ft office and 2,500 sq. ft retail - Shenehor values

ASSUMPTIONS AND RATES

DistrictType: Redevelopment		Tax Rates	
District Name/Number:		Exempt Class Rate (Exempt)	0.00%
County District #:		Commercial Industrial Preferred Class Rate (C/I Prof.)	
First Year Construction or Inflation on Value	2023	First \$150,000	1.50%
Existing District - Specify No. Years Remaining	19	Over \$150,000	2.00%
Inflation Rate - Every Year:	0.00%	Commercial Industrial Class Rate (C/I)	2.00%
Interest Rate:	6.00%	Rental Housing Class Rate (Rental)	1.25%
Present Value Date:	1-Aug-19	Affordable Rental Housing Class Rate (Aff. Rental)	
First Period Ending	1-Feb-20	First \$100,000	0.75%
Tax Year District was Certified:	Pay 2014	Over \$100,000	0.25%
Cashflow Assumes First Tax Increment For Development:	2025	Non-Homestead Residential (Non-H Res. 1 Unit)	
Years of Tax Increment	19	First \$500,000	1.00%
Assumes Last Year of Tax Increment	2043	Over \$500,000	1.25%
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	Homestead Residential Class Rate (Hmstd. Res.)	
Incremental or Total Fiscal Disparities	Incremental	First \$500,000	1.00%
Fiscal Disparities Contribution Ratio	32.4014%	Over \$500,000	1.25%
Fiscal Disparities Metro-Wide Tax Rate	163.1210%	Agricultural Non-Homestead	1.00%
Maximum/Frozen Local Tax Rate:	117.171%		
Current Local Tax Rate: (Use lesser of Current or Max.)	117.171%		
State-wide Tax Rate (Comm./Ind. only used for total taxes)	53.0000%		
Market Value Tax Rate (Used for total taxes)	0.22925%		

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
	3102824430002	Pentagon N LLC		749,100	1,000	750,100	100%	750,100	Pay 2014	C/I	15,002	C/I	15,002	
	3102824430003	Pentagon N LLC		1,050,300	886,900	1,937,200	100%	1,937,200	Pay 2014	C/I	38,744	C/I	38,744	
	3102824430004	Pentagon N LLC		744,000	1,000	745,000	100%	745,000	Pay 2014	C/I	14,900	C/I	14,900	
	3102824430005	Pentagon N LLC		971,700	740,900	1,712,600	100%	1,712,600	Pay 2014	C/I	34,252	C/I	34,252	
	3102824430006	Pentagon N LLC		969,700	742,900	1,712,600	100%	1,712,600	Pay 2014	C/I	34,252	C/I	34,252	
				4,884,600	2,372,700	6,857,300		6,857,600			137,150		137,150	

Note:

1. Base values are based upon review of County website on 12-18-2013.



Pentagon Park TIF District - Phase 2d
 City of Edina
 297,500 sq. ft office and 2,500 sq. ft retail - Shenhon values

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	First Year Full Taxes Payable
Group 6	Office	220	220	297,500	65,362,733	C/I	1,307,255	4	50%	100%	100%	100%	2026
Group 6	Retail	269	269	2,500	672,833	C/I	13,457	5	50%	100%	100%	100%	2026
TOTAL					66,035,567		1,320,711						

Note:

1. Market values are based upon estimates provided by Shenhon on 1-9-2014.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Office	1,307,255	423,569	883,686	1,035,424	690,930	692,845	149,844	2,569,042	8.84
Retail	13,457	4,360	9,097	10,658	7,112	7,132	1,542	26,445	10.58
TOTAL	1,320,711	427,929	892,782	1,046,082	698,042	699,977	151,387	2,595,488	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	2,595,488
less State-wide Taxes	(699,977)
less Fiscal Dis p. Adj.	(698,042)
less Market Value Taxes	(151,387)
less Base Value Taxes	(108,631)
Annual Gross TIF	937,451

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	6,857,500
New Market Value - Est.	66,035,567
Difference	59,178,067
Present Value of Tax Increment	7,254,829
Difference	51,923,238
Value likely to occur without Tax Increment is less than:	51,923,238



Pentagon Park TIF District - Phase 2d
City of Edina
297,500 sq. ft office and 2,500 sq. ft retail - Shenehon values

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.35%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/20
														08/01/20
														02/01/21
														08/01/21
														02/01/22
														08/01/22
														02/01/23
														08/01/23
														02/01/24
														08/01/24
														02/01/25
100%	660,356	(137,150)	(169,526)	353,680	117.171%	414,410	207,205	(746)	(20,646)	185,813	130,326	0.5	2025	08/01/25
							207,205	(746)	(20,646)	185,813	256,855	1	2025	02/01/26
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	534,746	1.5	2026	08/01/26
							468,726	(1,687)	(46,704)	420,334	804,542	2	2026	02/01/27
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	1,066,481	2.5	2027	08/01/27
							468,726	(1,687)	(46,704)	420,334	1,320,790	3	2027	02/01/28
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	1,567,692	3.5	2028	08/01/28
							468,726	(1,687)	(46,704)	420,334	1,807,403	4	2028	02/01/29
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	2,040,132	4.5	2029	08/01/29
							468,726	(1,687)	(46,704)	420,334	2,266,082	5	2029	02/01/30
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	2,485,452	5.5	2030	08/01/30
							468,726	(1,687)	(46,704)	420,334	2,698,432	6	2030	02/01/31
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	2,905,208	6.5	2031	08/01/31
							468,726	(1,687)	(46,704)	420,334	3,105,962	7	2031	02/01/32
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	3,300,869	7.5	2032	08/01/32
							468,726	(1,687)	(46,704)	420,334	3,490,099	8	2032	02/01/33
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	3,673,817	8.5	2033	08/01/33
							468,726	(1,687)	(46,704)	420,334	3,852,185	9	2033	02/01/34
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	4,025,357	9.5	2034	08/01/34
							468,726	(1,687)	(46,704)	420,334	4,193,485	10	2034	02/01/35
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	4,356,716	10.5	2035	08/01/35
							468,726	(1,687)	(46,704)	420,334	4,515,193	11	2035	02/01/36
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	4,669,055	11.5	2036	08/01/36
							468,726	(1,687)	(46,704)	420,334	4,818,435	12	2036	02/01/37
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	4,963,464	12.5	2037	08/01/37
							468,726	(1,687)	(46,704)	420,334	5,104,268	13	2037	02/01/38
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	5,240,972	13.5	2038	08/01/38
							468,726	(1,687)	(46,704)	420,334	5,373,694	14	2038	02/01/39
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	5,502,550	14.5	2039	08/01/39
							468,726	(1,687)	(46,704)	420,334	5,627,654	15	2039	02/01/40
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	5,749,113	15.5	2040	08/01/40
							468,726	(1,687)	(46,704)	420,334	5,867,035	16	2040	02/01/41
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	5,981,522	16.5	2041	08/01/41
							468,726	(1,687)	(46,704)	420,334	6,092,675	17	2041	02/01/42
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	6,200,590	17.5	2042	08/01/42
							468,726	(1,687)	(46,704)	420,334	6,305,362	18	2042	02/01/43
100%	1,320,711	(137,150)	(383,490)	800,071	117.171%	937,451	468,726	(1,687)	(46,704)	420,334	6,407,082	18.5	2043	08/01/43
							468,726	(1,687)	(46,704)	420,334	6,505,840	19	2043	02/01/44
Total							17,288,529	(62,239)	(1,722,629)	16,503,661				
							7,254,829	(26,117)	(722,871)	6,505,840				
							Present Value From 08/01/2019	Present Value Rate	6.00%					

Appendix E

Minnesota Business Assistance Form (Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

Appendix F
Redevelopment Qualifications for the District

Appendix G

Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Pentagon Park Tax Increment Financing District (District), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the Pentagon Park Tax Increment Financing District is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of 16 parcels, with plans to redevelop the area for commercial/industrial purposes. At least 70 percent of the area of the parcels in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix F of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by substandard buildings, the limited amount of commercial/industrial property for expansion adjacent to the existing project and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$421,890,074 (see Appendix D of the TIF Plan)

- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$65,325,714 (see Appendix D of the TIF Plan).
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$356,564,360 (the amount in clause b less the amount in clause c) without tax increment assistance.

- 3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

- 4. *Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Southeast Edina Redevelopment Project Area by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high quality development to the City.

But-For Analysis	
Current Market Value	18,724,900
New Market Value - Estimate	440,614,974
Difference	421,890,074
Present Value of Tax Increment	65,325,714
Difference	356,564,360
Value Likely to Occur Without TIF is Less Than:	356,564,360

Appendix H
Building Permits

City of Edina Permit Search Results

Permit #	Permit Type	Sub Type	Work Type	Description	House	Street	Unit	Use	Issued Date	Final Date	Dead Date	Cancel Date	Exp Date	Valuation	ePermit	User 1	User 2
ED128097	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Install (2) fire dampers-boiler m/(2) in elevator equipment	4510	77th St W			12/20/2013					3,600	No	jl	jws
ED126486	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Interior tenant improvements	4600	77th St W	355	FOGG & POWERS/PENTAGON PARK	12/11/2013					61,480	No	jl	jws
ED125655	Building	Restaurant (327or437)	New Tenant Finish	Tenant improvements	4920	77th St W		MAKERS CAFE	12/02/2013					275,000	No	jl	
ED126014	Building	Office,Bank,Professional (324or437)	New Tenant Finish	new tenant	4600	77th St W	200	VICTORY SALES	11/19/2013					33,788	No	jo	sk
ED127235	Building	Office,Bank,Professional (324or437)	Addition	Install egress system to card access doors - fire alarm trigger	4510	77th St W		PENTAGON PARK	11/15/2013					6,700	No	jl	sk
ED125439	Building	Office,Bank,Professional (324or437)	New Tenant Finish	tenant improvement	4600	77th St W	275		10/28/2013					24,720	No	jo	
ED125411	Building	Industrial Building (320or437)	Maintenance/Repair/Replace	remove roof membrane-install new	4625	77th St W		SEAGATE	10/28/2013					157,000	No	jo	jh
ED124379	Building	Office,Bank,Professional (324or437)	New Tenant Finish	Interior buildout for new tenant	4940	77th St W		CAFE INC.	10/21/2013					483,395	No	jl	jh
ED124861	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Install egress system to card access doors	4570	77th St W		PENTAGON PARK	10/18/2013	11/06/2013				5,300	No	jl	
ED124860	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Install egress system to card access doors	4600	77th St W		PENTAGON PARK	10/18/2013	11/06/2013				5,300	No	jl	

City of Edina Permit Search Results

Permit #	Permit Type	Sub Type	Work Type	Description	House	Street	Unit	Use	Issued Date	Final Date	Dead Date	Cancel Date	Exp Date	Valuation	ePermit	User 1	User 2
ED125268	Building	Office, Bank, Professional (324or437)	Maintenance/Repair/Replacement	remodel existing struct steel support for new air handler on roof	4625	77th St W		SEAGATE	10/17/2013	12/30/2013				43,000	No	jo	jh
ED124538	Building	Office, Bank, Professional (324or437)	New Tenant Finish	interior remodel	4510	77th St W			10/17/2013					16,538	No	j	
ED123319	Building	Restaurant (327or437)	New Tenant Finish	INTERIOR TENANT FINISH	4970	77th St W		Red Savoy Pizza	10/17/2013					231,011	No	jo	jh
ED121198	Building	Office, Bank, Professional (324or437)	Alteration/Remodel	Stabalization/entry & hc ramp, 5 exit systems,grails	4510	77th St W		PENTAGON PARK-JWS	10/15/2013					82,847	No	jl	jws
ED123581	Building	Office, Bank, Professional (324or437)	New Tenant Finish	small tenant improvement	4570	77th St W	365		10/14/2013					68,686	No	jo	
ED124211	Building	Office, Bank, Professional (324or437)	Alteration/Remodel	Interior remodel	4625	77th St W		Seagate - In-fill John	10/07/2013	12/20/2013				280,000	No	j	jh
ED123700	Building	Office, Bank, Professional (324or437)	New Tenant Finish	small tenant improvement	4600	77th St W	350		10/03/2013	10/30/2013				33,214	No	j	
ED122496	Building	Office, Bank, Professional (324or437)	Alteration/Remodel	Remodel tenant office suite	4570	77th St W	350	LIFESPAR K	07/30/2013	09/10/2013				60,503	No	jl	jws
ED121883	Building	Office, Bank, Professional (324or437)	New Tenant Finish	small tenant improvement	4510	77th St W		GREAT CLIPS	07/30/2013					41,236	No	j	jws

City of Edina Permit Search Results

Permit #	Permit Type	Sub Type	Work Type	Description	House	Street	Unit	Use	Issued Date	Final Date	Dead Date	Cancel Date	Exp Date	Valuation	ePermit	User 1	User 2
ED121780	Building	Office,Bank,Professional (324or437)	New Tenant Finish	SMALL TENANT IMPROVEMENT	4600	77th St W	200	PENTAGON PARK NORTH	07/23/2013					176,944	No	J	jws
ED121828	Building	Office,Bank,Professional (324or437)	New Tenant Finish	INTERIOR REMODEL	4510	77th St W	216	D.J. Fretland	07/11/2013	09/03/2013				9,323	No	JO	jws
ED121827	Building	Office,Bank,Professional (324or437)	New Tenant Finish	INTERIOR REMODEL	4510	77th St W	130	The Slatery Sales Group	07/11/2013	08/30/2013				19,413	No	JO	jws
ED120748	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Small tenant improvement	4570	77th St W	315	Edina Comfort Care	04/25/2013	05/29/2013				10,500	No	jl	sk
ED120747	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Small tenant improvement	4510	77th St W	220	PENTAGON PARK/NORTH BLDG	04/25/2013					7,050	No	jl	sk
ED120721	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Tenant improvement	4570	77th St W	265	SUPREME LENDING/PENTAGON PARK	04/25/2013	04/30/2013				26,200	No	jl	sk
ED120628	Building	Office,Bank,Professional (324or437)	New Tenant Finish	Minor remodel of tenant office suite - 716 sq ft	4570	77th St W	335	INTERNATIONAL ADOPTION SERVICE	04/15/2013	04/30/2013				7,500	No	gb	sk
ED120446	Building	Office,Bank,Professional (324or437)	Maintenance/Repair/Replacement	window replacement	4600	77th St W			04/15/2013					231,103	No	j	sk
ED120346	Building	Office,Bank,Professional (324or437)	New Tenant Finish	window replacement & interior finish	4530	77th St W		PENTAGON PARK	03/28/2013					350,000	No	j	sk

City of Edina Permit Search Results

Permit #	Permit Type	Sub Type	Work Type	Description	House	Street	Unit	Use	Issued Date	Final Date	Dead Date	Cancel Date	Exp.Date	Valuation	ePermit	User 1	User 2
ED122397	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Renovate exist tenant space	7600	Parklawn Ave	408	EAGLE'S FLIGHT OF AMERICA	07/25/2013					28,037	No	jl	jws
ED121521	Building	Office,Bank,Professional (324or437)	New Tenant Finish	modification of existing tenant space	7600	Parklawn Ave	225	CALHOUN COMPANIES	07/15/2013					72,650	No	jo	jws
ED121254	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Renovations to interior common spaces	7600	Parklawn Ave		PENTAGON PARK	06/27/2013					104,020	No	jl	jh
ED121690	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Tenant improvement - existing office space	7600	Parklawn Ave	200	The Deley Group	06/26/2013					23,613	No	jl	jws
ED101268	Building	Office,Bank,Professional (324or437)	New Tenant Finish	interior remodel	7600	Parklawn Ave	103	MARTIN EYE CARE	08/11/2010	09/01/2010				40,000	No	jo	jh
ED084278	Building	Office,Bank,Professional (324or437)	Maintenance/Repair/Replacement	TENANT REMODEL	7600	Parklawn Ave	403	THURLQUIGLEY	10/16/2007	11/06/2007				12,000	No	B	
ED045038	Building	Office/Warehouse (320or437)	Alteration/Remodel	Tenant finish	7600	PARKLAWN AVE	150	FIDELITY BANK	04/30/2007	01/22/2010				423,000	No		
ED039308	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Tenant finish	7600	PARKLAWN AVE	450	ALL CITIES MORTGAGE	06/02/2006	07/13/2006				60,000	No		
ED032017	Building	Office/Warehouse (320or437)	Alteration/Remodel	Tenant finish	7600	PARKLAWN AVE	225	REALTY	03/23/2005					17,550	No		
ED024835	Building	Office,Bank,Professional (324or437)	Alteration/Remodel	Tenant IMPROVEMENTS	7600	PARKLAWN AVE	350	FARMERS FINANCIAL	01/05/2004	02/24/2004				35,532	No		

**REPORT OF
INSPECTION PROCEDURES AND RESULTS
FOR
DETERMINING QUALIFICATIONS OF A
TAX INCREMENT FINANCING DISTRICT
AS A REDEVELOPMENT DISTRICT**

**Pentagon Park TIF District
Edina, Minnesota**

January 13, 2014



Prepared for the
City of Edina

Prepared by



LHB, Inc.
701 Washington Avenue North, Suite 200
Minneapolis, Minnesota 55401

LHB Project No. 130270.00

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PART 1 – EXECUTIVE SUMMARY

PURPOSE OF EVALUATION

LHB was hired by the City of Edina to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the City. The proposed TIF District is concentrated along West 77th Street and is roughly bounded by Parklawn Avenue to the east, Fred Richards Golf Course to the North, and Highway 100 to the west (Diagrams 1). The purpose of LHB’s work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether the eighteen (18) building’s on sixteen (16) parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.

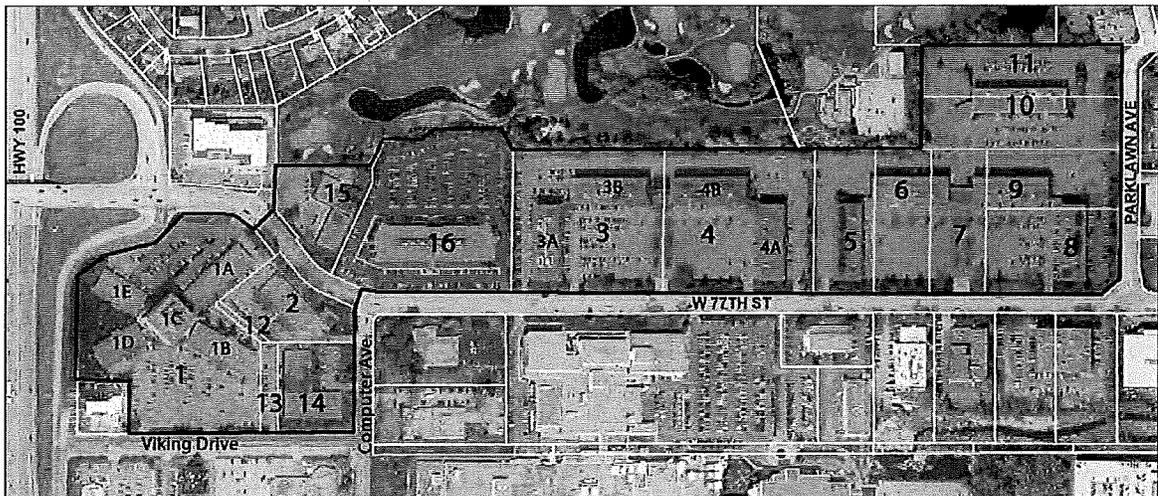


Diagram 1 – Proposed TIF District

SCOPE OF WORK

The proposed Pentagon Park TIF District consists of sixteen (16) parcels with eighteen (18) structures, inspected on June 18, 2013, June 25, 2013 and November 25, 2013. A draft TIF report was prepared on October 4, 2013, including thirteen non-contiguous parcels with fifteen buildings. In November, 2013, three additional parcels (with three buildings) were added to the proposed District, allowing for one contiguous Redevelopment TIF District. City of Edina building permit records were reviewed to ensure that previously-inspected buildings had not been improved between June 18, 2013 and this current report. Previous Architectural, Structural, and Environmental reports made available by the Owner were also consulted in the preparation of this analysis. LHB - generated Building Code and Condition Deficiency reports are located in Appendix B.

CONCLUSION

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 56 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed throughout the geographic area of the proposed TIF District.

The remainder of this report describes our process and findings in detail.

PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

Interior Inspection

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

Exterior Inspection and Other Means

“An interior inspection of the property is not required, if the municipality finds that
(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

Documentation

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

Qualification Requirements

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires two tests for occupied parcels:

A. Coverage Test

...“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots”

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or paved or gravel parking lots unless 15 percent of the area of the parcel contains building, streets, utilities, or paved or gravel parking lots.”

B. Condition of Buildings Test

...“and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”

1. Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states: “For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”
 - a. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)*) defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
2. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*) for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.

- The index page of the 2007 Minnesota Building Code lists the Minnesota Energy Code as a “Required Enforcement” area compared to an additional list of “Optional Enforcement” chapters.
- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

PART 3 – PROCEDURES FOLLOWED

LHB was able to inspect the Pentagon Park office buildings during the day of June 18, 2013, June 25, 2013 and November 25, 2013. The inspections were limited to what could be seen walking through the buildings as no destructive testing or material removal was undertaken. In addition, we reviewed a significant number of Architectural, Structural and Environmental reports outlining the results of recent thorough investigations of each building.

PART 4 – FINDINGS

A. Coverage Test

1. The total square foot area of the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
2. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping, site verification, and recent investigative reports.
3. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

Finding:

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.

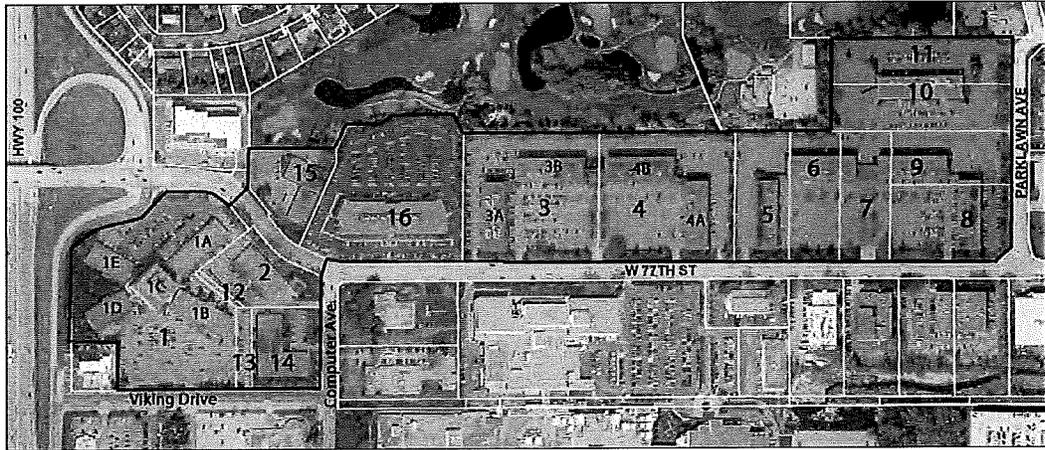


Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, Paved or gravel parking lots or other similar structures

B. Condition of Building Test

1. Building Inspection

The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

2. Replacement Cost

The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2013.

A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and

building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Edina, Minnesota.

Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

3. Code Deficiencies

The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2013; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

Finding:

In total, thirteen (13) out of eighteen (18) buildings (72%) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*. A complete Building Code and Condition Deficiency report for the buildings in the proposed TIF District can be found in Appendix B of this report.

4. System Condition Deficiencies

If a building meets the minimum code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, then in order for such building to be "structurally substandard" under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, the

building's defects or deficiencies should be of sufficient total significance to justify "substantial renovation or clearance." Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, to determine if the total deficiencies warranted "substantial renovation or clearance" based on the criteria we outlined above. Based on our initial evaluation, buildings that did not "visibly" appear to be substandard or were likely not to be found substandard due to recent investments, were not evaluated further.

System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.

The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.

After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify "substantial renovation or clearance."

Finding:

In our professional opinion, ten (10) out of eighteen (18) buildings (56%) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

C. Distribution of substandard structures

Much of this report has focused on the condition of individual buildings as they relate to requirements identified by *Minnesota Statutes, Section 469.174, Subdivision 10*. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

Finding:

The substandard buildings are reasonably distributed throughout the geographic area of the proposed TIF District.

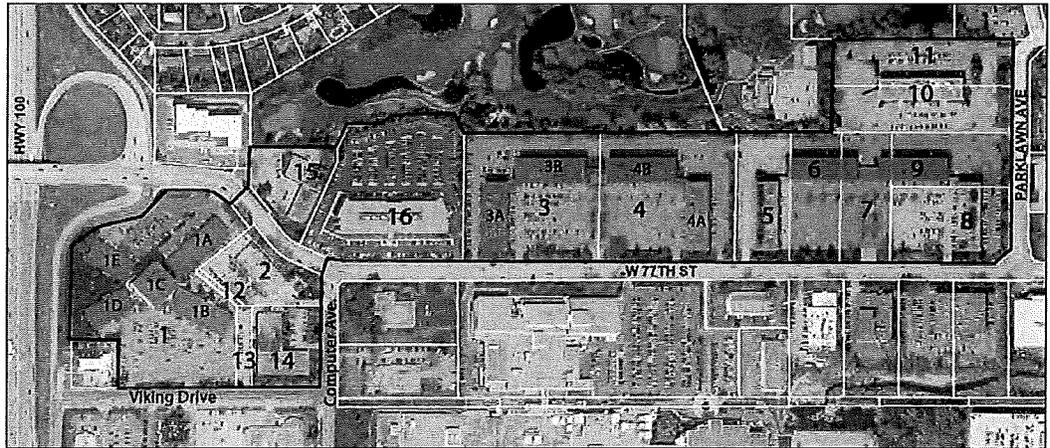


Diagram 3 – Substandard Buildings

Light Red shaded area depicts parcels with substandard buildings –
Darker Red shade depicts substandard buildings

PART 5 - TEAM CREDENTIALS

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has twenty-four years of architectural experience as project principal, project manager, project designer and project architect on municipal planning, educational, commercial and governmental projects. He is a Senior Vice President at LHB and currently leads the Minneapolis office. Michael completed a two-year Bush Fellowship at the Massachusetts Institute of Technology in 1999, earning Masters Degrees in City Planning and Real Estate Development. Michael has served on over 35 committees, boards and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning organization, and most recently, Chair of the Planning Commission in Edina, Minnesota. He was one of four architects in the country to receive the National "Young Architects Citation" from the American Institute of Architects in 1997.

Philip Waugh – Project Manager/TIF Analyst

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and also served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

Ben Trousdale, AIA – Inspector

Ben is a project architect in LHB's Minneapolis office with 20 years of experience working on a variety of multi-family housing and commercial projects. He has extensive skills in creating quality construction documents that convey a building's fundamentals and unique design details. His responsibilities include project management, code analysis, and overseeing document production. Ben is a licensed architect in Minnesota and is involved with AIA activities including Search for Shelter charrettes.

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APPENDICES

APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code and Condition Deficiencies Reports
APPENDIX C	Building Replacement Cost Reports
	Code Deficiency Cost Reports
	Photographs

APPENDIX A

Property Condition Assessment Summary Sheet



11/3/14

Pentagon Park Proposed Redevelopment TIF District Summary Spreadsheet

TIF Map No.	PID #	Owner/Business	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard	
1a	31-028-24-33-0010	PENTAGON SOUTH LLC	4901 77TH ST W	Improved	Interior/Exterior	351,131	315,000	89.7%	351,131	1	\$ 5,445,132.00	\$816,769.80	\$1,830,275.00	1	1	
1b			4900 Viking Drive	Improved	Interior/Exterior	0	-	0.0%	0	1	\$ 5,445,132.00	\$816,769.80	\$1,830,275.00	1	1	
1c			4940 Viking Drive	Improved	Interior/Exterior	0	-	0.0%	0	1	\$ 13,854,000.00	\$2,078,100.00	\$5,096,133.25	1	1	
1d			4950 Viking Drive	Improved	Interior/Exterior	0	-	0.0%	0	1	\$ 4,172,467.20	\$625,870.03	\$1,459,592.00	1	1	
1e			7701 Normandy Drive	Improved	Interior/Exterior	0	-	0.0%	0	1	\$ 4,172,467.20	\$625,870.03	\$1,459,592.00	1	1	
2	31-028-24-33-0014	PENTAGON SOUTH LLC	4815 77TH ST W	Improved	Exterior	75,041	75,000	96.1%	75,041	1	NOTE 1	NOTE 1	NOTE 1	0	0	
3a	31-028-24-34-0007	PENTAGON NORTH LLC	4690 77TH ST W	Improved	Interior/Exterior	236,925	225,000	95.0%	236,925	1	\$ 8,109,288.00	\$1,216,393.20	\$1,710,439.56	1	1	
3b			4640 77TH ST W	Improved	Interior/Exterior	0	-	0.0%	0	1	\$ 8,109,288.00	\$1,216,393.20	\$3,164,841.06	1	1	
4a	31-028-24-34-0003	PENTAGON NORTH LLC	4600 77TH ST W	Improved	Exterior	236,310	224,500	95.0%	236,310	1	NOTE 2	NOTE 2	NOTE 2	1	0	
4b			4620 77TH ST W	Improved	Interior/Exterior	0	-	0.0%	0	1	\$ 8,109,288.00	\$1,216,393.20	\$3,164,841.06	1	1	
5	31-028-24-34-0009	PENTAGON NORTH LLC	4570 77TH ST W	Improved	Exterior	94,419	93,000	98.5%	94,419	1	NOTE 2	NOTE 2	NOTE 2	1	0	
6	31-028-24-43-0001	PENTAGON NORTH LLC	4550 77TH ST W	Improved	Interior/Exterior	89,052	88,000	99.9%	89,052	1	\$ 8,109,288.00	\$1,216,393.20	\$3,164,841.06	1	1	
7	31-028-24-43-0002	PENTAGON NORTH LLC	4540 77TH ST W	Improved	Exterior	85,127	87,000	98.7%	88,127	0	-	-	-	0	0	
8	31-028-24-43-0003	PENTAGON SOUTH LLC	4510 77TH ST W	Improved	Interior/Exterior	123,567	120,000	97.1%	123,567	1	NOTE 2	NOTE 2	NOTE 2	1	0	
9	31-028-24-43-0004	PENTAGON SOUTH LLC	4530 77TH ST W	Improved	Interior/Exterior	37,534	36,000	93.2%	37,534	1	\$ 8,109,288.00	\$1,216,393.20	\$3,164,841.06	1	1	
10	31-028-24-43-0005	PENTAGON SOUTH LLC	7500 Parklawn Ave.	Improved	Exterior	114,316	114,000	99.7%	114,316	1	NOTE 1	NOTE 1	NOTE 1	0	0	
11	31-028-24-43-0006	PENTAGON SOUTH LLC	7500 Parklawn Ave.	Improved	Exterior	114,638	114,000	99.5%	114,638	0	-	-	-	0	0	
12	31-028-24-33-0012	CROWN BANK	Unassigned	Improved	Exterior	17,400	17,400	100.0%	17,400	0	-	-	-	-	-	
13	31-028-24-33-0013	PENTAGON SOUTH LLC	Unassigned	Improved	Exterior	4,177	4,177	100.0%	4,177	0	-	-	-	-	-	
14	31-028-24-33-0015	CROWN BANK	7710 Computer Ave.	Improved	Interior/Exterior	77,094	65,530	85.0%	77,094	1	NOTE 1	NOTE 1	NOTE 1	0	0	
15	31-028-24-33-0018	PYT LLC	4820 77th ST W	Improved	Interior/Exterior	76,229	73,180	96.0%	76,229	1	NOTE 1	NOTE 1	NOTE 1	0	0	
16	31-028-24-33-0025	MIDWEST PORTFOLIO CORP	4700 77th ST W	Improved	Exterior	269,859	269,859	99.9%	269,859	1	NOTE 1	NOTE 1	NOTE 1	0	0	
									Subtotal Coverage Percent:	100%			Percent of buildings exceeding 15 percent code deficiency threshold:	72%	Percent of buildings determined substandard:	55%

NOTES

1. During the Initial Inspection, this building did not appear to meet the requirements to be considered substandard, so no further work was conducted.
2. This building was observed to have code deficiencies common to adjacent buildings, but is undergoing renovations and deemed unlikely to have enough condition deficiencies to be considered substandard, so no further work was conducted.

APPENDIX B

Building Code and Condition Deficiencies Reports

APPENDIX C

**Building Replacement Cost Reports
Code Deficiency Cost Reports
Photographs**