

# Eight buildings in Edina's Pentagon Park face foreclosure

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4940 W. 77th St., one of the Pentagon Park properties in foreclosure.

Eight office buildings encompassing about 200,000 square feet of space in Edina are in default of their loans and are headed for foreclosure. The troubled properties include part of a redevelopment site that Wayzata Properties had been [planing to convert](#) into a hotel and mixed-use gateway to the city of Edina.

The properties are part of Pentagon Park and are owned by limited liability entities controlled by Maciek (M.G.) Kaminski and managed by his company, Wayzata-based Wayzata Properties LLC

Six of the eight buildings are on the south side of West 77th Street and east of Highway 100. Two other buildings farther east on the north side of 77th Street, at 4510 West 77th St. and 7600 Parklawn Ave., are also included in the foreclosure proceedings, according to a public notice published by the lenders in Finance & Commerce. The office space is about 60 percent leased.

Most of the space is considered Class B or Class C.

New York-based Merrill Lynch Mortgage Lending Inc. originated the mortgage in 2006 and later sold it to investors as a Commercial Mortgage Backed Security (CMBS). The loan is being managed by

LNR Partners Inc., a special service agency based in Miami Beach, Fla.

The foreclosure notice, first published Nov. 17, states the past due amount on the \$18.5 million mortgage was \$21.59 million — indicating that interest and have fees have exceeded the loan's principal value. A sheriff's sale has been scheduled for Jan. 22 at 11 a.m. at the Hennepin County Sheriff's Office.

Minnesota foreclosure laws commonly allow borrowers six months after a sheriff's sale to redeem the mortgage before the title transfers.

Marc Al, an attorney at Minneapolis-based Stoel Rives, who is representing lender in the foreclosure, couldn't be reached for comment.

Chris Hickok, head of development services for Wayzata Properties, described this it as an isolated issue that shouldn't affect the rest of Wayzata Properties' portfolio, which totals more than 2 million square feet of office, retail, hotel and residential properties in the Twin Cities.

Wayzata's best-known asset, the Parkdale office buildings near the recently built West End retail center in St. Louis Park, is performing well and not connected to the Edina properties in foreclosure, Hickok said.

In 2005, Kaminski [paid about \\$110 million to acquire](#) from New York-based Colonnade Properties a 24-building package that included the Parkdales, Pentagon Park and a downtown Minneapolis office building that it has since sold. When Kaminski made the acquisition, the *Business Journal* reported he put in about 10 percent of equity into the deal.

Wayzata Properties and Kaminski are evaluating all possible options for the properties, including the owners' right to redeem the defaulted mortgage, Hickok said.

Other parts of Wayzata Properties' Pentagon Park redevelopment plan are still in the works, including a senior housing project where some office buildings now stand near the Fred Richard's Golf Course, Hickock said.

Wayzata Properties' plans for a 150-room aloft Hotel, which has been approved by the city, is on hold. The proposed hotel site is included in the land involved in the foreclosure.

"Over the course of the past several months we've made strong efforts to find new financing to continue the pursuit of that redevelopment. However, the continued deterioration of the office and hotel markets, locally and nationally, has made new

developments in these sectors virtually impossible," Hickock said.

The first phase of its gateway redevelopment project is not involved in the foreclosure. Burgundy Place, a 36-unit condo building with 16,000 square feet of retail space that Wayzata Properties completed this fall on the north side of 77th at Highway 100, hasn't attracted any tenants or buyers yet, but Hickock said interest has picked up over the past 60 days.

Burgundy Place isn't in default or in foreclosure, he said.

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