



To: MAYOR AND COUNCIL

Agenda Item #: VI. C.

From: Bill Neuendorf
Economic Development Manager

Action
Discussion
Information

Date: February 18, 2014

Subject: Public Hearing – Modifying Southeast Edina Redevelopment Plan, Establishing Pentagon Park Tax Increment Financing District and Adopting Tax Increment Financing Plan; Resolution No. 2014-23

Action Requested:

Adopt Resolution 2014-23

Information / Background:

The Pentagon Park office park, consisting of fifteen multi-tenant office buildings, was built in the late 1960s. For several decades, it was well positioned in the market place and had much success. In the past decade however, its dated layout and aging infrastructure has made it considerable less desirable. During the January 8, 2013 work session, the Pentagon Park area was one of several identified as potential locations where a new Tax Increment Financing (TIF) District may be warranted.

Since 2004, the assessed valuation of the Pentagon Park properties has declined by 60%. The vacancy rate of some of the buildings far exceeds that of the marketplace. Nearly every building requires significant repair after several years of deferred maintenance. The area is in need of redevelopment so that this downward trend is reversed.

The City retained Ehlers & Associates as well as other professionals to inspect the existing buildings and prepare the TIF Plan and necessary modifications to the Redevelopment Project Area. LHB, Inc. inspected each building in recent months and determined that the proposed District satisfies the requirements for creation of a 26-year TIF Redevelopment District.

The report is attached for your consideration. The proposed plan has been circulated to other agencies for their review and comment as required by State law.

The new owner envisions a complete transformation of the private properties in the future. While no specific design has been decided upon at this time, the future land use will include a mixture of uses and will likely require significant improvements in the public infrastructure.

The establishment of a new Tax Increment Financing District would allow the City to consider a public/private partnership in the future so that the full potential of this important business/mixed use district can be realized.

Attachments:

Resolution No. 2014-23 (6-pages),
TIF Summary (4-pages), and
Modification to Redevelopment Plan and TIF Plan for the Pentagon Park TIF District (140-pages)

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**CITY OF EDINA
HENNEPIN COUNTY
STATE OF MINNESOTA**

Council member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 2014-23

ADOPTING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE SOUTHEAST EDINA REDEVELOPMENT PROJECT AREA; AND ESTABLISHING THE PENTAGON PARK TAX INCREMENT FINANCING DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

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

Section I. Recitals

I.01. The Board of Commissioners of the Edina Housing and Redevelopment Authority (the "HRA") has heretofore established the Southeast Edina Redevelopment Project Area and adopted the Redevelopment Plan therefor. It has been proposed by the HRA and the City that the City adopt a Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area (the "Redevelopment Plan Modification") and establish the Pentagon Park Tax Increment Financing District (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Modification and Plan"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Modification and Plan, and presented for the Council's consideration.

I.02. The HRA and City have investigated the facts relating to the Modification and Plan and have caused the Modification and Plan to be prepared.

I.03. The HRA and City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Modification and Plan, including, but not limited to, notification of Hennepin County and Independent School District No. 273 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Modification and Plan by the City Planning Commission, approval of the Modification and Plan by the HRA on February 18, 2014, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Modification and Plan and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Modification and Plan. The Reports, including the redevelopment qualifications reports and planning documents, include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05 The City is not modifying the boundaries of the Southeast Edina Redevelopment Project Area, but is however, modifying the Redevelopment Plan therefor.

Section 2. Findings for the Adoption and Approval of the Redevelopment Plan Modification.

2.01. The Council approves the Redevelopment Plan Modification, and specifically finds that: (a) the land within the project area would not be available for redevelopment without the financial aid to be sought under this Redevelopment Plan; (b) the Redevelopment Plan, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Redevelopment Plan, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of the Pentagon Park Tax Increment Financing District

3.01. The Council hereby finds that the District is in the public interest and is a "redevelopment district" under Minnesota Statutes, Section 469.174, Subd. 10 of the Act.

3.02. The Council further finds that the proposed redevelopment would not 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 Tax Increment Financing Plan, that the Modification and Plan conform to the general plan for the development or redevelopment of the City as a whole; and that the Modification and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

3.04. The Edina Housing and Redevelopment Authority elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District.

Section 4. Public Purpose

4.01. The adoption of the Modification and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these

benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5. Approval and Adoption of the Modification and Plan

5.01. The Modification and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Executive Director.

5.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Modification and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03 The Auditor of Hennepin County is requested to certify the original net tax capacity of the District, as described in the Modification and Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the Edina Housing and Redevelopment Authority is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The Executive Director is further authorized and directed to file a copy of the Modification and Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: February 18, 2014

ATTEST:

James Hovland, Mayor

Debra Mangan, City Clerk

(Seal)

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS
CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of February 18, 2014, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this _____ day of _____, 20____.

City Clerk

EXHIBIT A

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. Specifically, the redevelopment will result in job creation opportunities, enhanced public improvements, better management of storm water, and increased green space on the privately owned parcels. The developer has demonstrated that the costs of soils corrections, structured parking, demolition, and street/sidewalk improvements make this project is feasible only through assistance, in part, from tax increment financing. The developer has already applied for and been granted and will continue to apply for State and Metropolitan Council funding for redevelopment costs. The developer was asked for and provided a proforma as justification that the development would not have gone forward without tax increment assistance. (See attachment in Appendix G of the TIF Plan.)

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: The property has operated for the last several years as a lower rent office development. The current owner of the site has demonstrated that small amounts of private investment would make the existing structures commercially viable for an extended period of time. However, the City and the developer's vision is for much higher quality work spaces and hospitality opportunities that require significant upgrades to the stability of the soils and the infrastructure in the area. Another new use is not likely to be able to afford the costs of demolition and soils stabilization, especially on the scale of the proposed development, 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.



Tax Increment Financing District Overview

City of Edina

Pentagon Park Tax Increment Financing District

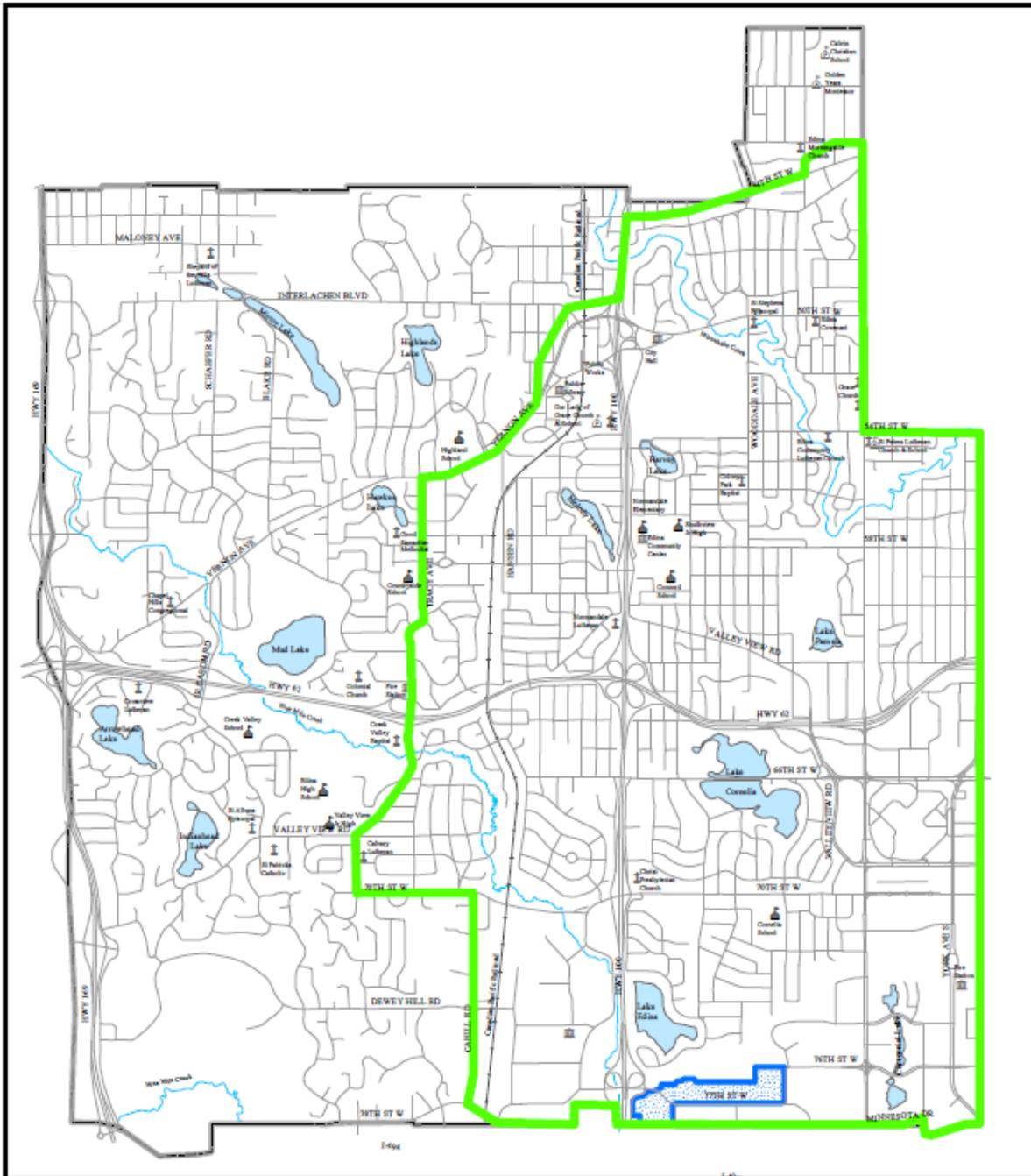
The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for the Pentagon Park Tax Increment Financing District. More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

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|---------------------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Proposed action: | <ul style="list-style-type: none"> ➤ Establishment of the Pentagon Park Tax Increment Financing District (District) and the adoption of a Tax Increment Financing Plan (TIF Plan). ➤ Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Area which includes the establishment of the Pentagon Park Tax Increment Financing District, which represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Southeast Edina Redevelopment Area. | | | | | | | | | | | | | | | | |
| Type of TIF District: | A redevelopment district | | | | | | | | | | | | | | | | |
| Parcel Numbers: | <table border="1"> <tr><td>31-028-24-33-0010</td><td>31-028-24-34-0012</td></tr> <tr><td>31-028-24-33-0014</td><td>31-028-24-33-0013</td></tr> <tr><td>31-028-24-33-0018</td><td>31-028-24-33-0015</td></tr> <tr><td>31-028-24-33-0025</td><td>31-028-24-34-0007</td></tr> <tr><td>31-028-24-34-0008</td><td>31-028-24-34-0009</td></tr> <tr><td>31-028-24-43-0002</td><td>31-028-24-43-0001</td></tr> <tr><td>31-028-24-43-0003</td><td>31-028-24-43-0004</td></tr> <tr><td>31-028-24-43-0005</td><td>31-028-24-43-0006</td></tr> </table> | 31-028-24-33-0010 | 31-028-24-34-0012 | 31-028-24-33-0014 | 31-028-24-33-0013 | 31-028-24-33-0018 | 31-028-24-33-0015 | 31-028-24-33-0025 | 31-028-24-34-0007 | 31-028-24-34-0008 | 31-028-24-34-0009 | 31-028-24-43-0002 | 31-028-24-43-0001 | 31-028-24-43-0003 | 31-028-24-43-0004 | 31-028-24-43-0005 | 31-028-24-43-0006 |
| 31-028-24-33-0010 | 31-028-24-34-0012 | | | | | | | | | | | | | | | | |
| 31-028-24-33-0014 | 31-028-24-33-0013 | | | | | | | | | | | | | | | | |
| 31-028-24-33-0018 | 31-028-24-33-0015 | | | | | | | | | | | | | | | | |
| 31-028-24-33-0025 | 31-028-24-34-0007 | | | | | | | | | | | | | | | | |
| 31-028-24-34-0008 | 31-028-24-34-0009 | | | | | | | | | | | | | | | | |
| 31-028-24-43-0002 | 31-028-24-43-0001 | | | | | | | | | | | | | | | | |
| 31-028-24-43-0003 | 31-028-24-43-0004 | | | | | | | | | | | | | | | | |
| 31-028-24-43-0005 | 31-028-24-43-0006 | | | | | | | | | | | | | | | | |
| Proposed Development: | 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 of the TIF Plan for a more detailed project description. | | | | | | | | | | | | | | | | |
| Maximum duration: | The duration of the District will be 25 years from the date of receipt of the first increment (26 years of increment). The City elects to receive the first tax increment in 2018. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2043, or when the TIF Plan is satisfied. | | | | | | | | | | | | | | | | |
| Estimated annual tax increment: | Up to \$6,544,578 | | | | | | | | | | | | | | | | |

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| Authorized uses: | The TIF Plan contains a budget that authorizes the maximum amount that may be expended: Land/Building Acquisition.....\$1,000,000 Site Improvements/Preparation.....\$30,241,000 Public Utilities\$1,847,000 Other Qualifying Improvements\$39,224,000 Administrative Costs (up to 10%).....\$18,233,791 PROJECT COSTS TOTAL\$90,545,791 Interest\$80,032,553 PROJECT COSTS TOTAL <u>\$170,578,344</u> |
| | See Subsection 2-10, on page 2-6 of the TIF Plan for the full budget authorization. |
| Form of financing: | The project is proposed to be financed by a pay-as-you-go note. |
| Administrative fee: | Up to 10% of annual increment, if costs are justified. |
| Interfund Loan Requirement: | If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed <i>PRIOR</i> to the issuance of the check. |
| 4 Year Activity Rule (§ 469.176 Subd. 6) | After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District: <ul style="list-style-type: none"> • Demolition • Rehabilitation • Renovation • Other site preparation (not including utility services such as sewer and water) If the activity has not been started by approximately February 2018, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity. |
| 5 Year Rule (§ 469.1763 Subd. 3) | Within 5 years of certification revenues derived from tax increments must be expended or obligated to be expended. Any obligations in the District made after approximately February 2019, will not be eligible for repayment from tax increments. |

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.

MAP OF THE SOUTHEAST EDINA REDEVELOPMENT PROJECT AREA AND THE PENTAGON PARK TAX INCREMENT FINANCING DISTRICT



**Southeast Edina Redevelopment Project Area
and Proposed Pentagon Park TIF District**



-  Project Area
-  Proposed Pentagon Park TIF District

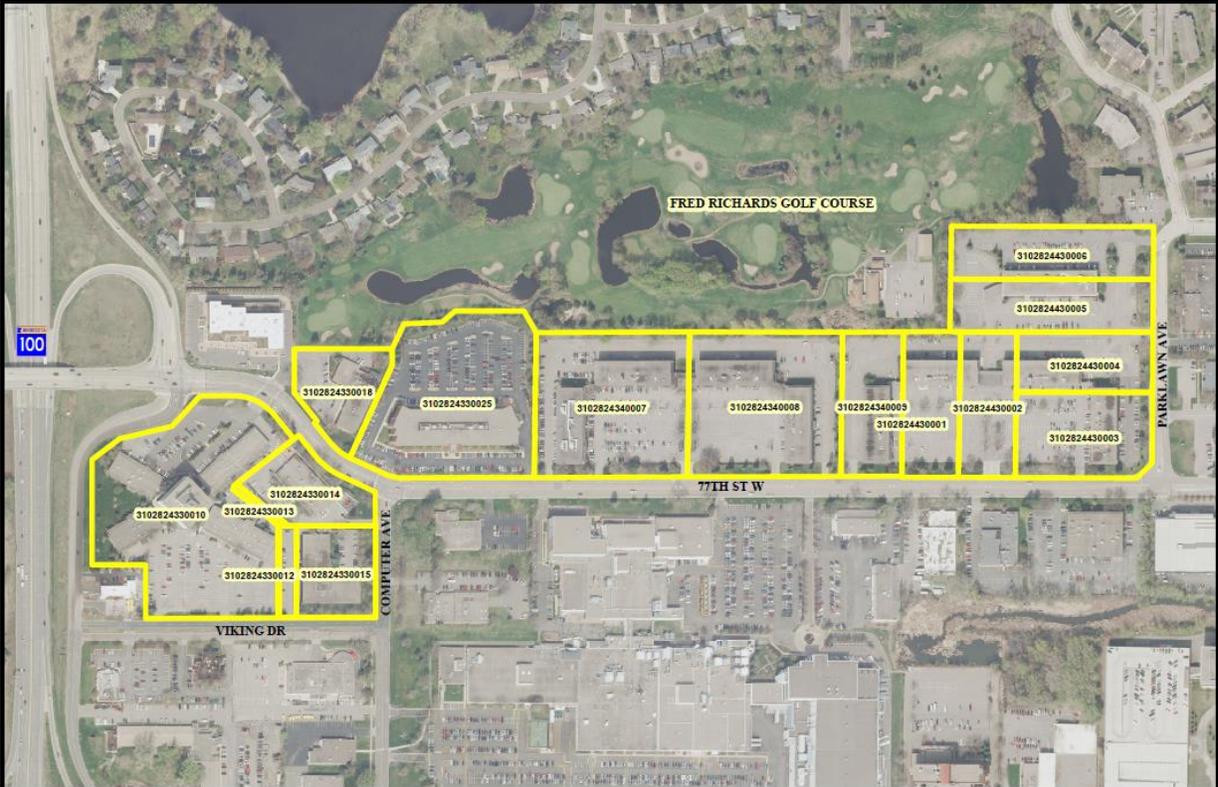


Engineering Dept.
December, 2013



EHLERS
LEADERS IN PUBLIC FINANCE

MAP OF THE PENTAGON PARK TAX INCREMENT FINANCING DISTRICT



Proposed Pentagon Park TIF District

 Proposed Pentagon Park TIF District Parcels



Engineering Dept.
December, 2013



*As of February 11, 2014
Draft for Public Hearing*

**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:



Prepared by: EHLERS & ASSOCIATES, INC.
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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, Subs. 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 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

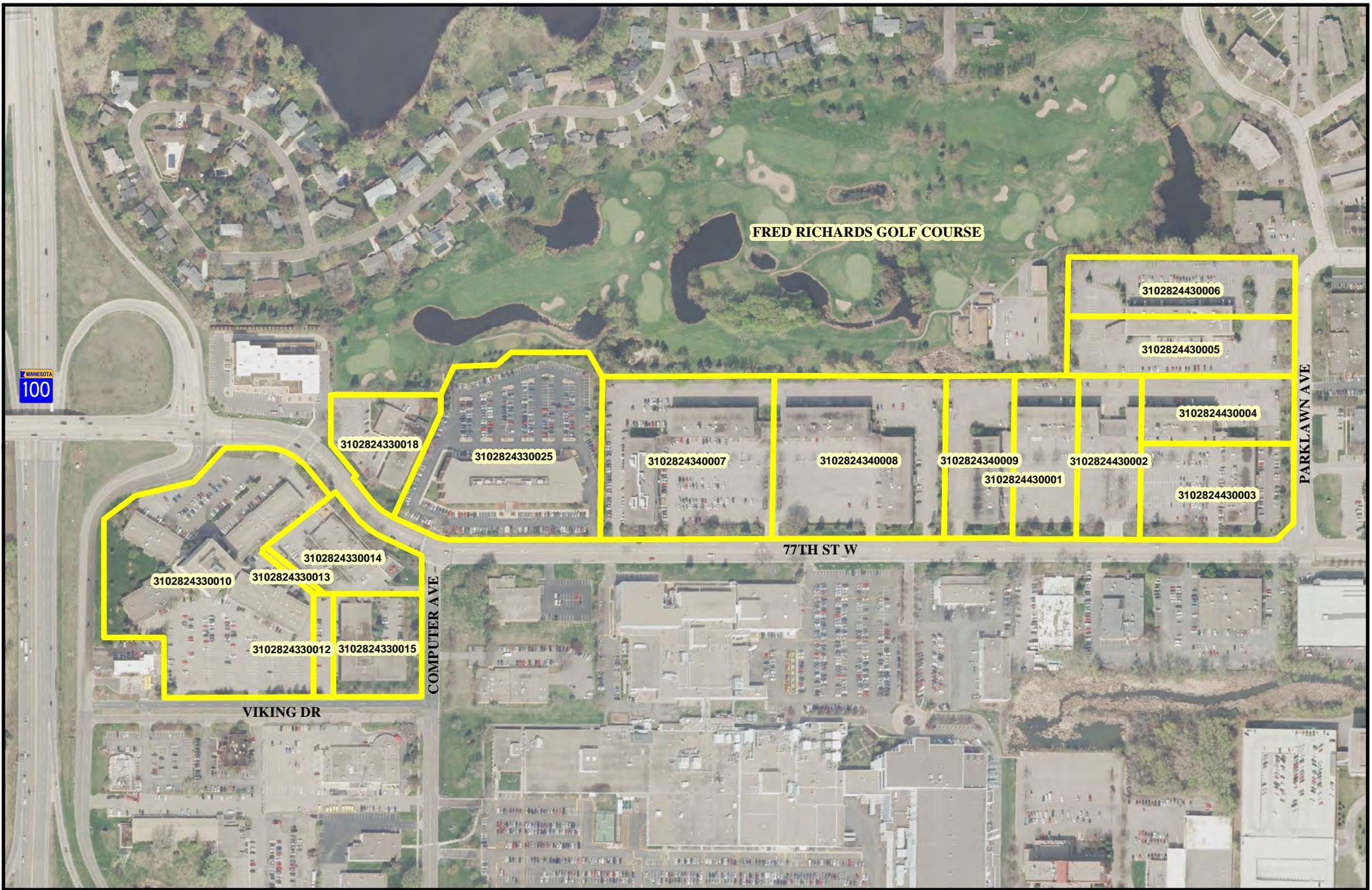
The Pentagon Park Tax Increment District is a significant redevelopment effort of the City of Edina. The total development cost is estimated to be in excess of \$500 million. The Project is focused on revitalizing an outdated 659,000 square foot office park first constructed in the 1960's.

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



Proposed Pentagon Park TIF District



Proposed Pentagon Park TIF District Parcels



Engineering Dept.
December, 2013

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

| | |
|--|--------------------|
| DistrictType: | Redevelopment |
| District Name/Number: | |
| County District #: | |
| First Year Construction or Inflation on Value | 2016 |
| Existing District - Specify No. Years Remaining | |
| Inflation Rate - Every Year: | 0.00% |
| Interest Rate: | 6.00% |
| Present Value Date: | 1-Aug-15 |
| First Period Ending | 1-Feb-16 |
| Tax Year District was Certified: | Pay 2014 |
| Cashflow Assumes First Tax Increment For Development: | 2018 |
| Years of Tax Increment | 26 |
| 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 |

| Tax Rates | |
|--|-------|
| Exempt Class Rate (Exempt) | 0.00% |
| Commercial Industrial Preferred Class Rate (C/I Pref.) | |
| First \$150,000 | 1.50% |
| Over \$150,000 | 2.00% |
| Commercial Industrial Class Rate (C/I) | 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) | |
| First \$500,000 | 1.00% |
| 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% |

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 |
|-------|---------------|----------------|---------|-------------------|-----------------------|--------------------|---------------------------------------|-----------------------|--------------------------------|--------------------|-------------------------------|------------------------|---------------------------------|------------|
| | 3102824330010 | Pentagon S LLC | | 2,984,600 | 1,000 | 2,985,600 | 100% | 2,985,600 | Pay 2014 | C/I Pref. | 58,962 | C/I Pref. | 58,962 | |
| | 3102824330013 | Pentagon S LLC | | 35,500 | 0 | 35,500 | 100% | 35,500 | Pay 2014 | C/I | 710 | C/I | 710 | |
| | 3102824330014 | Pentagon S LLC | | 663,300 | 180,600 | 843,900 | 100% | 843,900 | Pay 2014 | C/I | 16,878 | C/I | 16,878 | |
| | 3102824330012 | Crown Bank | | 174,000 | 0 | 174,000 | 100% | 174,000 | Pay 2014 | C/I | 3,480 | C/I | 3,480 | |
| | 3102824330015 | Crown Bank | | 770,900 | 550,300 | 1,321,200 | 100% | 1,321,200 | Pay 2014 | C/I Pref. | 25,674 | C/I Pref. | 25,674 | |
| | | | | 4,628,300 | 731,900 | 5,360,200 | | 5,360,200 | | | 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 | 10.58 |
| 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 Disp. 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 2a

City of Edina

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

ASSUMPTIONS AND RATES

| | |
|--|--------------------|
| DistrictType: | Redevelopment |
| District Name/Number: | |
| County District #: | |
| First Year Construction or Inflation on Value | 2017 |
| Existing District - Specify No. Years Remaining | 25 |
| Inflation Rate - Every Year: | 6.00% |
| Interest Rate: | 6.00% |
| Present Value Date: | 1-Aug-15 |
| First Period Ending | 1-Feb-16 |
| Tax Year District was Certified: | Pay 2014 |
| Cashflow Assumes First Tax Increment For Development: | 2019 |
| Years of Tax Increment | 25 |
| 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 |

| Tax Rates | |
|--|-------|
| Exempt Class Rate (Exempt) | 0.00% |
| Commercial Industrial Preferred Class Rate (C/I Pref.) | |
| First \$150,000 | 1.50% |
| Over \$150,000 | 2.00% |
| Commercial Industrial Class Rate (C/I) | 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) | |
| First \$500,000 | 1.00% |
| 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% |

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 | First Year Full Taxes Payable |
| Group 3 | Office | 220 | 220 | 197,500 | 43,392,067 | C/I | 867,841 | 4 | 50% | 100% | 100% | 100% | 2020 |
| Group 3 | Retail | 269 | 269 | 2,500 | 672,833 | C/I | 13,457 | 5 | 50% | 100% | 100% | 100% | 2020 |
| Walsh | Retail | 269 | 269 | 20,000 | 5,382,667 | C/I | 107,653 | 5 | 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 | 56,899 | 57,056 | 12,340 | 211,562 | 10.58 |
| TOTAL | 988,951 | 320,434 | 668,517 | 783,308 | 522,695 | 524,144 | 113,359 | 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 0.36% | 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 |
| | | | | | | | - | - | - | - | - | | | 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 | 988,469 | 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 | 4,918,238 | 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 | 5,891,957 | 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 | 6,207,681 | 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 | 6,677,857 | 25 | 2043 | 02/01/44 |
| Total | | | | | | | 18,097,242 | (65,150) | (1,803,209) | 16,228,882 | | | | |
| | Present Value From 08/01/2015 | | Present Value Rate | | 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

| | | |
|---|----------------------|-----------------|
| DistrictType: | 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 |

| Tax Rates | | |
|--|--|-------|
| Exempt Class Rate (Exempt) | | 0.00% |
| Commercial Industrial Preferred Class Rate (C/I Pref.) | | |
| First \$150,000 | | 1.50% |
| Over \$150,000 | | 2.00% |
| Commercial Industrial Class Rate (C/I) | | 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) | | |
| First \$500,000 | | 1.00% |
| 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% |

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 | C/I | 40,192 | C/I | 40,192 | |
| | | | | 2,008,600 | 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 | 43,392,067 | 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 | | | | | 44,064,900 | | 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 | 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 | 666,206 |

| 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 | 7,246,876 |
| Difference | 34,808,424 |
| Value likely to occur without Tax Increment is less than: | 34,808,424 |



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 | 3,485,696 | 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 | 4,082,562 | 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 | 5,402,608 | 16.5 | 2037 | 08/01/37 |
| | | | | | | | 333,103 | (1,199) | (33,190) | 298,713 | 5,502,672 | 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 | Present Value Rate | 6.00% | | 7,246,876 | (26,089) | (722,079) | 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 |
| District Name/Number: | |
| County District #: | |
| First Year Construction or Inflation on Value | 2021 |
| Existing District - Specify No. Years Remaining | 21 |
| 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: | 2023 |
| Years of Tax Increment | 21 |
| 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 |

| Tax Rates | |
|--|-------|
| Exempt Class Rate (Exempt) | 0.00% |
| Commercial Industrial Preferred Class Rate (C/I Pref.) | |
| First \$150,000 | 1.50% |
| Over \$150,000 | 2.00% |
| Commercial Industrial Class Rate (C/I) | 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) | |
| First \$500,000 | 1.00% |
| 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% |

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 | 269 | 269 | 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 | 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 | (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 2d
 City of Edina

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

ASSUMPTIONS AND RATES

| | |
|--|--------------------|
| DistrictType: | Redevelopment |
| District Name/Number: | |
| County District #: | |
| First Year Construction or Inflation on Value | 2023 |
| Existing District - Specify No. Years Remaining | 19 |
| 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: | 2025 |
| Years of Tax Increment | 19 |
| 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 |

| Tax Rates | |
|--|-------|
| Exempt Class Rate (Exempt) | 0.00% |
| Commercial Industrial Preferred Class Rate (C/I Pref.) | |
| First \$150,000 | 1.50% |
| Over \$150,000 | 2.00% |
| Commercial Industrial Class Rate (C/I) | 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) | |
| First \$500,000 | 1.00% |
| 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% |

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 | |
| | | | | 4,484,800 | 2,372,700 | 6,857,500 | | 6,857,500 | | | 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 - 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 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 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 | 1,307,255 | 423,569 | 883,686 | 1,035,424 | 690,930 | 692,845 | 149,844 | 2,569,042 | 8.64 |
| 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 Disp. 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 |

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

**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.

M:\13Proj\130270\400 Design\406 Reports\TIF\Final Report\Final\Revised Final Report 1-13-14\Pentagon Park Redevelopment TIF Report 1-14-14.doc

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



1/13/14

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 | \$1,880,275.00 | 1 | 1 |
| 1b | | | 4900 Viking Drive | Improved | Interior/Exterior | 0 | - | 0.0% | 0 | 1 | \$ 5,445,132.00 | \$816,769.80 | \$1,693,930.00 | 1 | 1 |
| 1c | | | 4940 Viking Drive | Improved | Interior/Exterior | 0 | - | 0.0% | 0 | 1 | \$ 13,884,000.00 | \$2,082,600.00 | \$5,096,633.28 | 1 | 1 |
| 1d | | | 4960 Viking Drive | Improved | Interior/Exterior | 0 | - | 0.0% | 0 | 1 | \$ 4,172,467.20 | \$625,870.08 | \$1,489,592.00 | 1 | 1 |
| 1e | | | 7701 Normandale Drive | Improved | Interior/Exterior | 0 | - | 0.0% | 0 | 1 | \$ 4,172,467.20 | \$625,870.08 | \$1,489,592.00 | 1 | 1 |
| 2 | 31-028-24-33-0014 | PENTAGON SOUTH LLC | 4815 77TH ST W | Improved | Exterior | 78,041 | 75,000 | 96.1% | 78,041 | 1 | NOTE 1 | NOTE 1 | NOTE 1 | 0 | 0 |
| 3a | 31-028-24-34-0007 | PENTAGON NORTH LLC | 4660 77TH ST W | Improved | Interior/Exterior | 236,925 | 225,000 | 95.0% | 236,925 | 1 | \$ 8,109,288.00 | \$1,216,393.20 | \$1,710,489.86 | 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 | 31-028-24-34-0008 | 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 1 | NOTE 1 | NOTE 1 | 1 | 0 |
| 6 | 31-028-24-43-0001 | PENTAGON NORTH LLC | 4550 77TH ST W | Improved | Interior/Exterior | 88,052 | 88,000 | 99.9% | 88,052 | 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 | 88,127 | 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 | 87,534 | 86,000 | 98.2% | 87,534 | 1 | \$ 8,109,288.00 | \$1,216,393.20 | \$3,164,841.06 | 1 | 1 |
| 10 | 31-028-24-43-0005 | PENTAGON SOUTH LLC | 7600 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 | 7600 Parklawn Ave. | Improved | Exterior | 114,086 | 114,000 | 99.9% | 114,086 | 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 | FYT 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 | 269,959 | 266,959 | 98.9% | 269,959 | 1 | NOTE 1 | NOTE 1 | NOTE 1 | 0 | 0 |
| | | | | | | 2,057,367 | | | 2,057,367 | 18 | | | | 13 | 10 |

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.

Subtotal Coverage Percent:

100%

Percent of buildings exceeding 15 percent code deficiency threshold:

72%

Percent of buildings determined substandard:

56%

APPENDIX B

Building Code and Condition Deficiencies Reports

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map No. 1A 4901 77th Street W
Inspection Date(s) & Time(s): 6.18.2013, 6.25.2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$5,445,132.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$1,880,275.00 |
| Percentage of Replacement Cost: | 34.5% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Interior columns in garage are spalling concrete
2. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
3. Parking garage walls and tunnels show significant water intrusion

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service does not have sufficient capacity for new HVAC and elevator
 - c. No elevator in building to provide accessible route from lower level to main level
2. Light and Ventilation
 - a. Plenum constructed of combustible materials
 - b. Building insulation is inadequate
 - c. No vapor barrier present
 - d. Windows are non-thermally broken single pane aluminum
 - e. Lighting does not meet current energy code
3. Fire Protection/Adequate Egress
 - a. Building is not sprinkled
4. Layout and Condition of Interior Partitions/Materials
 - a. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)
 - b. Building does not have ADA compliant restrooms
 - c. Tile in stairs is worn and stained
 - d. Acoustical tile ceiling broken or damaged in certain locations

5. Exterior Construction

- a. Main entry exterior tile floor is buckling and joints are open
- b. Metal clad columns are rusting at base
- c. Metal guardrails are rusting at base
- d. Parking area bituminous is significantly deteriorated
- e. Timber wall leading to parking garage is showing signs of rot and movement
- f. Site landscaping is primarily dead or dying
- g. Roof downspouts are not functioning properly resulting in water saturating the building wall and causing mold on brick
- h. There is water infiltration in tunnel structures that connect buildings resulting in musty/moldy smells
- i. Roof is flat without proper pitch and appears at the end of expected lifecycle.

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (7701 Normandale Drive, 4960, 4901, 4900 Viking Drive) are nearly identical in configuration and systems. The buildings are rectilinear in shape, two levels (lower level and main level) and arranged so that they form arms that radiate from a central office tower (4940 Viking Drive). The buildings are sited into slopes in such a way that the main level entrance is accessed off a parking lot at grade but the lower levels are accessed on the rear of the building at a lower grade to allow for automobile entry. Each building in the grouping has a lower level that contains a parking garage, tenant space, and a tunnel accessing the central office tower. The only internal vertical circulation between floors is a single stairway. The buildings were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated.

Required Repairs to Mitigate Code Deficiencies

1. Provide new electrical service required by new HVAC and elevator
2. Provide elevator as there is no accessible route from lower level to upper level
3. Provide sprinkler for building interior
4. Provide code compliant hand rails
5. Provide ADA compliant restrooms – 1 set per floor
6. Provide ADA compliant entrance at front of building
7. Provide new roof and mechanical unit mounts

M:\13Proj\130270\400 Design\406 Reports\TIF\Building Reports\Pentagon MAP ID 1a 4901 77th st w Redevelopment District Substandard Building Report.doc

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map No. 1b 4900 Viking Drive
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$5,445,132.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$1,693,190.00 |
| Percentage of Replacement Cost: | 31% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Interior columns in garage are spalling concrete
2. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
3. Parking garage walls and tunnels show significant water intrusion

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service does not have sufficient capacity for new HVAC and elevator
 - c. No elevator in building to provide accessible route from lower level to main level
2. Light and Ventilation
 - a. Plenum constructed of combustible materials
 - b. Building insulation is inadequate
 - c. No vapor barrier present
 - d. Windows are non-thermally broken single pane aluminum
 - e. Lighting does not meet current energy code
3. Fire Protection/Adequate Egress
 - a. Building is sprinkled- though the main entrance is not Accessible
4. Layout and Condition of Interior Partitions/Materials
 - a. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)
 - b. Stair landing sizes are impeded by stand pipes
 - c. Building does not have ADA compliant restrooms
 - d. Acoustical tile ceiling broken or damaged in certain locations

- e. Some walls only partially painted
 - f. Interior of tunnels shows significant water damage and stains on walls
 - g. Paint on CMU walls blistering
 - h. Floors tiles are cracked, broken, and stained
 - i. Severe efflorescence on interior of garage wall
5. Exterior Construction
- a. Parking area bituminous is significantly deteriorated
 - b. Site landscaping is primarily dead or dying
 - c. Roof drains daylight at building perimeters resulting in water saturating the building wall
 - d. There is water infiltration in tunnel structures that connect buildings resulting in musty/moldy smells
 - e. Roof is flat without proper pitch and appears at the end of expected lifecycle.

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (7701 Normandale Drive, 4960, 4901, 4900 Viking Drive) are nearly identical in configuration and systems. The buildings are rectilinear in shape, two levels (lower level and main level) and arranged so that they form arms that radiate from a central office tower (4940 Viking Drive). The buildings are sited into slopes in such a way that the main level entrance is accessed off a parking lot at grade but the lower levels are accessed on the rear of the building at a lower grade to allow for automobile entry. Each building in the grouping has a lower level that contains a parking garage, tenant space, and a tunnel accessing the central office tower. The only internal vertical circulation between floors is a single stairway. The buildings were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution as existing do not meet current ventilation codes
2. Provide new electrical service required by new HVAC and elevator
3. Provide elevator as there is no accessible route from lower level to upper level
4. Provide code compliant hand rails
5. Provide ADA compliant restrooms – 1 set per floor
6. Provide new roof and mechanical unit mounts

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 1c 4940 Viking Drive
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:

- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|------------------------|
| Estimated Replacement Cost: | \$13,884,000.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$5,096,633.28 |
| Percentage of Replacement Cost: | 37% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
2. Water infiltration into tunnels is occurring

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service not sufficient for new HVAC
 - c. Elevator cabs, shafts and equipment rooms do not meet code
2. Light and Ventilation
 - a. Plenum constructed of combustible materials
 - b. Building insulation is inadequate
 - c. No vapor barrier present
 - d. Windows are non-thermally broken single pane aluminum
 - e. Lighting does not meet current energy code
3. Fire Protection/Adequate Egress
 - a. Building not sprinkled (basement sprinkled)
 - b. Corridor walls not rated to qualify hall as adequate egress from building
4. Layout and Condition of Interior Partitions/Materials
 - a. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)
 - b. Stair landing sizes are impeded by stand pipes
 - c. Building does not have ADA compliant restrooms above basement level
 - d. Interior finishes are significantly worn
 - e. Acoustical tile ceiling broken or damaged in certain locations

5. Exterior Construction

- a. Parking area bituminous is significantly deteriorated
- b. Sidewalks adjacent to the buildings have slumped or sunken
- c. Site landscaping is primarily dead or dying
- d. There is water infiltration tunnels that connect buildings resulting in musty/moldy smells
- e. Roof is flat without proper pitch and appears at the end of expected lifecycle.

Overview of Condition Deficiencies

Constructed in 1966 by the predecessor firm to Opus Corporation, the structure at 4940 Viking Drive is six stories tall plus a basement with no enclosed parking. The building sits at the center of the adjacent radiating buildings (7701 Normandale Drive, 4960, 4901, 4900 Viking Drive). The central building utilizes a tunnel system to connect to each adjacent building allowing for access to their enclosed parking areas. The building was found to have significant HVAC, electrical, and life safety code issues that will require remediation if they are to be renovated. Additionally, much of the building common spaces were worn and outdated including and most notably the restrooms.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution
 - a. Remove and replace existing combustible materials in plenum
2. Provide new electrical service of capacity required by HVAC and new elevator
3. Provide 2 new elevators and upgrade shafts and lobbies
4. Provide new compliant elevator equipment room
5. Sprinkle building – must provide new water service
6. Provide code compliant hand rails and guards on stairs
7. Provide ADA compliant restrooms – 1 set per floor
8. Provide new roof and mechanical unit mounts

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 1d 4960 Viking Drive
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$4,172,467.20 |
| Estimated Cost to Correct Building Code Deficiencies: | \$1,489,592.00 |
| Percentage of Replacement Cost: | 35.7% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
2. Minor water infiltration at roof level concrete ceiling

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service not adequate for new HVAC and Elevator loads
2. Light and Ventilation
 - a. Building insulation is inadequate
 - b. No vapor barrier present
 - c. Windows are non-thermally broken single pane aluminum
3. Fire Protection/Adequate Egress
 - a. Building not sprinkled
 - b. Corridor walls not rated to qualify hall as adequate egress from building
4. Layout and Condition of Interior Partitions/Materials
 - a. Stair handrails are not code complaint (lack of extension)
 - b. Building does not have ADA compliant restrooms
 - c. No Accessible route between floors (no elevator)
 - d. Interior tunnel CMU walls peeling and showing water damage
 - e. Tunnel floor tiles cracked and stained or missing
 - f. Carpet in hallways worn and dirty
 - g. Walls in garage severely saturated
 - h. Interior vent register louvers broken
 - i. Garage floor at storage rooms mismatched and damaged

5. Exterior Construction

- a. Parking area bituminous is significantly deteriorated
- b. Site landscaping is primarily dead or dying
- c. Building address number missing “0” – fallen off
- d. Roof drains daylight at building perimeters resulting in water saturating the building wall
- e. Timber retaining wall rotted and collapsing at garage
- f. Paver joints at main entry open
- g. Main entrance guard rusting at bottom – paint coming off
- h. Rear fire escape guard rusting
- i. Metal on column rusting on bottom
- j. There is water infiltration in tunnels that connect building to main tower building resulting in musty/moldy smells
- k. Roof is flat without proper pitch and appears at the end of expected lifecycle.

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (7701 Normandale Drive, 4960, 4901, 4900 Viking Drive) are nearly identical in configuration and systems. The buildings are rectilinear in shape, two levels (lower level and main level) and arranged so that they form arms that radiate from a central office tower (4940 Viking Drive). The buildings are sited into slopes in such a way that the main level entrance is accessed off a parking lot at grade but the lower levels are accessed on the rear of the building at a lower grade to allow for automobile entry. Each building in the grouping has a lower level that contains a parking garage, tenant space, and a tunnel accessing the central office tower. The only internal vertical circulation between floors is a single stairway. The buildings were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated. Of note, buildings 7701 and 4960 have interior office construction that is severely impacted and will require complete renovation to bring to useable condition. It appears as if the building interiors were undergoing a demolition that was halted at the midway point.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution as existing do not meet current ventilation codes
2. Provide new electrical service required by new HVAC and elevator
3. Provide elevator as there is no accessible route from lower level to upper level
4. Sprinkle building – must provide new water service
5. Provide code compliant hand rails
6. Provide ADA compliant restrooms – 1 set per floor
7. Provide new roof and mechanical unit mounts

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 1e 7701 Normandale Drive
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$4,172,467.20 |
| Estimated Cost to Correct Building Code Deficiencies: | \$1,489,592.00 |
| Percentage of Replacement Cost: | 35.7% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
2. Minor water infiltration at roof level concrete ceiling

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service not adequate for new HVAC and Elevator loads
 - c. No elevator from garage to main level
2. Light and Ventilation
 - a. Building insulation is inadequate
 - b. No vapor barrier present
 - c. Windows are non-thermally broken single pane aluminum
 - d. Most lighting has been damaged/removed remaining lighting does not meet current energy code
3. Fire Protection/Adequate Egress
 - a. Building not sprinkled
 - b. Corridor walls not rated to qualify hall as adequate egress from building
 - c. Walls separating basement parking from other uses do not meet code
4. Layout and Condition of Interior Partitions/Materials
 - a. Interior office build out damaged beyond repair – must be replaced
 - b. Hallways damaged beyond repair
 - c. Missing ACT
 - d. Wall finishes ripped
 - e. Holes in walls
 - f. Stair handrails are not code complaint (lack of extension)

- g. Building does not have ADA compliant restrooms
- h. No Accessible route between floors (no elevator)

5. Exterior Construction

- a. Parking area bituminous is significantly deteriorated
- b. Main entrance not ADA accessible
- c. Site landscaping is primarily dead or dying
- d. Roof drains daylight at building perimeters resulting in water saturating the building wall
- e. There is water infiltration in tunnels that connect building to main tower building resulting in musty/moldy smells
- f. Roof is flat without proper pitch and appears at the end of expected lifecycle.

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (7701 Normandale Drive, 4960, 4901, 4900 Viking Drive) are nearly identical in configuration and systems. The buildings are rectilinear in shape, two levels (lower level and main level) and arranged so that they form arms that radiate from a central office tower (4940 Viking Drive). The buildings are sited into slopes in such a way that the main level entrance is accessed off a parking lot at grade but the lower levels are accessed on the rear of the building at a lower grade to allow for automobile entry. Each building in the grouping has a lower level that contains a parking garage, tenant space, and a tunnel accessing the central office tower. The only internal vertical circulation between floors is a single stairway. The buildings were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated. Of note, buildings 7701 and 4960 have interior office construction that is severely impacted and will require complete renovation to bring to useable condition. It appears as if the building interiors were undergoing a demolition that was halted at the midway point.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution as existing do not meet current ventilation codes
2. Provide new electrical service required by new HVAC and elevator
3. Provide elevator as there is no accessible route from lower level to upper level
4. Sprinkle building – must provide new water service
5. Provide code compliant hand rails
6. Provide ADA compliant restrooms – 1 set per floor
7. Provide ADA compliant entrances at front of building
8. Provide new roof and mechanical unit mounts

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 3a 4660 77th Street West
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$8,109,288.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$1,710,489.86 |
| Percentage of Replacement Cost: | 21% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Building entries are severely deteriorated with structural steel corrosion and spalled concrete; wood blocking has been inserted to aid in supporting the failing entries.
2. Entrance stairs have settled and are separating from building
3. There are cracks radiating from jamb of several windows
4. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
5. Minor water infiltration at roof level concrete ceiling

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing electrical service is located in stairwell and does not comply with current code
 - b. Elevator cabs, shafts and equipment rooms do not meet code
2. Light and Ventilation
 - a. Building insulation is inadequate
 - b. No vapor barrier present
 - c. Windows are non-thermally broken single pane aluminum
 - d. Lighting does not meet current energy code
3. Layout and Condition of Interior Partitions/Materials
 - a. Interior stairs (both sets) rise and run do not meet code –stairs not code compliant
 - b. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)
 - c. Stair landing sizes are impeded by stand pipes and wall mounted electrical equipment.
 - d. Link structure interior is moldy due to roof failure
4. Exterior Construction
 - a. Front of building not Accessible

- b. ADA entry at rear of building; handicap operators not functioning; this entry is not at primary façade.
- c. Parking area bituminous is significantly deteriorated
- d. Parking area abuts building with improper terminations
- e. Sidewalks adjacent to the buildings have slumped or sunken
- f. Site landscaping is primarily dead or dying
- g. Roof drains daylight at building perimeters resulting in water saturating the building wall
- h. There is water infiltration in link structures that connect buildings resulting in musty/moldy smells
- i. Area well stairs not code compliant
- j. Area well block walls have step cracks
- k. Roof is at end of lifecycle and requires replacement
- l. Mechanical equipment on roof is inadequately supported in several locations –concerns expressed by Structural Engineer regarding amount of equipment on roof and capacity of roof to carry the new load
- m. Ducts improperly supported at roof
- n. Metal cladding wrapping exterior columns is corroded at the bases

Environmental

The following Environmental reports were made available by the Owner:

- a. Environmental Evaluation, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
 - i. The report detected petroleum and non-petroleum contamination and recommended that the Site (4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street) be enrolled into the MPCA Petroleum Brownfields Program (PBP) and Voluntary Investigation and Cleanup (VIC) Program.
- b. Phase I Environmental Site Assessment, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
- c. Asbestos and Lead-Based-Paint Assessment Report, Pentagon Park – 4530-4660 West 77th Street, Edina, MN Braun Intertec Corporation September 20, 2012.
 - i. The report confirmed the presence of Friable Asbestos Containing Material (ACM), Category I Non-Friable ACM, and Category II Non-Friable ACM. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”
 - ii. The report confirmed the presence of loose and flaking lead-based-paint in subject buildings and associated garage. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (4600, 4620, 4640, and 4660) are nearly identical in size, configuration and systems. The buildings are rectilinear in shape and arranged so that they form an open sided square set back off West 77th with parking in the interior. All buildings have main entrances on the south (interior) side which are not Accessible. There are Accessible entrances on the rear (north) that are in various states of usability. 4660 was renovated in 2001 for a single tenant so has newer HVAC and has been sprinkled. In general the buildings in this grouping were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated. Additionally, the buildings have undergone inspections for hazardous materials and it was determined that both lead based paint and asbestos containing materials are present in the buildings. Of note, the

Owner of the complex is undertaking a partial renovation of an adjacent, similar building and has found that the City of Edina has required compliance with the current energy code related to wall assembly, however, this study will not consider energy code within the code deficiencies calculation.

Required Repairs to Mitigate Code Deficiencies

1. Move electrical service out of stairwell and upgrade to capacity required by HVAC
2. Provide new elevators and upgrade shafts and lobbies
3. Provide new compliant elevator equipment room
4. Provide code compliant stairs with hand rails and guards
5. Provide ADA compliant entrances at front of building
6. Replace roof
7. Provide adequate mechanical equipment supports on roof

M:\13Proj\130270\400 Design\406 Reports\TIF\Building Reports\Pentagon MAP ID 3a 4660 77th st w Redevelopment District Substandard Building Report.doc

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 3b 4640 77th Street West
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$8,109,288.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$3,164,841.06 |
| Percentage of Replacement Cost: | 39% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Building entries are severely deteriorated with structural steel corrosion and spalled concrete; wood blocking has been inserted to aid in supporting the failing entries.
2. Entrance stairs have settled and are separating from building
3. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
4. Minor water infiltration at roof level concrete ceiling

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service is located in stairwell and does not comply with current code
 - c. Elevator cabs, shafts and equipment rooms do not meet code
2. Light and Ventilation
 - a. Plenum constructed of combustible materials
 - b. Building insulation is inadequate
 - c. No vapor barrier present
 - d. Windows are non-thermally broken single pane aluminum
 - e. Lighting does not meet current energy code (2x4 fluorescent)
3. Fire Protection/Adequate Egress
 - a. Building not sprinkled
 - b. Corridor walls not rated to qualify hall as adequate egress from building
4. Layout and Condition of Interior Partitions/Materials
 - a. Stairs not code compliant do to rise-run being outside code parameters
 - b. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)

- c. Stair landing sizes are impeded by stand pipes and wall mounted electrical equipment.
 - d. Building does not have ADA compliant restrooms
 - e. Interior carpet is significantly worn, appears to be 20-30 years old and requires replacement
 - f. Vinyl wall coverings are worn and need to be replaced
 - g. Acoustical tile ceiling broken or damaged in certain locations
 - h. Building is primarily vacant and finishes are generally worn and dated
5. Exterior Construction
- a. Front of building not Accessible -ADA entry at rear of building; handicap operators not functioning; this entry is not at primary façade.
 - b. Parking area bituminous is significantly deteriorated
 - c. There are no handicapped parking spaces
 - d. Sidewalks adjacent to the buildings have slumped or sunken
 - e. Site landscaping is primarily dead or dying
 - f. Roof drains daylight at building perimeters resulting in water saturating the building wall
 - g. There is water infiltration in link structures that connect buildings resulting in musty/moldy smells
 - h. Area well stairs not code compliant
 - i. Area well block walls have step cracks
 - j. Roof is flat without proper pitch and appears at the end of expected lifecycle.
 - k. Roof structural capacity needs to be evaluated to verify if it can carry the existing Mechanical equipment loads imposed.
 - l. Mechanical equipment on roof is inadequately supported in several locations
 - m. Metal cladding wrapping exterior columns is corroded at the bases.

Environmental

The following Environmental reports were made available by the Owner:

- a. Environmental Evaluation, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
 - i. The report detected petroleum and non-petroleum contamination and recommended that the Site (4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street) be enrolled into the MPCA Petroleum Brownfields Program (PBP) and Voluntary Investigation and Cleanup (VIC) Program.
- b. Phase I Environmental Site Assessment, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
- c. Asbestos and Lead-Based-Paint Assessment Report, Pentagon Park – 4530-4660 West 77th Street, Edina, MN Braun Intertec Corporation September 20, 2012.
 - i. The report confirmed the presence of Friable Asbestos Containing Material (ACM), Category I Non-Friable ACM, and Category II Non-Friable ACM. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”
 - ii. The report confirmed the presence of loose and flaking lead-based-paint in subject buildings and associated garage. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (4600, 4620, 4640, and 4660) are nearly identical in size, configuration and systems. The buildings are rectilinear in shape and arranged so that they form an open sided square set back off West 77th with parking in the interior. All buildings have main entrances on the south (interior) side which are not Accessible. There are Accessible entrances on the rear (north) that are in various states of usability. In general the buildings were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated. Additionally, the buildings have undergone inspections for hazardous materials and it was determined that both lead based paint and asbestos containing materials are present in the buildings. Of note, the Owner of the complex is undertaking a partial renovation of an adjacent, similar building and has found that the City of Edina has required compliance with the current energy code related to wall assembly, however, this study will not consider energy code within the code deficiencies calculation.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution
 - a. Remove and replace existing combustible materials in plenum
2. Move electrical service out of stairwell and upgrade to capacity required by HVAC
3. Provide new elevators and upgrade shafts and lobbies
4. Provide new compliant elevator equipment room
5. Sprinkle building – must provide new water service
6. Provide code compliant hand rails and guards
7. Provide ADA compliant restrooms – 1 set per floor
8. Provide ADA compliant entrances at front of building
9. Provide new roof and mechanical unit mounts

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 4b 4620 77th Street West
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$8,109,288.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$3,164,841.06 |
| Percentage of Replacement Cost: | 39% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Building entries are severely deteriorated with structural steel corrosion and spalled concrete; wood blocking has been inserted to aid in supporting the failing entries.
2. Entrance stairs have settled and are separating from building – most significantly at building 4620
3. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
4. Minor water infiltration at roof level concrete ceiling

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service is located in stairwell and does not comply with current code
 - c. Elevator cabs, shafts and equipment rooms do not meet code
2. Light and Ventilation
 - a. Plenum constructed of combustible materials
 - b. Building insulation is inadequate
 - c. No vapor barrier present
 - d. Windows are non-thermally broken single pane aluminum
 - e. Lighting does not meet current energy code
3. Fire Protection/Adequate Egress
 - a. Building not sprinkled
 - b. Corridor walls not rated to qualify hall as adequate egress from building
4. Layout and Condition of Interior Partitions/Materials
 - a. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)
 - b. Stair landing sizes are impeded by stand pipes and wall mounted electrical equipment.

- c. Building does not have ADA compliant restrooms
 - d. Third floor has been gutted to concrete walls, ceilings and floors and left unrepaired –entire floor requires build-out and finishing
 - e. Remaining carpet in building is significantly worn and needs replacement
 - f. Vinyl wall covering is worn and requires replacement
 - g. Acoustical tile ceiling broken or damaged in certain locations
5. Exterior Construction
- a. Front of building not Accessible -ADA entry at rear of building; handicap operators not functioning; this entry is not at primary façade.
 - b. Parking area bituminous is significantly deteriorated
 - c. There are no handicapped parking spaces
 - d. Sidewalks adjacent to the buildings have slumped or sunken
 - e. Site landscaping is primarily dead or dying
 - f. Roof drains daylight at building perimeters resulting in water saturating the building wall
 - g. There is water infiltration in link structures that connect buildings resulting in musty/moldy smells
 - h. Area well stairs not code compliant
 - i. Area well block walls have step cracks
 - j. Roof is flat without proper pitch and appears at the end of expected lifecycle.
 - k. Roof structural capacity needs to be evaluated to verify if it can carry the existing Mechanical equipment loads imposed.
 - l. Mechanical equipment on roof is inadequately supported in several locations
 - m. Metal cladding wrapping exterior columns is corroded at the bases.
6. Parking Garage at (4530 address only)
- a. Underground parking garage has significant water intrusion in many areas
 - b. 20% of concrete planks require replacement
 - c. Waterproofing requires replacement
 - d. Sections of garage are shored up due to structural failure
 - e. Parking restrictions were recommended by PE –
 - f. Parking garage severely deficient and recommended for replacement

Environmental

The following Environmental reports were made available by the Owner:

- a. Environmental Evaluation, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
 - i. The report detected petroleum and non-petroleum contamination and recommended that the Site (4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street) be enrolled into the MPCA Petroleum Brownfields Program (PBP) and Voluntary Investigation and Cleanup (VIC) Program.
- b. Phase I Environmental Site Assessment, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
- c. Asbestos and Lead-Based-Paint Assessment Report, Pentagon Park – 4530-4660 West 77th Street, Edina, MN Braun Intertec Corporation September 20, 2012.
 - i. The report confirmed the presence of Friable Asbestos Containing Material (ACM), Category I Non-Friable ACM, and Category II Non-Friable ACM. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”
 - ii. The report confirmed the presence of loose and flaking lead-based-paint in subject buildings and associated garage. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing

renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (4600, 4620, 4640 and 4660) are nearly identical in size, configuration and systems. The buildings are rectilinear in shape and arranged so that they form an open sided square set back off West 77th with parking in the interior. All buildings have main entrances on the south (interior) side which are not Accessible. There are Accessible entrances on the rear (north) that are in various states of usability. In general the buildings were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated. In 4620 the third level has been gutted to the concrete walls, ceilings and floors. Additionally, the buildings have undergone inspections for hazardous materials and it was determined that both lead based paint and asbestos containing materials are present in the buildings. Of note, the Owner of the complex is undertaking a partial renovation of an adjacent, similar building and has found that the City of Edina has required compliance with the current energy code related to wall assembly, however, this study will not consider energy code within the code deficiencies calculation.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution
 - a. Remove and replace existing combustible materials in plenum
2. Move electrical service out of stairwell and upgrade to capacity required by HVAC
3. Provide new elevators and upgrade shafts and lobbies
4. Provide new compliant elevator equipment room
5. Sprinkle building – must provide new water service
6. Provide code compliant hand rails and guards
7. Provide ADA compliant restrooms – 1 set per floor
8. Provide ADA compliant entrances at front of building
9. Provide new roof and mechanical unit mounts

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 6 4550 77th Street West
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$8,109,288.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$3,164,841.06 |
| Percentage of Replacement Cost: | 39% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Building entries are severely deteriorated with structural steel corrosion and spalled concrete; wood blocking has been inserted to aid in supporting the failing entries.
2. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
3. Minor water infiltration at roof level concrete ceiling

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service is located in stairwell and does not comply with current code
 - c. Elevator cabs, shafts and equipment rooms do not meet code
2. Light and Ventilation
 - a. Plenum constructed of combustible materials
 - b. Building insulation is inadequate
 - c. No vapor barrier present
 - d. Windows are non-thermally broken single pane aluminum
 - e. Lighting does not meet current energy code
3. Fire Protection/Adequate Egress
 - a. Building not sprinkled
 - b. Corridor walls not rated to qualify hall as adequate egress from building
4. Layout and Condition of Interior Partitions/Materials
 - a. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)
 - b. Stair landing sizes are impeded by stand pipes and wall mounted electrical equipment.
 - c. Stair rise and run does not comply with code

- d. Building does not have ADA compliant restrooms
 - e. Carpet is worn and in some location appears water stained
 - f. Millwork is damaged and has missing section requiring replacement
 - g. Low voltage cabling not concealed and needs to be rerouted
 - h. Walls in some tenant areas have broken sheetrock and is unpainted – needs repair
 - i. Acoustical tile ceiling broken or damaged in certain locations and needs replacement
5. Exterior Construction
- a. Front of building not Accessible -ADA entry at rear of building; handicap operators not functioning; this entry is not at primary façade.
 - b. Parking area bituminous is significantly deteriorated
 - c. There are no handicapped parking spaces
 - d. Sidewalks adjacent to the buildings have slumped or sunken
 - e. Site landscaping is primarily dead or dying
 - f. Roof drains daylight at building perimeters resulting in water saturating the building wall
 - g. There is water infiltration in link structures that connect buildings resulting in musty/moldy smells
 - h. Area well stairs not code compliant
 - i. Area well block walls have step cracks
 - j. Roof is flat without proper pitch and appears at the end of expected lifecycle.
 - k. Roof structural capacity needs to be evaluated to verify if it can carry the existing Mechanical equipment loads imposed.
 - l. Mechanical equipment on roof is inadequately supported in several locations
 - m. Metal cladding wrapping exterior columns is corroded at the bases.

Environmental

The following Environmental reports were made available by the Owner:

- a. Environmental Evaluation, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
 - i. The report detected petroleum and non-petroleum contamination and recommended that the Site (4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street) be enrolled into the MPCA Petroleum Brownfields Program (PBP) and Voluntary Investigation and Cleanup (VIC) Program.
- b. Phase I Environmental Site Assessment, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
- c. Asbestos and Lead-Based-Paint Assessment Report, Pentagon Park – Istar 4530-4660 West 77th Street, Edina, MN Braun Intertec Corporation September 20, 2012.
 - i. The report confirmed the presence of Friable Asbestos Containing Material (ACM), Category I Non-Friable ACM, and Category II Non-Friable ACM. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”
 - ii. The report confirmed the presence of loose and flaking lead-based-paint in subject buildings and associated garage. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (4510, 4530, 4550 and 4570) are nearly identical in size, configuration and systems. The buildings are rectilinear in shape and arranged so that they form an open sided square set back off West 77th with parking in the interior. There is a parking garage that is under the main parking area in front of buildings 4530 and 4550 and is accessed through garage doors at the north side of those buildings. All buildings have main entrances on the south (interior) side which are not Accessible. There are Accessible entrances on the rear (north) that are in various states of usability. All the buildings were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated. However, two buildings (4510 and 4570) were renovated and unlikely to be found substandard so were not investigated further. All the buildings have undergone inspections for hazardous materials and it was determined that both lead based paint and asbestos containing materials are present in the buildings. Of note, the Owner of the complex is undertaking a partial renovation of an adjacent, similar building and has found that the City of Edina has required compliance with the current energy code related to wall assembly, however, this study will not consider energy code within the code deficiencies calculation.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution
 - a. Remove and replace existing combustible materials in plenum
2. Move electrical service out of stairwell and upgrade to capacity required by HVAC
3. Replace stairs – 2 sets
4. Provide new elevators and upgrade shafts and lobbies
5. Provide new compliant elevator equipment room
6. Sprinkle building – must provide new water service
7. Provide code compliant hand rails and guards
8. Provide ADA compliant restrooms – 1 set per floor
9. Provide ADA compliant entrances at front of building
10. Provide new roof and mechanical unit mounts

**PENTAGON PARK REDEVELOPMENT TIF DISTRICT
CODE/CONDITION DEFICIENCY REPORT**

September 3, 2013

Map No. & Building Name/Address: Map ID 9 4530 77th Street West
Inspection Date(s) & Time(s): 6/18/2013, 6/25/2013
Inspection Type: Interior/Exterior

Summary of Deficiencies: It is our professional opinion that this building is **Substandard** because:
- Building Code deficiencies total more than 15% of replacement cost.
- Substantial renovation is required to correct Conditions found.

| | |
|--|-----------------------|
| Estimated Replacement Cost: | \$8,109,288.00 |
| Estimated Cost to Correct Building Code Deficiencies: | \$3,164,841.06 |
| Percentage of Replacement Cost: | 39% |

Description of Condition Deficiencies

Minnesota Statutes, Section 469.174, Subdivision 10, states that a building is Structurally Substandard if it contains “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. Defects in Structural Elements

1. Building entries are severely deteriorated with structural steel corrosion and spalled concrete; wood blocking has been inserted to aid in supporting the failing entries.
2. Cracking and spalling of top coat on exposed concrete overhangs –significant water intrusion issue
3. Minor water infiltration at roof level concrete ceiling

B. Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. Existing HVAC does not comply with current ventilation codes
 - b. Existing electrical service is located in stairwell and does not comply with current code
 - c. Elevator cabs, shafts and equipment rooms do not meet code
2. Light and Ventilation
 - a. Plenum constructed of combustible materials
 - b. Building insulation is inadequate
 - c. No vapor barrier present
 - d. Windows are non-thermally broken single pane aluminum
 - e. Lighting does not meet current energy code
3. Fire Protection/Adequate Egress
 - a. Building not sprinkled
 - b. Corridor walls not rated to qualify hall as adequate egress from building
4. Layout and Condition of Interior Partitions/Materials
 - a. Stair handrails and guards are not code complaint (lack of extension, handrail used as top of guard, non-permissible openings size)
 - b. Stair rise and run not code compliant
 - c. Stair landing sizes are impeded by stand pipes and wall mounted electrical equipment.

- d. Building does not have ADA compliant restrooms
 - e. Some tenant space walls damaged and not painted requiring build- out and new finishes
 - f. Sump pump in lower level common space indicates water issue
 - g. Cable and wiring exposed hanging from ceiling needs to be re-routed or concealed
 - h. Ceiling tiles missing in some locations
 - i. Wall and door finishes scuffed and worn requiring new paint, wallpaper and door finish
5. Exterior Construction
- a. Front of building not Accessible -ADA entry at rear of building; handicap operators not functioning; this entry is not at primary façade.
 - b. Parking area bituminous is significantly deteriorated
 - c. There are no handicapped parking spaces
 - d. Sidewalks adjacent to the buildings have slumped or sunken
 - e. Site landscaping is primarily dead or dying
 - f. Roof drains daylight at building perimeters resulting in water saturating the building wall
 - g. There is water infiltration in link structures that connect buildings resulting in musty/moldy smells
 - h. Area well stairs not code compliant
 - i. Area well block walls have step cracks
 - j. Roof is flat without proper pitch and appears at the end of expected lifecycle.
 - k. Roof structural capacity needs to be evaluated to verify if it can carry the existing Mechanical equipment loads imposed.
 - l. Mechanical equipment on roof is inadequately supported in several locations
 - m. Metal cladding wrapping exterior columns is corroded at the bases.
6. Parking Garage at (4530 address only)
- a. Underground parking garage has significant water intrusion in many areas
 - b. 20% of concrete planks require replacement
 - c. Waterproofing requires replacement
 - d. Sections of garage are shored up due to structural failure
 - e. Parking restrictions were recommended by Structural Engineer
 - f. Parking garage severely deficient and recommended for replacement

Environmental

The following Environmental reports were made available by the Owner:

- a. Environmental Evaluation, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
 - i. The report detected petroleum and non-petroleum contamination and recommended that the Site (4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street) be enrolled into the MPCA Petroleum Brownfields Program (PBP) and Voluntary Investigation and Cleanup (VIC) Program.
- b. Phase I Environmental Site Assessment, Commercial Properties 4530, 4540, 4550, 4600, 4620, and 4660 West 77th Street, Edina, MN, Braun Intertec Corporation July 18, 2012.
- c. Asbestos and Lead-Based-Paint Assessment Report, Pentagon Park – 4530-4660 West 77th Street, Edina, MN Braun Intertec Corporation September 20, 2012.
 - i. The report confirmed the presence of Friable Asbestos Containing Material (ACM), Category I Non-Friable ACM, and Category II Non-Friable ACM. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”
 - ii. The report confirmed the presence of loose and flaking lead-based-paint in subject buildings and associated garage. The Minnesota Pollution Control Agency (MPCA) Minnesota Administrative Rule Chapter 7035 Part 0805 Subpart 1 requires the building owner or person authorizing

renovation or demolition of a building ensure that that “hazardous materials or items present in structures are removed prior to the commencement of renovation or demolition and that the hazardous materials or items generated as a result are properly characterized and disposed of or recycled.”

Overview of Condition Deficiencies

Constructed in 1968-69 by the predecessor firm to Opus Corporation, the buildings in this grouping (4510, 4530, 4550 and 4570) are nearly identical in size, configuration and systems. The buildings are rectilinear in shape and arranged so that they form an open sided square set back off West 77th with parking in the interior. There is a parking garage that is under the main parking area in front of buildings 4530 and 4550 and is accessed through garage doors at the north side of those buildings. All buildings have main entrances on the south (interior) side which are not Accessible. There are Accessible entrances on the rear (north) that are in various states of usability. The buildings given more in-depth consideration were found to have significant HVAC, electrical, life safety, and energy code issues that will require remediation if they are to be renovated. Additionally, the buildings have undergone inspections for hazardous materials and it was determined that both lead based paint and asbestos containing materials are present in the buildings. Of note, the Owner of the complex is undertaking a partial renovation of an adjacent, similar building and has found that the City of Edina has required compliance with the current energy code related to wall assembly, however, this study will not consider energy code within the code deficiencies calculation.

Required Repairs to Mitigate Code Deficiencies

1. Provide new HVAC terminal units and distribution
 - a. Remove and replace existing combustible materials in plenum
2. Move electrical service out of stairwell and upgrade to capacity required by HVAC
3. Provide new elevators and upgrade shafts and lobbies
4. Provide new compliant elevator equipment room
5. Sprinkle building – must provide new water service
6. Provide code compliant hand rails and guards
7. Provide ADA compliant restrooms – 1 set per floor
8. Provide ADA compliant entrances at front of building
9. Provide new roof and mechanical unit mounts

APPENDIX C

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

Square Foot Cost Estimate Report

| | | |
|-----------------------|---|---|
| Estimate Name: | 1 A 4901 77th St W , Edina , MN | |
| Building Type: | Office, 2-4 Story with Face Brick with Concrete Block Back-up / Steel Joists |  <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p> |
| Location: | MINNEAPOLIS, MN | |
| Story Count: | 2 | |
| Story Height (L.F.): | 10 | |
| Floor Area (S.F.): | 35500 | |
| Labor Type: | STD | |
| Basement Included: | No | |
| Data Release: | Year 2012 | |
| Cost Per Square Foot: | \$ 153.38 | |
| Building Cost: | \$ 5,445,132.00 | |

| | | % of Total | Cost Per S.F. | Cost |
|-----------------------|--|---------------|-----------------|------------------------|
| A Substructure | | 5.16% | \$ 7.92 | \$ 281,160.00 |
| A1010 | Standard Foundations KSF, 12" deep x 24" wide KSF, 6' - 0" square x 20" deep KSF, 7' - 6" square x 25" deep | | \$ 2.86 | \$ 101,530.00 |
| A1030 | Slab on Grade Slab on grade, 4" thick, non industrial, reinforced | | \$ 2.99 | \$ 106,145.00 |
| A2010 | Basement Excavation site storage | | \$ 0.11 | \$ 3,905.00 |
| A2020 | Basement Walls thick thick | | \$ 1.96 | \$ 69,580.00 |
| B Shell | | 21.72% | \$ 33.31 | \$ 1,182,505.00 |
| B1010 | Floor Construction wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total column, 3 hour rating, 22 PLF | | \$ 11.37 | \$ 403,635.00 |
| B1020 | Roof Construction wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load, | | \$ 3.80 | \$ 134,900.00 |
| B2010 | Exterior Walls thick, perlite core fill | | \$ 10.89 | \$ 386,595.00 |
| B2020 | Exterior Windows Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3" | | \$ 2.48 | \$ 88,040.00 |
| B2030 | Exterior Doors hardware, 6'-0" x 10'-0" opening 10'-0" opening 7'-0" opening | | \$ 1.15 | \$ 40,825.00 |
| B3010 | Roof Coverings mopped | | \$ 3.62 | \$ 128,510.00 |

Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite
 Roof edges, aluminum, duranodic, .050" thick, 6" face
 Flashing, aluminum, no backing sides, .019"
 Gravel stop, aluminum, extruded, 4", duranodic, .050" thick

| C Interiors | | 22.09% | \$ 33.88 | \$ 1,202,740.00 |
|--------------------|--|---------------|-----------------|------------------------|
| C1010 | Partitions OC framing, same opposite face, no insulation 1/2" fire rated gypsum board, taped & finished, painted on metal furring | | \$ 3.42 | \$ 121,410.00 |
| C1020 | Interior Doors 3'-0" x 7'-0" x 1-3/8" | | \$ 6.23 | \$ 221,165.00 |
| C1030 | Fittings Toilet partitions, cubicles, ceiling hung, plastic laminate | | \$ 1.13 | \$ 40,115.00 |
| C2010 | Stair Construction Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing | | \$ 4.97 | \$ 176,435.00 |
| C3010 | Wall Finishes primer & 2 coats Vinyl wall covering, fabric back, medium weight | | \$ 1.38 | \$ 48,990.00 |
| C3020 | Floor Finishes Carpet, tufted, nylon, roll goods, 12' wide, 36 oz Carpet, padding, add to above, minimum Vinyl, composition tile, maximum Tile, ceramic natural clay | | \$ 8.65 | \$ 307,075.00 |
| C3030 | Ceiling Finishes channel grid, suspended support | | \$ 8.10 | \$ 287,550.00 |
| D Services | | 41.94% | \$ 64.33 | \$ 2,283,715.00 |
| D1010 | Elevators and Lifts group, 125 FPM | | \$ 12.83 | \$ 455,465.00 |
| D2010 | Plumbing Fixtures Water closet, vitreous china, bowl only with flush valve, wall hung Urinal, vitreous china, wall hung Lavatory w/trim, vanity top, PE on CI, 20" x 18" Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20" Water cooler, electric, wall hung, 8.2 GPH Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | | \$ 4.00 | \$ 142,000.00 |
| D2020 | Domestic Water Distribution Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH | | \$ 0.46 | \$ 16,330.00 |
| D2040 | Rain Water Drainage Roof drain, CI, soil, single hub, 4" diam, 10' high Roof drain, CI, soil, single hub, 4" diam, for each additional foot add | | \$ 0.69 | \$ 24,495.00 |
| D3050 | Terminal & Package Units Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | | \$ 18.48 | \$ 656,040.00 |
| D4010 | Sprinklers Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF 5000 SF Standard High Rise Accessory Package 3 story | | \$ 4.27 | \$ 151,585.00 |
| D4020 | Standpipes Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor additional floors | | \$ 1.00 | \$ 35,500.00 |

| | | | | | |
|--------------|--|----|-------|----|------------|
| D5010 | Electrical Service/Distribution phase, 4 wire, 120/208 V, 1000 A Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A A | \$ | 2.80 | \$ | 99,400.00 |
| D5020 | Lighting and Branch Wiring with transformer Miscellaneous power, 1.2 watts Central air conditioning power, 4 watts Motor installation, three phase, 460 V, 15 HP motor size fixtures @32watt per 1000 SF | \$ | 13.07 | \$ | 463,985.00 |
| D5030 | Communications and Security Telephone wiring for offices & laboratories, 8 jacks/MSF detectors, includes outlets, boxes, conduit and wire Fire alarm command center, addressable with voice, excl. wire & conduit Internet wiring, 8 data/voice outlets per 1000 S.F. | \$ | 6.48 | \$ | 230,040.00 |
| D5090 | Other Electrical Systems gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW kW | \$ | 0.25 | \$ | 8,875.00 |

| | | | | | |
|--------------------------------------|--------------|----|---|----|---|
| E Equipment & Furnishings | 0.00% | \$ | - | \$ | - |
| E1090 Other Equipment | | \$ | - | \$ | - |
| F Special Construction | 0% | \$ | - | \$ | - |
| G Building Sitework | 0% | \$ | - | \$ | - |

| | | | | | |
|---|---------------|----|--------|----|--------------|
| SubTotal | 100% | \$ | 139.44 | \$ | 4,950,120.00 |
| Contractor Fees (General Conditions,Overhead,Profit) | 10.00% | \$ | 13.94 | \$ | 495,012.00 |
| Architectural Fees | | \$ | - | \$ | - |
| User Fees | | \$ | - | \$ | - |
| Total Building Cost | | \$ | 153.38 | \$ | 5,445,132.00 |

Code Deficiency Cost Report

Pentagon Park Proposed TIF District
Project No. 130270
MAP ID No. 1 A
Address 4901 77th Street West Edina, MN
PID 31-028-24-33-0010

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|--------------|-------|------------------|------------------------|
| Accessibility Items | | | | |
| Replace toilets to provide handicap access for each gender | | | | |
| Build (4) new accessible toilet rooms W/ compliant number of accessories and fixtures | | | | |
| Remove existing toilet rooms | \$ 11,500.00 | Lump | 1 | \$ 11,500.00 |
| water closets | \$ 2,500.00 | each | 10 | \$ 25,000.00 |
| lavs | \$ 1,750.00 | each | 8 | \$ 14,000.00 |
| Urinal | \$ 1,750.00 | each | 4 | \$ 7,000.00 |
| 4 sets of grab bars | \$ 400.00 | each | 4 | \$ 1,600.00 |
| 4 sets toilet room accessories | \$ 800.00 | each | 4 | \$ 3,200.00 |
| 4 Interior room reconstruction (doors, partitions, finishes) | \$ 60.00 | SF | 960 | \$ 57,600.00 |
| 4 Reinstall toilet Room Ventilation System | \$ 1,600.00 | each | 4 | \$ 6,400.00 |
| Exiting | | | | |
| Replace guards and handrails in stair | \$ 6,500.00 | Lump | 1 | \$ 6,500.00 |
| Fire Protection | | | | |
| Install sprinkler system | | | | |
| Sprinkler piping and heads for building | \$ 4.27 | SF | 35,500 | \$ 151,585.00 |
| Install standpipes | \$ 1.00 | SF | 35,500 | \$ 35,500.00 |
| Roof Construction | | | | |
| Replace roof - install tapered insulation | \$ 2.25 | SF | 17,700 | \$ 39,825.00 |
| Conveyance | | | | |
| Provide elevator | \$ 12.83 | SF | 35,500 | \$ 455,465.00 |
| Mechanical- Electrical | | | | |
| Provide new HVAC system | | | | |
| New heating, cooling and ventilation system -includes plenum reconstruction | \$ 18.00 | SF | 35,500 | \$ 639,000.00 |
| Provide new electrical service | \$ 2.80 | SF | 35,500 | \$ 99,400.00 |
| Provide new branch wiring and lighting system | \$ 6.05 | SF | 54,000 | \$ 326,700.00 |
| Total Code Improvements | | | | \$ 1,880,275.00 |

Square Foot Cost Estimate Report

| | | |
|-----------------------|---|---|
| Estimate Name: | 1 B 4900 77th St W , Edina , MN | |
| Building Type: | Office, 2-4 Story with Face Brick with Concrete Block Back-up / Steel Joists |  <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p> |
| Location: | MINNEAPOLIS, MN | |
| Story Count: | 2 | |
| Story Height (L.F.): | 10 | |
| Floor Area (S.F.): | 35500 | |
| Labor Type: | STD | |
| Basement Included: | No | |
| Data Release: | Year 2012 | |
| Cost Per Square Foot: | \$ 153.38 | |
| Building Cost: | \$ 5,445,132.00 | |

| | | % of Total | Cost Per S.F. | Cost |
|-----------------------|--|---------------|-----------------|------------------------|
| A Substructure | | 5.16% | \$ 7.92 | \$ 281,160.00 |
| A1010 | Standard Foundations KSF, 12" deep x 24" wide KSF, 6' - 0" square x 20" deep KSF, 7' - 6" square x 25" deep | | \$ 2.86 | \$ 101,530.00 |
| A1030 | Slab on Grade Slab on grade, 4" thick, non industrial, reinforced | | \$ 2.99 | \$ 106,145.00 |
| A2010 | Basement Excavation site storage | | \$ 0.11 | \$ 3,905.00 |
| A2020 | Basement Walls thick thick | | \$ 1.96 | \$ 69,580.00 |
| B Shell | | 21.72% | \$ 33.31 | \$ 1,182,505.00 |
| B1010 | Floor Construction wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total column, 3 hour rating, 22 PLF | | \$ 11.37 | \$ 403,635.00 |
| B1020 | Roof Construction wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load, | | \$ 3.80 | \$ 134,900.00 |
| B2010 | Exterior Walls thick, perlite core fill | | \$ 10.89 | \$ 386,595.00 |
| B2020 | Exterior Windows Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3" | | \$ 2.48 | \$ 88,040.00 |
| B2030 | Exterior Doors hardware, 6'-0" x 10'-0" opening 10'-0" opening 7'-0" opening | | \$ 1.15 | \$ 40,825.00 |
| B3010 | Roof Coverings mopped | | \$ 3.62 | \$ 128,510.00 |

Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite
 Roof edges, aluminum, duranodic, .050" thick, 6" face
 Flashing, aluminum, no backing sides, .019"
 Gravel stop, aluminum, extruded, 4", duranodic, .050" thick

| C Interiors | | 22.09% | \$ 33.88 | \$ 1,202,740.00 |
|--------------------|--|---------------|-----------------|------------------------|
| C1010 | Partitions OC framing, same opposite face, no insulation 1/2" fire rated gypsum board, taped & finished, painted on metal furring | | \$ 3.42 | \$ 121,410.00 |
| C1020 | Interior Doors 3'-0" x 7'-0" x 1-3/8" | | \$ 6.23 | \$ 221,165.00 |
| C1030 | Fittings Toilet partitions, cubicles, ceiling hung, plastic laminate | | \$ 1.13 | \$ 40,115.00 |
| C2010 | Stair Construction Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing | | \$ 4.97 | \$ 176,435.00 |
| C3010 | Wall Finishes primer & 2 coats Vinyl wall covering, fabric back, medium weight | | \$ 1.38 | \$ 48,990.00 |
| C3020 | Floor Finishes Carpet, tufted, nylon, roll goods, 12' wide, 36 oz Carpet, padding, add to above, minimum Vinyl, composition tile, maximum Tile, ceramic natural clay | | \$ 8.65 | \$ 307,075.00 |
| C3030 | Ceiling Finishes channel grid, suspended support | | \$ 8.10 | \$ 287,550.00 |
| D Services | | 41.94% | \$ 64.33 | \$ 2,283,715.00 |
| D1010 | Elevators and Lifts group, 125 FPM | | \$ 12.83 | \$ 455,465.00 |
| D2010 | Plumbing Fixtures Water closet, vitreous china, bowl only with flush valve, wall hung Urinal, vitreous china, wall hung Lavatory w/trim, vanity top, PE on CI, 20" x 18" Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20" Water cooler, electric, wall hung, 8.2 GPH Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | | \$ 4.00 | \$ 142,000.00 |
| D2020 | Domestic Water Distribution Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH | | \$ 0.46 | \$ 16,330.00 |
| D2040 | Rain Water Drainage Roof drain, CI, soil, single hub, 4" diam, 10' high Roof drain, CI, soil, single hub, 4" diam, for each additional foot add | | \$ 0.69 | \$ 24,495.00 |
| D3050 | Terminal & Package Units Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | | \$ 18.48 | \$ 656,040.00 |
| D4010 | Sprinklers Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF 5000 SF Standard High Rise Accessory Package 3 story | | \$ 4.27 | \$ 151,585.00 |
| D4020 | Standpipes Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor additional floors | | \$ 1.00 | \$ 35,500.00 |

| | | | | | |
|--------------|--|----|-------|----|------------|
| D5010 | Electrical Service/Distribution phase, 4 wire, 120/208 V, 1000 A Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A A | \$ | 2.80 | \$ | 99,400.00 |
| D5020 | Lighting and Branch Wiring with transformer Miscellaneous power, 1.2 watts Central air conditioning power, 4 watts Motor installation, three phase, 460 V, 15 HP motor size fixtures @32watt per 1000 SF | \$ | 13.07 | \$ | 463,985.00 |
| D5030 | Communications and Security Telephone wiring for offices & laboratories, 8 jacks/MSF detectors, includes outlets, boxes, conduit and wire Fire alarm command center, addressable with voice, excl. wire & conduit Internet wiring, 8 data/voice outlets per 1000 S.F. | \$ | 6.48 | \$ | 230,040.00 |
| D5090 | Other Electrical Systems gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW kW | \$ | 0.25 | \$ | 8,875.00 |

| | | | | | |
|--------------------------------------|--------------|----|---|----|---|
| E Equipment & Furnishings | 0.00% | \$ | - | \$ | - |
| E1090 Other Equipment | | \$ | - | \$ | - |
| F Special Construction | 0% | \$ | - | \$ | - |
| G Building Sitework | 0% | \$ | - | \$ | - |

| | | | | | |
|---|---------------|----|--------|----|--------------|
| SubTotal | 100% | \$ | 139.44 | \$ | 4,950,120.00 |
| Contractor Fees (General Conditions,Overhead,Profit) | 10.00% | \$ | 13.94 | \$ | 495,012.00 |
| Architectural Fees | | \$ | - | \$ | - |
| User Fees | | \$ | - | \$ | - |
| Total Building Cost | | \$ | 153.38 | \$ | 5,445,132.00 |

Code Deficiency Cost Report

Pentagon Park Proposed TIF District
Project No. 130270
MAP ID No. 1 B
Address 4900 77th Street West Edina, MN
PID 31-028-24-33-0010

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|--------------|-------|------------------|------------------------|
| Accessibility Items | | | | |
| Replace toilets to provide handicap access for each gender | | | | |
| Build (4) new accessible toilet rooms W/ compliant number of accessories and fixtures | | | | |
| Remove existing toilet rooms | \$ 11,500.00 | Lump | 1 | \$ 11,500.00 |
| water closets | \$ 2,500.00 | each | 10 | \$ 25,000.00 |
| lavs | \$ 1,750.00 | each | 8 | \$ 14,000.00 |
| Urinal | \$ 1,750.00 | each | 4 | \$ 7,000.00 |
| 4 sets of grab bars | \$ 400.00 | each | 4 | \$ 1,600.00 |
| 4 sets toilet room accessories | \$ 800.00 | each | 4 | \$ 3,200.00 |
| 4 Interior room reconstruction (doors, partitions, finishes) | \$ 60.00 | SF | 960 | \$ 57,600.00 |
| 4 Reinstall toilet Room Ventilation System | \$ 1,600.00 | each | 4 | \$ 6,400.00 |
| Exiting | | | | |
| Replace guards and handrails in stair | \$ 6,500.00 | Lump | 1 | \$ 6,500.00 |
| Roof Construction | | | | |
| Replace roof - install tapered insulation | \$ 2.25 | SF | 17,700 | \$ 39,825.00 |
| Conveyance | | | | |
| Provide elevator | \$ 12.83 | sf | 35,500 | \$ 455,465.00 |
| Mechanical- Electrical | | | | |
| Provide new HVAC system | | | | |
| New heating, cooling and ventilation system -includes plenum reconstruction | \$ 18.00 | SF | 35,500 | \$ 639,000.00 |
| Provide new electrical service | \$ 2.80 | SF | 35,500 | \$ 99,400.00 |
| Provide new branch wiring and lighting system | \$ 6.05 | SF | 54,000 | \$ 326,700.00 |
| Total Code Improvements | | | | \$ 1,693,190.00 |

Square Foot Cost Estimate Report

| | | |
|-----------------------|---|---|
| Estimate Name: | 1 C 4940 Viking Drive , Edina , MN |  <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p> |
| Building Type: | Office, 5-10 Story with Precast Concrete Panel / R/Conc. Frame | |
| Location: | MINNEAPOLIS, MN | |
| Story Count: | 7 | |
| Story Height (L.F.): | 10 | |
| Floor Area (S.F.): | 87,808 | |
| Labor Type: | STD | |
| Basement Included: | No | |
| Data Release: | Year 2012 | |
| Cost Per Square Foot: | \$ 158.08 | |
| Building Cost: | \$ 13,884,000.00 | |

| | | % of Total | Cost Per S.F. | Cost |
|-----------------------|--|---------------|-----------------|------------------------|
| A Substructure | | 3.60% | \$ 5.70 | \$ 500,505.60 |
| A1010 | Standard Foundations KSF, 12" deep x 32" wide 9' - 6" square x 30" deep | | \$ 2.65 | \$ 232,691.20 |
| A1030 | Slab on Grade Slab on grade, 4" thick, non industrial, reinforced | | \$ 0.85 | \$ 74,636.80 |
| A2010 | Basement Excavation site storage | | \$ 0.60 | \$ 52,684.80 |
| A2020 | Basement Walls thick | | \$ 1.60 | \$ 140,492.80 |
| B Shell | | 29.33% | \$ 46.38 | \$ 4,072,535.04 |
| B1010 | Floor Construction height, 394 lbs/LF, 4000PSI height, 394 lbs/LF, 6000PSI height, 394 lbs/LF, 6000PSI 500K load, 10'-14' story height, 375 lbs/LF, 4000PSI 15'x15' bay, 75 PSF superimposed load, 153 PSF total load superimposed load, 188 PSF total load | | \$ 24.72 | \$ 2,170,613.76 |
| B1020 | Roof Construction 18" deep beam, 8.5" slab, 146 PSF total load | | \$ 2.45 | \$ 215,129.60 |
| B2010 | Exterior Walls 2" rigid insulation, high rise | | \$ 14.84 | \$ 1,303,070.72 |
| B2020 | Exterior Windows Windows, aluminum, sliding, insulated glass, 5' x 3' | | \$ 3.11 | \$ 273,082.88 |
| B2030 | Exterior Doors hardware, 6'-0" x 10'-0" opening 0" opening | | \$ 0.29 | \$ 25,464.32 |
| B3010 | Roof Coverings mopped Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite Roof edges, aluminum, duranodic, .050" thick, 6" face Flashing, aluminum, no backing sides, .019" | | \$ 0.97 | \$ 85,173.76 |

| C Interiors | | 17.74% | \$ 28.05 | \$ 2,463,014.40 |
|-------------|---|--------|----------|-----------------|
| C1010 | Partitions 5/8" @ 24" OC framing ,same opposite face, no insulation 1/2" fire ratedgypsum board, taped & finished, painted on metal furring | | \$ 3.27 | \$ 287,132.16 |
| C1020 | Interior Doors 3'-0" x 7'-0" x 1-3/8" | | \$ 3.11 | \$ 273,082.88 |
| C1030 | Fittings Toilet partitions, cubicles, ceiling hung, plastic laminate | | \$ 0.75 | \$ 65,856.00 |
| C2010 | Stair Construction Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing | | \$ 3.02 | \$ 265,180.16 |
| C3010 | Wall Finishes primer & 2 coats Vinyl wall covering, fabric back, medium weight | | \$ 1.16 | \$ 101,857.28 |
| C3020 | Floor Finishes Carpet, tufted, nylon, roll goods, 12' wide, 36 oz Carpet, padding, add to above, minimum Vinyl, composition tile, maximum Tile, ceramic natural clay | | \$ 8.65 | \$ 759,539.20 |
| C3030 | Ceiling Finishes channel grid, suspended support | | \$ 8.09 | \$ 710,366.72 |
| D Services | | 40.21% | \$ 63.58 | \$ 5,582,832.64 |
| D1010 | Elevators and Lifts 200 FPM | | \$ 15.86 | \$ 1,392,634.88 |
| D2010 | Plumbing Fixtures Water closet, vitreous china, bowl only with flush valve, wall hung Urinal, vitreous china, wall hung Lavatory w/trim, vanity top, PE on CI, 20" x 18" Service sink w/trim, PE on CI,wall hung w/rim guard, 24" x 20" Water cooler, electric, wall hung, 8.2 GPH Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | | \$ 2.81 | \$ 246,740.48 |
| D2020 | Domestic Water Distribution Gas fired water heater, commercial, 100< F rise, 200 MBH input, 192 GPH | | \$ 0.56 | \$ 49,172.48 |
| D2040 | Rain Water Drainage Roof drain, CI, soil,single hub, 5" diam, 10' high Roof drain, CI, soil,single hub, 5" diam, for each additional foot add | | \$ 0.30 | \$ 26,342.40 |
| D3050 | Terminal & Package Units Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | | \$ 18.48 | \$ 1,622,691.84 |
| D4010 | Sprinklers Wet pipe sprinkler systems, steel, light hazard, 1 floor, 10,000 SF 10,000 SF Standard High Rise Accessory Package 8 story | | \$ 3.40 | \$ 298,547.20 |
| D4020 | Standpipes Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor floors Fire pump, electric, with controller, 5" pump, 100 HP, 1000 GPM Fire pump, electric, for jockey pump system, add | | \$ 1.08 | \$ 94,832.64 |
| D5010 | Electrical Service/Distribution phase, 4 wire, 120/208 V, 1600 A Feeder installation 600 V, including RGS conduit and XHHW wire, 60 A | | \$ 1.94 | \$ 170,347.52 |

| | | | | |
|---|---|--------------|------------------|-------------------------|
| | Feeder installation 600 V, including RGS conduit and XHHW wire, 200 A | | | |
| | Feeder installation 600 V, including RGS conduit and XHHW wire, 1600 A | | | |
| | Switchgear installation, incl switchboard, panels & circuit breaker, 1600 A | | | |
| D5020 | Lighting and Branch Wiring | \$ | 13.07 | \$ 1,147,650.56 |
| | with transformer | | | |
| | Miscellaneous power, 1.2 watts | | | |
| | Central air conditioning power, 4 watts | | | |
| | Motor installation, three phase, 460 V, 15 HP motor size | | | |
| | V 15 HP, 575 V 20 HP | | | |
| | Motor connections, three phase, 200/230/460/575 V, up to 5 HP | | | |
| | Motor connections, three phase, 200/230/460/575 V, up to 100 HP | | | |
| | fixtures @32watt per 1000 SF | | | |
| D5030 | Communications and Security | \$ | 4.90 | \$ 430,259.20 |
| | Telephone wiring for offices & laboratories, 8 jacks/MSF | | | |
| | detectors, includes outlets, boxes, conduit and wire | | | |
| | Fire alarm command center, addressable with voice, excl. wire & conduit | | | |
| | Internet wiring, 8 data/voice outlets per 1000 S.F. | | | |
| D5090 | Other Electrical Systems | \$ | 1.18 | \$ 103,613.44 |
| | engine with fuel tank, 100 kW | | | |
| | kW | | | |
| E Equipment & Furnishings | | 0.00% | \$ - | \$ - |
| E1090 | Other Equipment | \$ | - | \$ - |
| F Special Construction | | 0% | \$ - | \$ - |
| G Building Sitework | | 0% | \$ - | \$ - |
| SubTotal | | 91% | \$ 143.71 | \$ 12,618,887.68 |
| Contractor Fees (General Conditions,Overhead,Profit) | | 9.09% | \$ 14.37 | \$ 1,261,888.77 |
| Architectural Fees | | 0.00% | \$ - | \$ - |
| User Fees | | 0.00% | \$ - | \$ - |
| Total Building Cost | | | \$ 158.08 | \$ 13,884,000.00 |

Code Deficiency Cost Report

Pentagon Park Proposed TIF District
Project No. 130270
Map No 1 C
Address 4940 Viking Drive Edina, MN
PID 31-028-24-33-0010

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|--|---------------|-------|------------------|------------------------|
| Accessibility Items | | | | |
| Replace toilets to provide handicap access for each gender | | | | |
| Build (14) new accessible toilet rooms W/ compliant number of accessories and fixtures | | | | |
| Remove existing toilet rooms | \$ 65,000.00 | Lump | 1 | \$ 65,000.00 |
| water closets | \$ 2,500.00 | each | 35 | \$ 87,500.00 |
| lavs | \$ 1,750.00 | each | 28 | \$ 49,000.00 |
| Urinal | \$ 1,750.00 | each | 14 | \$ 24,500.00 |
| 14 sets of grab bars | \$ 400.00 | each | 14 | \$ 5,600.00 |
| 14 sets toilet room accessories | \$ 800.00 | each | 14 | \$ 11,200.00 |
| 14 Interior room reconstruction (doors, partitions, finishes) | \$ 60.00 | SF | 3,150 | \$ 189,000.00 |
| 14 Reinstall toilet Room Ventilation System | \$ 1,600.00 | each | 14 | \$ 22,400.00 |
| Fire Protection | | | | |
| Install sprinkler system | | | | |
| Sprinkler piping and heads for building | \$ 3.40 | SF | 87,808 | \$ 298,547.20 |
| Install standpipes | \$ 1.08 | SF | 87,808 | \$ 94,832.64 |
| Roof Construction | | | | |
| Replace roof - install tapered insulation | \$ 2.25 | SF | 12,544 | \$ 28,224.00 |
| Conveyance | | | | |
| Replace 2 elevators, shafts and equipment room | \$ 15.86 | SF | 87,808 | \$ 1,392,634.88 |
| Mechanical- Electrical | | | | |
| Provide new HVAC system | | | | |
| New heating, cooling and ventilation system | \$ 18.00 | SF | 87,808 | \$ 1,580,544.00 |
| Provide new electrical service | \$ 150,000.00 | Lump | 1 | \$ 100,000.00 |
| Provide new branch wiring and lighting system | \$ 13.07 | SF | 87,808 | \$ 1,147,650.56 |
| Total Code Improvements | | | | \$ 5,096,633.28 |

Square Foot Cost Estimate Report

| | | |
|-----------------------|---|---|
| Estimate Name: | 1 D 4960 Viking Drive , Edina , MN | |
| Building Type: | Office, 2-4 Story with Face Brick with Concrete Block Back-up / Steel Joists | |
| Location: | MINNEAPOLIS, MN |  <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p> |
| Story Count: | 2 | |
| Story Height (L.F.): | 10 | |
| Floor Area (S.F.): | 26,400 | |
| Labor Type: | STD | |
| Basement Included: | No | |
| Data Release: | Year 2013 Quarter 3 | |
| Cost Per Square Foot: | \$ 158.05 | |
| Building Cost: | \$ 4,172,467.20 | |

| | | % of Total | Cost Per S.F. | Cost |
|-----------------------|--|---------------|-----------------|----------------------|
| A Substructure | | 5.51% | \$ 7.91 | \$ 208,824.00 |
| A1010 | Standard Foundations Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep Spread footings, 3000 PSI concrete, load 300K, soil bearing capacity 6 KSF, 7' - 6" square x 25" deep | | \$ 2.84 | \$ 74,976.00 |
| A1030 | Slab on Grade Slab on grade, 4" thick, non industrial, reinforced | | \$ 2.97 | \$ 78,408.00 |
| A2010 | Basement Excavation Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage | | \$ 0.11 | \$ 2,904.00 |
| A2020 | Basement Walls Foundation wall, CIP, 4' wall height, direct chute, .099 CY/LF, 4.8 PLF, 8" thick Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick | | \$ 1.99 | \$ 52,536.00 |
| B Shell | | 24.31% | \$ 34.93 | \$ 922,152.00 |
| B1010 | Floor Construction Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total load Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total load, for columns add Fireproofing, gypsum board, fire rated, 2 layer, 1" thick, 14" steel column, 3 hour rating, 22 PLF | | \$ 11.69 | \$ 308,616.00 |
| B1020 | Roof Construction Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing | | \$ 4.00 | \$ 105,600.00 |

wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load
 Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing
 wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load,
 add for column

| | | | | | |
|--------------|---|----|--------------|----|-------------------|
| B2010 | Exterior Walls | \$ | 11.67 | \$ | 308,088.00 |
| | Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill | | | | |
| B2020 | Exterior Windows | \$ | 2.67 | \$ | 70,488.00 |
| | Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3" | | | | |
| B2030 | Exterior Doors | \$ | 1.17 | \$ | 30,888.00 |
| | Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening | | | | |
| | Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening | | | | |
| | Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening | | | | |
| B3010 | Roof Coverings | \$ | 3.73 | \$ | 98,472.00 |
| | Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt felt, mopped | | | | |
| | Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite | | | | |
| | Roof edges, aluminum, duranodic, .050" thick, 6" face | | | | |
| | Flashing, aluminum, no backing sides, .019" | | | | |
| | Gravel stop, aluminum, extruded, 4", duranodic, .050" thick | | | | |

| | | | | | | |
|--------------------|--|---------------|----|--------------|----|-------------------|
| C Interiors | | 24.70% | \$ | 35.49 | \$ | 936,936.00 |
|--------------------|--|---------------|----|--------------|----|-------------------|

| | | | | | |
|--------------|--|----|-------------|----|-------------------|
| C1010 | Partitions | \$ | 3.62 | \$ | 95,568.00 |
| | Metal partition, 5/8" fire rated gypsum board face, no base, 3 -5/8" @ 24" OC framing, same opposite face, no insulation | | | | |
| | 1/2" fire rated gypsum board, taped & finished, painted on metal furring | | | | |
| C1020 | Interior Doors | \$ | 6.57 | \$ | 173,448.00 |
| | Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8" | | | | |
| C1030 | Fittings | \$ | 1.19 | \$ | 31,416.00 |
| | Toilet partitions, cubicles, ceiling hung, plastic laminate | | | | |
| C2010 | Stair Construction | \$ | 5.34 | \$ | 140,976.00 |
| | Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing | | | | |
| C3010 | Wall Finishes | \$ | 1.38 | \$ | 36,432.00 |
| | Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats | | | | |
| | Vinyl wall covering, fabric back, medium weight | | | | |
| C3020 | Floor Finishes | \$ | 9.11 | \$ | 240,504.00 |
| | Carpet, tufted, nylon, roll goods, 12' wide, 36 oz | | | | |
| | Carpet, padding, add to above, minimum | | | | |
| | Vinyl, composition tile, maximum | | | | |
| | Tile, ceramic natural clay | | | | |
| C3030 | Ceiling Finishes | \$ | 8.28 | \$ | 218,592.00 |
| | Acoustic ceilings, 3/4" mineral fiber, 12" x 12" tile, concealed 2" bar & | | | | |

channel grid, suspended support

| D Services | | 45.48% | \$ 65.35 | \$ 1,725,240.00 |
|------------|---|--------|----------|-----------------|
| D1010 | Elevators and Lifts Hydraulic passenger elevator, 3000 lb, 3 floors, 12' story height, 2 car group, 125 FPM | | \$ 12.48 | \$ 329,472.00 |
| D2010 | Plumbing Fixtures Water closet, vitreous china, bowl only with flush valve, wall hung Urinal, vitreous china, wall hung Lavatory w/trim, vanity top, PE on CI, 20" x 18" Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20" Water cooler, electric, wall hung, 8.2 GPH Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | | \$ 4.26 | \$ 112,464.00 |
| D2020 | Domestic Water Distribution Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH | | \$ 0.49 | \$ 12,936.00 |
| D2040 | Rain Water Drainage Roof drain, CI, soil, single hub, 4" diam, 10' high Roof drain, CI, soil, single hub, 4" diam, for each additional foot add | | \$ 0.74 | \$ 19,536.00 |
| D3050 | Terminal & Package Units Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | | \$ 19.55 | \$ 516,120.00 |
| D4010 | Sprinklers Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF Standard High Rise Accessory Package 3 story | | \$ 4.17 | \$ 110,088.00 |
| D4020 | Standpipes Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors | | \$ 1.00 | \$ 26,400.00 |
| D5010 | Electrical Service/Distribution Service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1000 A Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 1200 A | | \$ 3.12 | \$ 82,368.00 |
| D5020 | Lighting and Branch Wiring Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer Miscellaneous power, 1.2 watts Central air conditioning power, 4 watts Motor installation, three phase, 460 V, 15 HP motor size Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @ 32 watt per 1000 SF | | \$ 12.77 | \$ 337,128.00 |
| D5030 | Communications and Security Telephone wiring for offices & laboratories, 8 jacks/MSF Communication and alarm systems, fire detection, addressable, 50 | | \$ 6.50 | \$ 171,600.00 |

detectors, includes outlets, boxes, conduit and wire

Fire alarm command center, addressable with voice, excl. wire & conduit
Internet wiring, 8 data/voice outlets per 1000 S.F.

D5090 Other Electrical Systems \$ 0.27 \$ 7,128.00

Generator sets, w/battery, charger, muffler and transfer switch,
gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW

Uninterruptible power supply with standard battery pack, 15 kVA/12.75
kW

| | | | | |
|---|------------|------------------|------------------------|--|
| | | | | |
| SubTotal | 91% | \$ 143.68 | \$ 3,793,152.00 | |
| Contractor Fees (General Conditions,Overhead,Profit) | 9% | \$ 14.37 | \$ 379,315.20 | |
| Architectural Fees | 0% | \$ - | \$ - | |
| User Fees | 0% | \$ - | \$ - | |
| Total Building Cost | | \$ 158.05 | \$ 4,172,467.20 | |

Code Deficiency Cost Report

Pentagon Park Proposed TIF District
Project No. 130270
Map No 1 D
Address 4960 Viking Drive Edina, MN
PID 31-028-24-33-0010

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---------------|-------|------------------|------------------------|
| Accessibility Items | | | | |
| Replace toilets to provide handicap access for each gender | | | | |
| Build (2) new accessible toilet rooms W/ compliant number of accessories and fixtures | | | | |
| Remove existing toilet rooms | \$ 6,500.00 | Lump | 1 | \$ 6,500.00 |
| water closets | \$ 2,500.00 | each | 3 | \$ 7,500.00 |
| lavs | \$ 1,750.00 | each | 4 | \$ 7,000.00 |
| Urinal | \$ 1,750.00 | each | 2 | \$ 3,500.00 |
| 2 sets of grab bars | \$ 400.00 | each | 2 | \$ 800.00 |
| 2 sets toilet room accessories | \$ 800.00 | each | 2 | \$ 1,600.00 |
| 2 Interior room reconstruction (doors, partitions, finishes) | \$ 60.00 | SF | 480 | \$ 28,800.00 |
| 2 Reinstall toilet Room Ventilation System | \$ 1,600.00 | each | 2 | \$ 3,200.00 |
| Fire Protection | | | | |
| Install sprinkler system | | | | |
| Sprinkler piping and heads for building | \$ 3.40 | SF | 26,400 | \$ 89,760.00 |
| Install standpipes | \$ 1.08 | SF | 26,400 | \$ 28,512.00 |
| Roof Construction | | | | |
| Replace roof - install tapered insulation | \$ 2.25 | SF | 13,200 | \$ 29,700.00 |
| Conveyance | | | | |
| Install 1 elevator | \$ 12.48 | SF | 26,400 | \$ 329,472.00 |
| Mechanical- Electrical | | | | |
| Provide new HVAC system | | | | |
| New heating, cooling and ventilation system | \$ 19.55 | SF | 26,400 | \$ 516,120.00 |
| Provide new electrical service | \$ 100,000.00 | Lump | 1 | \$ 100,000.00 |
| Provide new branch wiring and lighting system | \$ 12.77 | SF | 26,400 | \$ 337,128.00 |
| Total Code Improvements | | | | \$ 1,489,592.00 |

Square Foot Cost Estimate Report

| | | |
|-----------------------|---|---|
| Estimate Name: | 1 E | |
| | 7701 Normandale Drive , Edina , MN | |
| Building Type: | Office, 2-4 Story with Face Brick with Concrete Block Back-up / Steel Joists | |
| Location: | MINNEAPOLIS, MN |  <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p> |
| Story Count: | 2 | |
| Story Height (L.F.): | 10 | |
| Floor Area (S.F.): | 26,400 | |
| Labor Type: | STD | |
| Basement Included: | No | |
| Data Release: | Year 2013 Quarter 3 | |
| Cost Per Square Foot: | \$ 158.05 | |
| Building Cost: | \$ 4,172,467.20 | |

| | | % of Total | Cost Per S.F. | Cost |
|-----------------------|--|---------------|-----------------|----------------------|
| A Substructure | | 5.51% | \$ 7.91 | \$ 208,824.00 |
| A1010 | Standard Foundations | | \$ 2.84 | \$ 74,976.00 |
| | Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide | | | |
| | Spread footings, 3000 PSI concrete, load 200K, soil bearing capacity 6 KSF, 6' - 0" square x 20" deep | | | |
| | Spread footings, 3000 PSI concrete, load 300K, soil bearing capacity 6 KSF, 7' - 6" square x 25" deep | | | |
| A1030 | Slab on Grade | | \$ 2.97 | \$ 78,408.00 |
| | Slab on grade, 4" thick, non industrial, reinforced | | | |
| A2010 | Basement Excavation | | \$ 0.11 | \$ 2,904.00 |
| | Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage | | | |
| A2020 | Basement Walls | | \$ 1.99 | \$ 52,536.00 |
| | Foundation wall, CIP, 4' wall height, direct chute, .099 CY/LF, 4.8 PLF, 8" thick | | | |
| | Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick | | | |
| B Shell | | 24.31% | \$ 34.93 | \$ 922,152.00 |
| B1010 | Floor Construction | | \$ 11.69 | \$ 308,616.00 |
| | Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total load | | | |
| | Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total load, for columns add | | | |
| | Fireproofing, gypsum board, fire rated, 2 layer, 1" thick, 14" steel column, 3 hour rating, 22 PLF | | | |
| B1020 | Roof Construction | | \$ 4.00 | \$ 105,600.00 |
| | Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing | | | |

wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load
 Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing
 wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load,
 add for column

| | | | |
|--------------|--|----------|---------------|
| B2010 | Exterior Walls Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill | \$ 11.67 | \$ 308,088.00 |
| B2020 | Exterior Windows Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3" | \$ 2.67 | \$ 70,488.00 |
| B2030 | Exterior Doors Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening Door, aluminum & glass, with transom, bronze finish, hardware, 3'-0" x 10'-0" opening Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening | \$ 1.17 | \$ 30,888.00 |
| B3010 | Roof Coverings Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt felt, mopped Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite Roof edges, aluminum, duranodic, .050" thick, 6" face Flashing, aluminum, no backing sides, .019" Gravel stop, aluminum, extruded, 4", duranodic, .050" thick | \$ 3.73 | \$ 98,472.00 |

| | | | |
|--------------------|---------------|-----------------|----------------------|
| C Interiors | 24.70% | \$ 35.49 | \$ 936,936.00 |
|--------------------|---------------|-----------------|----------------------|

| | | | |
|--------------|---|---------|---------------|
| C1010 | Partitions Metal partition, 5/8" fire rated gypsum board face, no base, 3'-5/8" @ 24" OC framing, same opposite face, no insulation 1/2" fire rated gypsum board, taped & finished, painted on metal furring | \$ 3.62 | \$ 95,568.00 |
| C1020 | Interior Doors Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8" | \$ 6.57 | \$ 173,448.00 |
| C1030 | Fittings Toilet partitions, cubicles, ceiling hung, plastic laminate | \$ 1.19 | \$ 31,416.00 |
| C2010 | Stair Construction Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing | \$ 5.34 | \$ 140,976.00 |
| C3010 | Wall Finishes Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats Vinyl wall covering, fabric back, medium weight | \$ 1.38 | \$ 36,432.00 |
| C3020 | Floor Finishes Carpet, tufted, nylon, roll goods, 12' wide, 36 oz Carpet, padding, add to above, minimum Vinyl, composition tile, maximum Tile, ceramic natural clay | \$ 9.11 | \$ 240,504.00 |
| C3030 | Ceiling Finishes Acoustic ceilings, 3/4" mineral fiber, 12" x 12" tile, concealed 2" bar & | \$ 8.28 | \$ 218,592.00 |

channel grid, suspended support

| D Services | | 45.48% | \$ 65.35 | \$ 1,725,240.00 |
|------------|---|--------|----------|-----------------|
| D1010 | Elevators and Lifts Hydraulic passenger elevator, 3000 lb, 3 floors, 12' story height, 2 car group, 125 FPM | | \$ 12.48 | \$ 329,472.00 |
| D2010 | Plumbing Fixtures Water closet, vitreous china, bowl only with flush valve, wall hung Urinal, vitreous china, wall hung Lavatory w/trim, vanity top, PE on CI, 20" x 18" Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20" Water cooler, electric, wall hung, 8.2 GPH Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | | \$ 4.26 | \$ 112,464.00 |
| D2020 | Domestic Water Distribution Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH | | \$ 0.49 | \$ 12,936.00 |
| D2040 | Rain Water Drainage Roof drain, CI, soil, single hub, 4" diam, 10' high Roof drain, CI, soil, single hub, 4" diam, for each additional foot add | | \$ 0.74 | \$ 19,536.00 |
| D3050 | Terminal & Package Units Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | | \$ 19.55 | \$ 516,120.00 |
| D4010 | Sprinklers Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF Wet pipe sprinkler systems, steel, light hazard, each additional floor, 5000 SF Standard High Rise Accessory Package 3 story | | \$ 4.17 | \$ 110,088.00 |
| D4020 | Standpipes Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, additional floors | | \$ 1.00 | \$ 26,400.00 |
| D5010 | Electrical Service/Distribution Service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 1000 A Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 1200 A | | \$ 3.12 | \$ 82,368.00 |
| D5020 | Lighting and Branch Wiring Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer Miscellaneous power, 1.2 watts Central air conditioning power, 4 watts Motor installation, three phase, 460 V, 15 HP motor size Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @ 32 watt per 1000 SF | | \$ 12.77 | \$ 337,128.00 |
| D5030 | Communications and Security Telephone wiring for offices & laboratories, 8 jacks/MSF Communication and alarm systems, fire detection, addressable, 50 | | \$ 6.50 | \$ 171,600.00 |

detectors, includes outlets, boxes, conduit and wire

Fire alarm command center, addressable with voice, excl. wire & conduit
Internet wiring, 8 data/voice outlets per 1000 S.F.

D5090 Other Electrical Systems \$ 0.27 \$ 7,128.00

Generator sets, w/battery, charger, muffler and transfer switch,
gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW

Uninterruptible power supply with standard battery pack, 15 kVA/12.75
kW

| | | | | |
|---|------------|------------------|------------------------|--|
| | | | | |
| SubTotal | 91% | \$ 143.68 | \$ 3,793,152.00 | |
| Contractor Fees (General Conditions,Overhead,Profit) | 9% | \$ 14.37 | \$ 379,315.20 | |
| Architectural Fees | 0% | \$ - | \$ - | |
| User Fees | 0% | \$ - | \$ - | |
| Total Building Cost | | \$ 158.05 | \$ 4,172,467.20 | |

Code Deficiency Cost Report

Pentagon Park Proposed TIF District
Project No. 130270
Map No 1 E
Address 7701 Normandale Drive Edina, MN
PID 31-028-24-33-0010

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---------------|-------|------------------|------------------------|
| Accessibility Items | | | | |
| Replace toilets to provide handicap access for each gender | | | | |
| Build (2) new accessible toilet rooms W/ compliant number of accessories and fixtures | | | | |
| Remove existing toilet rooms | \$ 6,500.00 | Lump | 1 | \$ 6,500.00 |
| water closets | \$ 2,500.00 | each | 3 | \$ 7,500.00 |
| lavs | \$ 1,750.00 | each | 4 | \$ 7,000.00 |
| Urinal | \$ 1,750.00 | each | 2 | \$ 3,500.00 |
| 2 sets of grab bars | \$ 400.00 | each | 2 | \$ 800.00 |
| 2 sets toilet room accessories | \$ 800.00 | each | 2 | \$ 1,600.00 |
| 2 Interior room reconstruction (doors, partitions, finishes) | \$ 60.00 | SF | 480 | \$ 28,800.00 |
| 2 Reinstall toilet Room Ventilation System | \$ 1,600.00 | each | 2 | \$ 3,200.00 |
| Fire Protection | | | | |
| Install sprinkler system | | | | |
| Sprinkler piping and heads for building | \$ 3.40 | SF | 26,400 | \$ 89,760.00 |
| Install standpipes | \$ 1.08 | SF | 26,400 | \$ 28,512.00 |
| Roof Construction | | | | |
| Replace roof - install tapered insulation | \$ 2.25 | SF | 13,200 | \$ 29,700.00 |
| Conveyance | | | | |
| Install 1 elevator | \$ 12.48 | SF | 26,400 | \$ 329,472.00 |
| Mechanical- Electrical | | | | |
| Provide new HVAC system | | | | |
| New heating, cooling and ventilation system | \$ 19.55 | SF | 26,400 | \$ 516,120.00 |
| Provide new electrical service | \$ 100,000.00 | Lump | 1 | \$ 100,000.00 |
| Provide new branch wiring and lighting system | \$ 12.77 | SF | 26,400 | \$ 337,128.00 |
| Total Code Improvements | | | | \$ 1,489,592.00 |

Square Foot Cost Estimate Report

| | | |
|-----------------------|--|---|
| Estimate Name: | 6 | |
| | 4550 77st W , Edina , MN | |
| Building Type: | Office, 2-4 Story with Face Brick with Concrete Block Back-up / Steel Joists | |
| Location: | MINNEAPOLIS, MN |  <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p> |
| Story Count: | 3 | |
| Story Height (L.F.): | 10 | |
| Floor Area (S.F.): | 54,000 | |
| Labor Type: | STD | |
| Basement Included: | No | |
| Data Release: | Year 2012 | |
| Cost Per Square Foot: | \$ 150.17 | |
| Building Cost: | \$ 8,109,288.00 | |

| | | % of Total | Cost Per S.F. | Cost |
|-----------------------|--|---------------|-----------------|------------------------|
| A Substructure | | 4.02% | \$ 6.03 | \$ 325,620.00 |
| A1010 | Standard Foundations KSF, 12" deep x 24" wide KSF, 6' - 0" square x 20" deep KSF, 7' - 6" square x 25" deep | | \$ 2.58 | \$ 139,320.00 |
| A1030 | Slab on Grade Slab on grade, 4" thick, non industrial, reinforced | | \$ 1.99 | \$ 107,460.00 |
| A2010 | Basement Excavation site storage | | \$ 0.07 | \$ 3,780.00 |
| A2020 | Basement Walls thick thick | | \$ 1.39 | \$ 75,060.00 |
| B Shell | | 22.19% | \$ 33.32 | \$ 1,799,280.00 |
| B1010 | Floor Construction wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total column, 3 hour rating, 22 PLF | | \$ 14.04 | \$ 758,160.00 |
| B1020 | Roof Construction wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load, | | \$ 2.54 | \$ 137,160.00 |
| B2010 | Exterior Walls thick, perlite core fill | | \$ 10.74 | \$ 579,960.00 |
| B2020 | Exterior Windows Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3" | | \$ 2.44 | \$ 131,760.00 |
| B2030 | Exterior Doors hardware, 6'-0" x 10'-0" opening 10'-0" opening 7'-0" opening | | \$ 1.15 | \$ 62,100.00 |
| B3010 | Roof Coverings mopped Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite | | \$ 2.41 | \$ 130,140.00 |

Roof edges, aluminum, duranodic, .050" thick, 6" face
 Flashing, aluminum, no backing sides, .019"
 Gravel stop, aluminum, extruded, 4", duranodic, .050" thick

| C Interiors | | 22.55% | \$ 33.86 | \$ 1,828,440.00 |
|--------------|--|--------|----------|-----------------|
| C1010 | Partitions OC framing, same opposite face, no insulation 1/2" fire rated gypsum board, taped & finished, painted on metal furring | | \$ 3.41 | \$ 184,140.00 |
| C1020 | Interior Doors 3'-0" x 7'-0" x 1-3/8" | | \$ 6.22 | \$ 335,880.00 |
| C1030 | Fittings Toilet partitions, cubicles, ceiling hung, plastic laminate | | \$ 1.13 | \$ 61,020.00 |
| C2010 | Stair Construction Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing | | \$ 4.97 | \$ 268,380.00 |
| C3010 | Wall Finishes primer & 2 coats Vinyl wall covering, fabric back, medium weight | | \$ 1.39 | \$ 75,060.00 |
| C3020 | Floor Finishes Carpet, tufted, nylon, roll goods, 12' wide, 36 oz Carpet, padding, add to above, minimum Vinyl, composition tile, maximum Tile, ceramic natural clay | | \$ 8.65 | \$ 467,100.00 |
| C3030 | Ceiling Finishes channel grid, suspended support | | \$ 8.09 | \$ 436,860.00 |
| D Services | | 42.16% | \$ 63.31 | \$ 3,418,740.00 |
| D1010 | Elevators and Lifts group, 125 FPM | | \$ 12.83 | \$ 692,820.00 |
| D2010 | Plumbing Fixtures Water closet, vitreous china, bowl only with flush valve, wall hung Urinal, vitreous china, wall hung Lavatory w/trim, vanity top, PE on CI, 20" x 18" Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20" Water cooler, electric, wall hung, 8.2 GPH Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | | \$ 4.00 | \$ 216,000.00 |
| D2020 | Domestic Water Distribution Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH | | \$ 0.46 | \$ 24,840.00 |
| D2040 | Rain Water Drainage Roof drain, CI, soil, single hub, 4" diam, 10' high Roof drain, CI, soil, single hub, 4" diam, for each additional foot add | | \$ 0.69 | \$ 37,260.00 |
| D3050 | Terminal & Package Units Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | | \$ 18.48 | \$ 997,920.00 |
| D4010 | Sprinklers Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF 5000 SF Standard High Rise Accessory Package 3 story | | \$ 4.26 | \$ 230,040.00 |
| D4020 | Standpipes Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor additional floors | | \$ 1.00 | \$ 54,000.00 |
| D5010 | Electrical Service/Distribution | | \$ 1.84 | \$ 99,360.00 |

phase, 4 wire, 120/208 V, 1000 A
 Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A
 A

| | | | |
|--------------|--|----------|---------------|
| D5020 | Lighting and Branch Wiring with transformer Miscellaneous power, 1.2 watts Central air conditioning power, 4 watts Motor installation, three phase, 460 V, 15 HP motor size fixtures @32watt per 1000 SF | \$ 13.01 | \$ 702,540.00 |
| D5030 | Communications and Security Telephone wiring for offices & laboratories, 8 jacks/MSF detectors, includes outlets, boxes, conduit and wire Fire alarm command center, addressable with voice, excl. wire & conduit Internet wiring, 8 data/voice outlets per 1000 S.F. | \$ 6.48 | \$ 349,920.00 |
| D5090 | Other Electrical Systems gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW kW | \$ 0.26 | \$ 14,040.00 |

| | | | |
|--------------------------------------|--------------|------|------|
| E Equipment & Furnishings | 0.00% | \$ - | \$ - |
| E1090 Other Equipment | | \$ - | \$ - |
| F Special Construction | 0% | \$ - | \$ - |
| G Building Sitework | 0% | \$ - | \$ - |

| | | | |
|---|----------------|------------------|------------------------|
| SubTotal | 100% | \$ 136.52 | \$ 7,372,080.00 |
| Contractor Fees (General Conditions,Overhead,Profit) | 10.0 %% | \$ 13.65 | \$ 737,208.00 |
| Architectural Fees | 0.0 %% | \$ - | \$ - |
| User Fees | 0.0 %% | \$ - | \$ - |
| Total Building Cost | | \$ 150.17 | \$ 8,109,288.00 |

Code Deficiency Cost Report

Pentagon Park Proposed TIF District
Project No. 130270
MAP ID No. 6
Address 4550 77th Street West Edina, MN
PID 31-028-24-43-0001

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---------------|-------|---------------|------------------------|
| Accessibility Items | | | | |
| Replace toilets to provide handicap access for each sex | | | | |
| Build (6) new accessible toilet rooms W/ compliant number of accessories and fixtures | | | | |
| Remove existing toilet rooms | \$ 11,500.00 | Lump | 1 | \$ 11,500.00 |
| water closets | \$ 2,500.00 | each | 18 | \$ 45,000.00 |
| lavs | \$ 1,750.00 | each | 17 | \$ 29,750.00 |
| Urinal | \$ 1,750.00 | each | 6 | \$ 10,500.00 |
| 6 sets of grab bars | \$ 400.00 | each | 6 | \$ 2,400.00 |
| 6 sets toilet room accessories | \$ 800.00 | each | 6 | \$ 4,800.00 |
| 6 Interior room reconstruction (doors, partitions, finishes) | \$ 60.00 | SF | 1,440 | \$ 86,400.00 |
| 6 Reinstall toilet Room Ventilation System | \$ 1,600.00 | each | 6 | \$ 9,600.00 |
| Exiting | | | | |
| New ADA compliant entrance | \$ 50,000.00 | Lump | 1 | \$ 50,000.00 |
| 2 sets of non-compliant stairs connecting 3 levels | | | | |
| Stair riser exceeds maximum rise of 7" and stair treads less than 11". | | | | |
| Remove existing steel and concrete stairs. | \$ 5,000.00 | Each | 10 | \$ 50,000.00 |
| Provide new stairs at each location (assume 20 risers/stair) | \$ 350.00 | Riser | 840 | \$ 294,000.00 |
| Provide new railings at each location 50 feet per stair flight | \$ 50.00 | Foot | 1000 | \$ 50,000.00 |
| Provide new stair tread coverings | \$ 56.00 | Riser | 1680 | \$ 94,080.00 |
| Fire Protection | | | | |
| Install sprinkler system | | | | |
| Sprinkler piping and heads for building | \$ 4.26 | SF | 54,000 | \$ 230,040.00 |
| Install standpipes | \$ 1.00 | SF | 54,000 | \$ 54,000.00 |
| Roof Construction | | | | |
| Replace roof - install tapered insulation | \$ 2.41 | SF | 21,266 | \$ 51,251.06 |
| Conveyance | | | | |
| Replace Elevator, shaft and equipment room | \$ 12.83 | SF | 54,000 | \$ 692,820.00 |
| Mechanical- Electrical | | | | |
| Provide new HVAC system | | | | |
| New heating, cooling and ventilation system -includes plenum reconstruction | \$ 18.00 | SF | 54,000 | \$ 972,000.00 |
| Relocate and provide new electrical service | \$ 100,000.00 | Lump | 1 | \$ 100,000.00 |
| Provide new branch wiring and lighting system | \$ 6.05 | SF | 54,000 | \$ 326,700.00 |
| Total Code Improvements | | | | \$ 3,164,841.06 |

Square Foot Cost Estimate Report

| | | |
|-----------------------|--|---|
| Estimate Name: | 9 | |
| | 4530 77st W , Edina , MN | |
| Building Type: | Office, 2-4 Story with Face Brick with Concrete Block Back-up / Steel Joists | |
| Location: | MINNEAPOLIS, MN |  <p>Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.</p> |
| Story Count: | 3 | |
| Story Height (L.F.): | 10 | |
| Floor Area (S.F.): | 54,000 | |
| Labor Type: | STD | |
| Basement Included: | No | |
| Data Release: | Year 2012 | |
| Cost Per Square Foot: | \$ 150.17 | |
| Building Cost: | \$ 8,109,288.00 | |

| | | % of Total | Cost Per S.F. | Cost |
|-----------------------|--|---------------|-----------------|------------------------|
| A Substructure | | 4.02% | \$ 6.03 | \$ 325,620.00 |
| A1010 | Standard Foundations KSF, 12" deep x 24" wide KSF, 6' - 0" square x 20" deep KSF, 7' - 6" square x 25" deep | | \$ 2.58 | \$ 139,320.00 |
| A1030 | Slab on Grade Slab on grade, 4" thick, non industrial, reinforced | | \$ 1.99 | \$ 107,460.00 |
| A2010 | Basement Excavation site storage | | \$ 0.07 | \$ 3,780.00 |
| A2020 | Basement Walls thick thick | | \$ 1.39 | \$ 75,060.00 |
| B Shell | | 22.19% | \$ 33.32 | \$ 1,799,280.00 |
| B1010 | Floor Construction wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total wall, 25'x25' bay, 26" deep, 75 PSF superimposed load, 120 PSF total column, 3 hour rating, 22 PLF | | \$ 14.04 | \$ 758,160.00 |
| B1020 | Roof Construction wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load, | | \$ 2.54 | \$ 137,160.00 |
| B2010 | Exterior Walls thick, perlite core fill | | \$ 10.74 | \$ 579,960.00 |
| B2020 | Exterior Windows Windows, aluminum, awning, insulated glass, 4'-5" x 5'-3" | | \$ 2.44 | \$ 131,760.00 |
| B2030 | Exterior Doors hardware, 6'-0" x 10'-0" opening 10'-0" opening 7'-0" opening | | \$ 1.15 | \$ 62,100.00 |
| B3010 | Roof Coverings mopped Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite | | \$ 2.41 | \$ 130,140.00 |

Roof edges, aluminum, duranodic, .050" thick, 6" face
 Flashing, aluminum, no backing sides, .019"
 Gravel stop, aluminum, extruded, 4", duranodic, .050" thick

| C Interiors | | 22.55% | \$ 33.86 | \$ 1,828,440.00 |
|--------------------|--|---------------|-----------------|------------------------|
| C1010 | Partitions OC framing, same opposite face, no insulation 1/2" fire rated gypsum board, taped & finished, painted on metal furring | | \$ 3.41 | \$ 184,140.00 |
| C1020 | Interior Doors 3'-0" x 7'-0" x 1-3/8" | | \$ 6.22 | \$ 335,880.00 |
| C1030 | Fittings Toilet partitions, cubicles, ceiling hung, plastic laminate | | \$ 1.13 | \$ 61,020.00 |
| C2010 | Stair Construction Stairs, steel, cement filled metal pan & picket rail, 16 risers, with landing | | \$ 4.97 | \$ 268,380.00 |
| C3010 | Wall Finishes primer & 2 coats Vinyl wall covering, fabric back, medium weight | | \$ 1.39 | \$ 75,060.00 |
| C3020 | Floor Finishes Carpet, tufted, nylon, roll goods, 12' wide, 36 oz Carpet, padding, add to above, minimum Vinyl, composition tile, maximum Tile, ceramic natural clay | | \$ 8.65 | \$ 467,100.00 |
| C3030 | Ceiling Finishes channel grid, suspended support | | \$ 8.09 | \$ 436,860.00 |
| D Services | | 42.16% | \$ 63.31 | \$ 3,418,740.00 |
| D1010 | Elevators and Lifts group, 125 FPM | | \$ 12.83 | \$ 692,820.00 |
| D2010 | Plumbing Fixtures Water closet, vitreous china, bowl only with flush valve, wall hung Urinal, vitreous china, wall hung Lavatory w/trim, vanity top, PE on CI, 20" x 18" Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20" Water cooler, electric, wall hung, 8.2 GPH Water cooler, electric, wall hung, wheelchair type, 7.5 GPH | | \$ 4.00 | \$ 216,000.00 |
| D2020 | Domestic Water Distribution Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH | | \$ 0.46 | \$ 24,840.00 |
| D2040 | Rain Water Drainage Roof drain, CI, soil, single hub, 4" diam, 10' high Roof drain, CI, soil, single hub, 4" diam, for each additional foot add | | \$ 0.69 | \$ 37,260.00 |
| D3050 | Terminal & Package Units Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton | | \$ 18.48 | \$ 997,920.00 |
| D4010 | Sprinklers Wet pipe sprinkler systems, steel, light hazard, 1 floor, 5000 SF 5000 SF Standard High Rise Accessory Package 3 story | | \$ 4.26 | \$ 230,040.00 |
| D4020 | Standpipes Wet standpipe risers, class III, steel, black, sch 40, 4" diam pipe, 1 floor additional floors | | \$ 1.00 | \$ 54,000.00 |
| D5010 | Electrical Service/Distribution | | \$ 1.84 | \$ 99,360.00 |

phase, 4 wire, 120/208 V, 1000 A
 Feeder installation 600 V, including RGS conduit and XHHW wire, 1000 A
 A

| | | | |
|--------------|--|----------|---------------|
| D5020 | Lighting and Branch Wiring with transformer Miscellaneous power, 1.2 watts Central air conditioning power, 4 watts Motor installation, three phase, 460 V, 15 HP motor size fixtures @32watt per 1000 SF | \$ 13.01 | \$ 702,540.00 |
| D5030 | Communications and Security Telephone wiring for offices & laboratories, 8 jacks/MSF detectors, includes outlets, boxes, conduit and wire Fire alarm command center, addressable with voice, excl. wire & conduit Internet wiring, 8 data/voice outlets per 1000 S.F. | \$ 6.48 | \$ 349,920.00 |
| D5090 | Other Electrical Systems gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW kW | \$ 0.26 | \$ 14,040.00 |

| | | | |
|--------------------------------------|--------------|------|------|
| E Equipment & Furnishings | 0.00% | \$ - | \$ - |
| E1090 Other Equipment | | \$ - | \$ - |
| F Special Construction | 0% | \$ - | \$ - |
| G Building Sitework | 0% | \$ - | \$ - |

| | | | |
|---|----------------|------------------|------------------------|
| SubTotal | 100% | \$ 136.52 | \$ 7,372,080.00 |
| Contractor Fees (General Conditions,Overhead,Profit) | 10.0 %% | \$ 13.65 | \$ 737,208.00 |
| Architectural Fees | 0.0 %% | \$ - | \$ - |
| User Fees | 0.0 %% | \$ - | \$ - |
| Total Building Cost | | \$ 150.17 | \$ 8,109,288.00 |

Code Deficiency Cost Report

Pentagon Park Proposed TIF District
Project No. 130270
MAP ID No. 9
Address 4530 77th Street West Edina, MN
PID 31-028-24-43-0004

| Code Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|---|---------------|-------|------------------|------------------------|
| Accessibility Items | | | | |
| Replace toilets to provide handicap access for each sex | | | | |
| Build (6) new accessible toilet rooms W/ compliant number of accessories and fixtures | | | | |
| Remove existing toilet rooms | \$ 11,500.00 | Lump | 1 | \$ 11,500.00 |
| water closets | \$ 2,500.00 | each | 18 | \$ 45,000.00 |
| lavs | \$ 1,750.00 | each | 17 | \$ 29,750.00 |
| Urinal | \$ 1,750.00 | each | 6 | \$ 10,500.00 |
| 6 sets of grab bars | \$ 400.00 | each | 6 | \$ 2,400.00 |
| 6 sets toilet room accessories | \$ 800.00 | each | 6 | \$ 4,800.00 |
| 6 Interior room reconstruction (doors, partitions, finishes) | \$ 60.00 | SF | 1,440 | \$ 86,400.00 |
| 6 Reinstall toilet Room Ventilation System | \$ 1,600.00 | each | 6 | \$ 9,600.00 |
| Exiting | | | | |
| New ADA compliant entrance | \$ 50,000.00 | Lump | 1 | \$ 50,000.00 |
| 2 sets of non-compliant stairs connecting 3 levels | | | | |
| Stair riser exceeds maximum rise of 7" and stair treads less than 11". | | | | |
| Remove existing steel and concrete stairs. | \$ 5,000.00 | Each | 10 | \$ 50,000.00 |
| Provide new stairs at each location (assume 20 risers/stair) | \$ 350.00 | Riser | 840 | \$ 294,000.00 |
| Provide new railings at each location 50 feet per stair flight | \$ 50.00 | Foot | 1000 | \$ 50,000.00 |
| Provide new stair tread coverings | \$ 56.00 | Riser | 1680 | \$ 94,080.00 |
| Fire Protection | | | | |
| Install sprinkler system | | | | |
| Sprinkler piping and heads for building | \$ 4.26 | SF | 54,000 | \$ 230,040.00 |
| Install standpipes | \$ 1.00 | SF | 54,000 | \$ 54,000.00 |
| Roof Construction | | | | |
| Replace roof - install tapered insulation | \$ 2.41 | SF | 21,266 | \$ 51,251.06 |
| Conveyance | | | | |
| Replace Elevator, shaft and equipment room | \$ 12.83 | SF | 54,000 | \$ 692,820.00 |
| Mechanical- Electrical | | | | |
| Provide new HVAC system | | | | |
| New heating, cooling and ventilation system -includes plenum reconstruction | \$ 18.00 | SF | 54,000 | \$ 972,000.00 |
| Relocate and provide new electrical service | \$ 100,000.00 | Lump | 1 | \$ 100,000.00 |
| Provide new branch wiring and lighting system | \$ 6.05 | SF | 54,000 | \$ 326,700.00 |
| Total Code Improvements | | | | \$ 3,164,841.06 |



4830 front entry.jpg



building corner panel detail.jpg



building overall.jpg



building paving detail.jpg



DSC09218.JPG



DSC09219.JPG



DSC09220.JPG



DSC09221.JPG



DSC09222.JPG



DSC09223.JPG



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DSCN0415.JPG



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DSCN1108.JPG



DSCN1109.JPG



DSCN1110.JPG



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EXTR- parking lot 01.JPG



EXTR parking lot 05.JPG



EXTR pothole 02.JPG



TR -taken near transformer.JPG



TR-4530 2nd level canopy-side.JPG



EXTR-4530 2nd level entry.JPG



TR-4530 2nd level entry-side.JPG



TR-4530 2nd level entry-sign.JPG



TR -4530 2nd level entry-step.JPG



EXTR-4530 base .JPG



TR-4530 base flashing at corner



TR-4530 building and plaza.JPG



EXTR-4530 column detail.JPG



EXTR-4530 column return.JPG



EXTR-4530 corner column.JPG



EXTR-4530 narrow window.JPG



EXTR-4530 plaza.JPG



EXTR-4530 precast cantilever.JPG



EXTR-4530 rainwater leader splash.JPG



EXTR-4530 rainwater leader.JPG



EXTR-catch basin.JPG



EXTR-Plaza 4530-4550.JPG



EXTR-side entry.jpg



INTR-cswk 93.JPG



INTR lavatories.JPG



INTR-4530 sump sink.JPG



INTR-4530 sump.JPG



INTR-concrete fire stairs.JPG



INTR-cswk 01.JPG



INTR-cswk 02.JPG



INTR-cswk 03.JPG



INTR-cswk 04.JPG



INTR-cswk 06.JPG



INTR-cswk 07.JPG



INTR-cswk 08.JPG



INTR-cswk 09.JPG



INTR-cswk 12.JPG



INTR-cswk 13.JPG



INTR-cswk 14.JPG



INTR-cswk 15.JPG



INTR-cswk 16.JPG



INTR-cswk 17.JPG



INTR-cswk 18.JPG



INTR-elevator door.JPG



INTR-ewc.JPG



INTR-Garage air intake.JPG



INTR-garage column.JPG



INTR-Garage corridor.JPG



INTR-Garage framing.JPG



R-Garage public access entry..



INTR-Garage puddles 01.JPG



INTR-Garage puddles 02.JPG



INTR-Garage puddles 03.JPG



INTR-Garage puddles 05.JPG



INTR-Garage RWL1 .JPG



ITR-Garage scaffolding 01.JP



INTR-Garage shoring 01.jpg



INTR-Garage shoring 02.JPG



INTR-Garage shoring 03.JPG



INTR-Garage storage .JPG



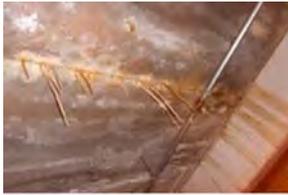
INTR-Garage storage 02.JPG



R-Garage water damage 02.J



R-Garage water damage 03.J



R-Garage water damage 04.J



R-Garage water damage 05.J



R-Garage water damage 06.J



R-Garage water damage 08.J



R-Garage water damage 09 .J



R-Garage water damage 10.J



R-Garage water damage 11.J



R-Garage water damage 12.J



TR-Garage water damage 13.j



R-Garage water damage 14.J



R-Garage water damage 15.J



R-Garage water damage 16.J



R-Garage water damage 17 .J



R-Garage water damage 18 .J



ITR-Garage water ponding.JP



INTR-HC lavatorys.JPG



INTR-hc toilet.JPG



INTR-lavatories ADA.JPG



INTR-lavatory 03.JPG



INTR-lavatory sink.JPG



INTR-open damper.JPG



INTR-open wall.JPG



INTR-pa toilet door.JPG



INTR-railings at stair.JPG



INTR-rainwater leader .JPG



INTR-restroom door.jpg



INTR-restroom vanity.jpg



INTR-stairway 01.JPG



INTR-stairway damper.JPG



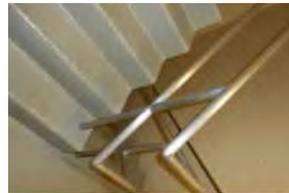
INTR-stairway roof.JPG



stairway standpipe and panels



stairwell panels and standpipe



INTR-stairwell railings 01.JPG



INTR-toilet stall, hc0.JPG



INTR-toilet stalls.JPG



INTR-water puddles 06.JPG



INTR-wiring.JPG



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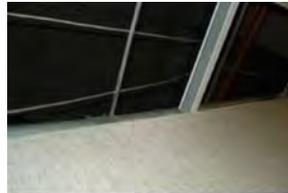
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DSCN0346.JPG



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DSCN0349.JPG



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DSCN0380.JPG



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DSCN0382.JPG



DSCN0383.JPG



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DSCN0391.JPG



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DSCN0402.JPG



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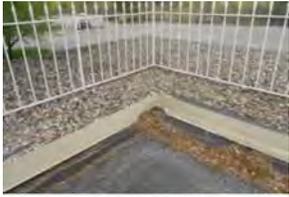
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EXTR-blvd entry.JPG



EXTR-building corner.JPG



EXTR-buildings.JPG



EXTR-curb stop curbing.JPG



EXTR-drainage ditch 02.JPG



EXTR-drainage ditch.JPG



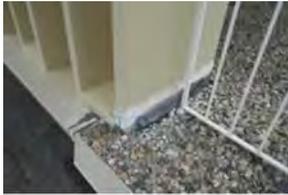
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EXTR-entry.JPG



EXTR-flashing base 01.JPG



EXTR-flashing base 02.JPG



EXTR-flashing base 03.JPG



EXTR-landscaping 01.JPG



EXTR-landscaping 02.JPG



EXTR-landscaping 03.JPG



EXTR-parking lot 02.JPG



EXTR-parking lot 04.JPG



EXTR-second floor entry.jpg



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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. Specifically, the redevelopment will result in job creation opportunities, enhanced public improvements, better management of storm water, and increased green space on the privately owned parcels. The developer has demonstrated that the costs of soils corrections, structured parking, demolition, and street/sidewalk improvements make this project is feasible only through assistance, in part, from tax increment financing. The developer has already applied for and been granted and will continue to apply for State and Metropolitan Council funding for redevelopment costs. The developer was asked for and provided a proforma as justification that the development would not have gone forward without tax increment assistance. (See attachment in Appendix G of the TIF Plan.)

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: The property has operated for the last several years as a lower rent office development. The current owner of the site has demonstrated that small amounts of private investment would make the existing structures commercially viable for an extended period of time. However, the City and the developer's vision is for much higher quality work spaces and hospitality opportunities that require significant upgrades to the stability of the soils and the infrastructure in the area. Another new use is not likely to be able to afford the costs of demolition and soils stabilization, especially on the scale of the proposed development, 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 rm/(2) in elevator equip rm | 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,g'rails | 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 IMPROVE MENT | 4600 | 77th St W | 200 | PENTAG ON 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 Slattery Sales Group | 07/11/2013 | 08/30/2013 | | | | 19,413 | No | JO | jws |
| ED120748 | Building | Office,Bank,Professional (324or437) | Alteration/R emodel | 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/R emodel | Small tenant improvement | 4510 | 77th St W | 220 | PENTAG ON PARK/NO RTH BLDG | 04/25/2013 | | | | | 7,050 | No | jl | sk |
| ED120721 | Building | Office,Bank,Professional (324or437) | Alteration/R emodel | Tenant improvement | 4570 | 77th St W | 265 | SUPREM E LENDING /PENTAG ON 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 | INTERNA TIONAL ADOPTIO N SERVICE S | 04/15/2013 | 04/30/2013 | | | | 7,500 | No | gb | sk |
| ED120446 | Building | Office,Bank,Professional (324or437) | Maintenance /Repair/Repl ace | 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 | | PENTAG ON 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 AMERICANA | 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/Replace | 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 | | |