

MARKET VALUE APPRAISAL
of
OUTLOTS C & B – NEW MILLS DISTRICT
Minneapolis, Minnesota

May 18, 2005

Mr. Luther Frank
CPED Appraiser
Community Planning & Economic Development
105 Fifth Avenue South, Suite 600
Minneapolis, MN 55401-2538

IN RE: Market Value Appraisal
Outlots C & B-New Mills District
Washington Avenue between Portland & Park Avenues
Minneapolis, MN

Dear Mr. Frank:

As per your request, we have made an investigation and analysis of the above noted property for the purpose of estimating its market values as of May 4, 2005. The estimate of market value considers the value of the land based upon a thorough analysis and review of all pertinent factors affecting value. The opinion of value is based on the Sales Comparison Approach to Value only. The Income and Cost Approaches were not considered to be appropriate measures of value for vacant land. A detailed description of the Sales Comparison Approach is included in a subsequent section of this report.

The following report of the investigation, analysis and reasoning employed in our determination of market value has been made in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The development process for the report was considered to constitute a complete appraisal analysis as all meaningful approaches to value were evolved. The report is conveyed in a Summary Report format. This summary format complies with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report specific to the needs of the client and has been done at the client's request.

Mr. Luther Frank
May 18, 2005
Page Two

Based upon an inspection of the property and after careful consideration of the many factors influencing market value, it is our opinion that the market value of the subject land, excluding all improvements, as of May 4, 2005 is:

Two Million Two Hundred Ninety Thousand Dollars

\$2,290,000

The Appraisal Institute conducts a program of continuing education for its designated members. MAI's and SRA's who meet the minimum standards of this program are awarded periodic educational requirements. David H. Massopust is currently certified under this continuing education program.

Please contact our firm if you have any questions or comments after reading this appraisal report. It has been a pleasure being of service on this assignment.

Sincerely,
Nicollet Partners, Inc.

A handwritten signature in blue ink that reads "David H. Massopust". The signature is written in a cursive style with a large, sweeping initial 'D'.

David H. Massopust, MAI, SRA
Principal
Certified General Real Property Appraiser
MN License No. 4000841
WI License No. 771

PART ONE - INTRODUCTION

MARKET VALUE APPRAISAL

as of May 4, 2005

of

Outlots C & B-New Mills District

Washington Avenue between Portland & Park Avenues
Minneapolis, MN

Prepared for:

Mr. Luther Frank
CPED Appraiser
Community Planning & Economic Development
105 Fifth Avenue South, Suite 600
Minneapolis, MN 55401-2538

Prepared by:

Nicollet Partners, Inc.

David H. Massopust, MAI, SRA
Principal

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CERTIFICATION

The undersigned hereby certifies that, except as otherwise noted in this appraisal report:

1. David H. Massopust has made an inspection of the property that is the subject of this report. The subject property was inspected on May 4, 2005 and at various after the date of full inspection.
2. No one other than the persons signing this report has provided significant professional assistance to the analyses, conclusions and opinions set forth herein, except as otherwise noted in the report.
3. My engagement in this assignment and compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
4. I have no present or prospective interest or bias with respect to the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
5. To the best of the appraiser's knowledge and belief, the statements of fact contained in this report are true and correct. The reported analyses, opinions and conclusions are limited only by the assumptions and limiting conditions set forth in the report and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.
6. The report analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. The undersigned further certifies that the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
7. The Appraisal Institute conducts a formal program of continuing education for its designated members. MAI's who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, David H. Massopust has completed the requirements under the continuing education program of the Appraisal Institute. David H. Massopust is a licensed Certified General Real Property Appraiser within the State of Minnesota.

CERTIFICATION

8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

9. To the best of the appraiser's knowledge and belief, based on the foregoing analyses and subject to the limitations and conditions of this report, the Estimated Market Value for the subject property as of May 4, 2005 was:

Two Million Two Hundred Ninety Thousand Dollars

\$2,290,000

Sincerely,
Nicollet Partners, Inc.

A handwritten signature in blue ink that reads "David H. Massopust". The signature is written in a cursive, flowing style.

David H. Massopust, MAI, SRA
Principal
Certified General Real Property Appraiser
MN License No. 4000841
WI License No. 771

SUMMARY OF SALIENT FACTS

The Property: ***Outlots C & B-New Mills District***
Washington Avenue between Portland & Park Avenues
Minneapolis, MN

Property Rights
Being Appraised: Fee Simple

Valuation Date: May 4, 2005

Date of Inspection: May 4, 2005

Land Area:

Outlots B & C New Mills District			
Outlot B	34,799	square feet,	or 0.799 acres
Outlot C	19,227	square feet,	or 0.441 acres
Total	54,026	square feet,	or 1.240 acres
<i>Per Dimensions- Sketch Plat (Comstock & Davis, Inc., 9/26/2002)</i>			

Property Identification Nos.: Outlot B - 23-029-24-34-0394
Outlot C - 23-029-24-34-0395

Street Frontage: 310.62 Lineal feet along Portland Avenue South
221.00 Lineal feet along Washington Avenue South
221.00 lineal feet along 2nd Street South

Property Description: The subject site is located within the city block bounded by Washington Avenue and South 2nd Street between Park and Portland Avenue South. The central portion of the block will be utilized as a courtyard with a service drive connecting Washington Avenue and South 2nd Street. The western portion of the block, Lot 1, Block 1 has been developed with Park Avenue West Lofts. This development includes 38 condominium units. It is a rectangular parcel of land that contains approximately 36,023 square feet, or .827 acres, which indicates a density of 46 units per acre.

SUMMARY OF SALIENT FACTS

The subject property is a U-shaped parcel that surrounds the inner courtyard. The site contains a total of 54,026 square feet or 1.24 acres. There will be a Live Work component of the project that will front on Washington Avenue, which will include 18 units. This building will be located on Outlot C, which contains 19,227 square feet, or .441 acres. The building will have two floors of underground parking and will include living space on floors 2, 3 and 5. Each of the living units will include work space that is on a separate floor. The first floor will include both retail and office space and the 4th floor will consist of office only. The density of development for this building will be approximately 41 units per acre.

Brighton Development is proposing to develop Outlot B with a condominium project containing 30 units. This is an L-shaped parcel of land that contains approximately 34,799 square feet, or .799 acres, which indicates a density of 37.5 units per acre.

At the date of valuation, the site was vacant and used as a parking lot.

Purpose of Appraisal: The purpose of this appraisal is to assist the City of Minneapolis in establishing the market value of the land for the proposed sale of the property to Brighton Development.

Zoning: C3A, Community Activity Center District,
DH, Downtown Height Overlay District and
DP, Downtown Parking Overlay District

Highest and Best Use
of the Land: Housing Development

Estimated Market Value
of the Subject Land
by the Sales Comparison
Approach:

Two Million Two Hundred Ninety Thousand Dollars

\$2,290,000

PART TWO - PREMISES OF THE APPRAISAL

LIMITING CONDITIONS

The legal description furnished us is assumed to be correct. If the exact description was not available, an “approximate” legal description will be found in the report, in which case its accuracy should not be relied upon.

No responsibility is assumed for matters legal in character. The title is assumed to be marketable, but we have made no title examination, and items such as deed restrictions or unusual easements not readily apparent have not been taken into consideration in the valuation unless divulged by the client and so stated in the report. All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear and under responsible ownership and competent management unless otherwise stated.

All drawings or sketches are included to assist the reader in visualizing the property. While every effort is made to maintain accuracy, measurements are sometimes distorted in reproduction, thus these illustrations should not be used to obtain exact dimensions. We make no claims as to the presence of hazardous materials either in the construction components of the improvements or in the land.

Information furnished to us by others, and on which we have relied, is believed to be correct, but its accuracy cannot be guaranteed. The estimates of value evolved in this report are based on existing tax laws in place as of the date of this appraisal.

Estimates herein are based on the present status of the national business economy, and the current purchasing power of the dollar. It is assumed that there is full compliance with all, applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

One (or more) of the signatories of this appraisal report is a Member (or candidate) of the Appraisal Institute. The Bylaws and Regulations of the Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor part of the appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

Testimony as an expert witness or attendance in court because of this appraisal is not required unless arrangements have been previously made.

LIMITING CONDITIONS

The distribution of total value between land and improvements (if applicable), or statement of land value alone, applies only under the program of utilization stated in the report. This may be, but is not necessarily, the existing use. The separate valuations for land or buildings must not be used in conjunction with any other appraisal as erroneous conclusions could be drawn. Similarly, where a portion or fraction of a real estate holding is being appraised, the sum of all fractional interests or components is not necessarily equal to the sum of the total interest or property.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. Neither the appraisers nor Nicollet Partners, Inc. have knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge, required to discover them. The client is urged to retain an expert in this field, if concerned and conditions are unknown.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

In preparing this appraisal, the appraisers first inspected the subject property. The appraiser proceeded to gather and confirm further physical and transactional data on both the subject and comparable properties. The development process for the report was considered to constitute a complete appraisal analysis under Standards Rule 1 of USPAP as all pertinent approaches to value were developed.

The report is conveyed in a Summary Report format. This summary format complies with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report specific to the needs of the client and has been done at the client's request.

Sources of data that were utilized in this analysis include information from office files, discussions with other real estate professionals, other appraisers, and buyers and sellers. All pertinent approaches to value for the subject property have been considered and the findings and analyses are contained on the following pages.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The function and objective of this appraisal is to estimate the market value of the subject land parcel as of May 4, 2005. The purpose of this appraisal is to assist the City of Minneapolis in the proposed sale of the property to Brighton Development.

PROPERTY RIGHTS BEING APPRAISED

The real property rights considered in this appraisal are those of the fee simple ownership interest in the real estate. For purposes of this analysis, "Fee Simple Interest" is defined on page 140 in the Dictionary of Real Estate Appraisal, Third Edition, as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental power of taxation, eminent domain, police power, and escheat."

DEFINITION OF MARKET VALUE

“Market Value” as used in this report, is as defined under FIRREA Appraisal Standards in the Federal Register, Vol. 55, No. 165, August 24, 1990, “Rules and Regulations”, 34.42 as below:

“Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated;*
- 2) Both parties are well informed or well advised and acting in what they consider their own best interest;*
- 3) A reasonable time is allowed for exposure in the open market;*
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”*

Another frequently relied on definition is from the Eleventh Edition of The Appraisal of Real Estate reading as follows:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

COMPETENCY OF THE APPRAISER

The appraiser has performed numerous appraisals and reviews of appraisals of similar mixed-use residential/commercial and condominium land parcels within the Twin Cities area. In addition, the appraiser has considerable experience in valuing properties in the Twin Cities marketplace, and is familiar with the nuances of this market and the supply and demand factors relating to this specific property type. As such, the appraiser has gained the knowledge and experience necessary to complete the assignment competently.

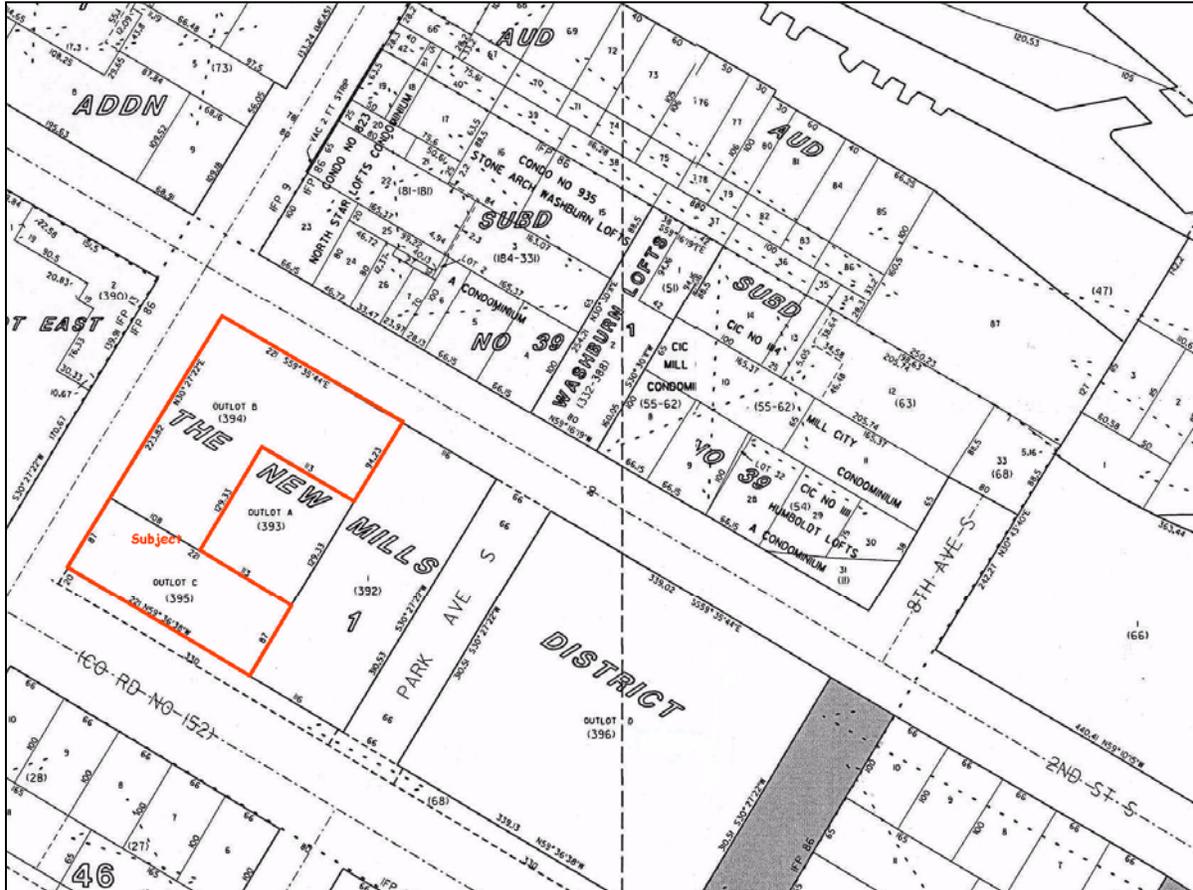
PART THREE – ANALYSIS OF DATA AND CONCLUSIONS

LEGAL DESCRIPTION

A plat map has been included below, which identifies the subject parcels as Outlots B and C, The New Mills District.

Please refer to the following plat map and site plan for visual references of the subject property.

PLAT MAP



OWNERSHIP AND PROPERTY HISTORY

According to public records reported by Hennepin County, the owner of the fee simple interest is the City of Minneapolis.

HIGHEST AND BEST USE ANALYSIS

This analysis identifies the most profitable use to which the property can be developed. The use of a property greatly influences value and all factors that influence and contribute to value must be considered. Highest and Best Use is defined in The Dictionary of Real Estate Appraisal, Third Edition, by the Appraisal Institute, copyright 1993, page 171 as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

Highest and Best Use as Vacant is defined on page 171 as follows:

"Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

Highest and Best Use as Improved is defined on page 171 as follows:

"The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the land value in its highest and best use exceeds the total value of the improved property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most profitable use.

HIGHEST AND BEST USE ANALYSIS

The first factor used to determine the parcel's highest and best use is to consider the legal constraints upon the property. This test relates legal uses allowed on the site. As previously indicated, the subject property is located within the C-3A, Community Activity Center District. According to the zoning code, the purpose of the C-3A zoning district is to provide for the development of major urban activity and entertainment centers with neighborhood scale retail sales and services. In addition to entertainment and commercial uses, residential uses, institutional and public uses, parking facilities, limited production/processing, public services and utilities are allowed. The subject property is also located in the Downtown Overlay District (H) and Downtown Parking Overlay District (DP).

The subject site is located within the city block bounded by Washington Avenue and South 2nd Street between Park and Portland Avenue South. The central portion of the block will be utilized as a courtyard with a service drive connecting Washington Avenue and South 2nd Street. The western portion of the block, Lot 1, Block 1 has been developed with Park Avenue West Lofts. This development includes 38 condominium units. It is a rectangular parcel of land that contains approximately 36,023 square feet, or .827 acres, which indicates a density of 46 units per acre.

The subject property is a U-shaped parcel that surrounds the inner courtyard. The site contains a total of 54,026 square feet or 1.24 acres. There will be a Live Work component of the project that will front on Washington Avenue, which will include 18 units. This building will be located on Outlot C, which contains 19,227 square feet, or .441 acres. The building will have two floors of underground parking and will include living space on floors 2, 3 and 5. Each of the living units will include work space that is on a separate floor. The first floor will include both retail and office space and the 4th floor will consist of office only. The density of development for this building will be approximately 41 units per acre.

Brighton Development is proposing to develop Outlot B with a condominium project containing 30 units. This is an L-shaped parcel of land that contains approximately 34,799 square feet, or .799 acres, which indicates a density of 37.5 units per acre.

The development concept is consistent with the development that has taken place and is proposed within the subject neighborhood. One of the long-term goals of the city has been to revitalize the area along Washington Avenue as a major commercial spine for newly emerging residential districts in the Mill Quarter and Downtown East. Recent development activity has been consistent with this plan. Recent developments include the Milwaukee Depot, Depot East Office Center, MacPhail Center for the Arts, Guthrie Theatre, Mill City Museum and Stone Arch Offices.

The Riverfront has experienced a boom in residential housing over the last several years with a mix of new and renovated developments. Based upon current developments in the Mills District and plans of the City of Minneapolis, it would appear that a high density mixed use retail/residential development would be the most probable Highest and Best Use for the subject site. There appears to be a very strong market demand for retail, residential and commercial properties, as exhibited by the rapid absorption of the recently completed projects.

INTRODUCTION TO VALUATION

In estimating the market value of the subject property, only the Sales Comparison Approach was utilized. Neither the Income Approach nor the Cost Approach was considered an appropriate measure with respect to the valuation of the vacant land. A detailed description of the Sales Comparison Approach is included in the subsequent section of this report.

LAND VALUATION

Land value may be estimated through the application of several techniques including the following:

- Direct Sales Comparison Approach
- Allocation
- Extraction
- Subdivision Development
- Land Residual Technique
- Ground Rent Capitalization

The most common method of valuing land in this market involves the Direct Sales Comparison Approach. This approach produces an estimate of value by comparing the prices paid, asked and offered in the marketplace on properties that are as similar as possible to the property being appraised. This approach is considered the most appropriate method of valuation, as there are an adequate number of recent land transactions from which a supportable land value estimate can be derived. The most common unit of comparison in this market is the price per square foot. Elements of comparison used in this approach are outlined on page 91 of The Appraisal of Real Estate, Eleventh Edition, as follows:

1. Real Property Rights Conveyed
2. Financing Terms
3. Conditions of Sale
4. Market Conditions
5. Expenditures made immediately after purchase
6. Location
7. Physical Characteristics
8. Economic Characteristics
9. Use

The adjustment for these elements are made to the comparable properties for each aspect that the comparable property differs from that corresponding aspect of the subject property based on market extracted data and/or sound judgment and reasoning. Adjustments are often made on a percentage basis. If the comparable property is superior to the subject in any way it represents a relationship to the subject of more than 100%. If the comparable is inferior to the subject, it represents a relationship to the subject of less than 100%. Division is used to make both adjustments. The adjustment for cash equivalency is made first in order to adjust for atypical market financing. Then, the adjustment for market conditions or time is usually made in order to bring the varying transaction dates of the comparables to an equal status current with the appraisal date. Adjustments are then made for other elements including conditions of sale and physical, locational, and economic characteristics. Those comparables requiring the least overall adjustment are most often held to bear the greatest resemblance to the subject, and therefore, are accorded the most weight in the valuation analysis.

LAND VALUATION

The transactions considered to offer the greatest overall similarity and timeliness to the subject have been analyzed on the following pages. Narrative descriptions of market data comparables relied upon have been included in the Addenda within the Comparable Market Data section of this report.

Adjustment Analysis

The following is an explanation of the indicated adjustments made on each of the comparable land parcels cited in this report.

1. ***Real Property Rights Conveyed*** - Each of the land sales involved the fee simple ownership interest and therefore, no adjustment was necessary. (As previously noted, as per the terms of reference, the subject property has been viewed as fee simple ownership.)
2. ***Financing Terms/Cash Equivalency*** - All of the sales involved cash, or were equivalent to cash, and therefore, no adjustment was applied.
3. ***Conditions of Sale*** - Adjustments for condition of sale typically reflect the motivation of the buyer and/or seller that result in a sale price that is not considered market. A frequently cited example involves parcels that are assembled. A buyer may pay more than the market value for individual parcels due to the anticipated incremental value to be gained by selling the larger assembled site. In addition, an adjustment may be made to sale comparables due to the fact that the site has enhanced value because it is improved with a functioning building. As a result, the seller may have been in a better negotiating position with the buyer, who is assembling properties in the neighborhood for redevelopment.

In this particular case, there were no adjustments for conditions of sale.

4. ***Market Conditions/Time Adjustment*** - The purpose of this adjustment is to bring the varying transaction dates of the comparables to an equal status current with the appraisal date by applying adjustments for changes in market conditions. For this analysis, the date of valuation is synonymous with the date of inspection, that being May 4, 2005. Typically, both the buyer and the seller are aware of the changing market conditions. They also realize that it may take several months for a closing to take place. If the time between the purchase agreement date and the closing date is considerable, the price usually reflects the risk or holding costs. Purchase agreements very often do not come to fruition in the form of a sale. The date of the purchase agreement and the terms are considered a good indication of value, but a closed sale is considered a better measure. The land sales included sold between October 2002 and October 2004.

LAND VALUATION

Land values for residential development land have appreciated as developers are seeking sites within Downtown Minneapolis to build condominiums. Although there are many projects in the pipeline, there does not appear to be a slowdown in the land acquisition, as developers remain optimistic. For purposes of this analysis, the residential land appreciation rate has been applied at 5% per year prior to 2004 and +10.0% thereafter.

5. ***Location/View Adjustment*** - The general locational aspect reflects a number of variant general and specific factors such as city and neighborhood characteristics, abutting property uses, block situation or corner location and street frontages. These adjustment factors are often more subjective in nature and are based in good part on the appraiser's judgment and experience.
6. ***Access/Visibility/Exposure Adjustment*** - Access measures here consider the specific site access, as well as the general neighborhood access, proximity to major thoroughfares, traffic patterns, and neighborhood use and development. This adjustment factor also considers the visibility and view of the subject ground with respect to passing motorists.
7. ***Size Adjustment*** - Here adjustments were graded to reflect the general marketplace trend that the smaller the land parcel, the higher the per unit purchase price. This stems from the fact that a larger potential buyer market exists for the smaller properties in that the capital requirements to get involved are typically less, and thus, a more competitive market exists.

However, in the case of core Downtown area parcels, there is felt to be a greater development potential for one-quarter to half block sites, which can support a major project. These parcels can thus command a higher per unit price due to assemblage enhancements. Generally, the minimum size land parcel needed to support new office development in the downtown core has been increasing due to the preference for large floor plates. The subject property is not located in the downtown core and was not considered to be a good office location, as such, the assemblage value of a larger parcel was not considered as relevant as land located within the downtown core.

The subject parcel is basically a U-shaped parcel, containing 54,026 square feet, which is approximately 51.6% of the entire block. The adjustments for size are scaled as follows:

<u>Land Area</u>	<u>% Adjustment</u>
Less than 10% (10,000 sf)*	5% Inferior
9% to 23% (10,000 sf to 25,000 sf)	10% Inferior
23% to 37% (25,001 sf to 40,000 sf)	5% Inferior
37% to 60% (40,001 sf to 65,000 sf)	Equal
Greater than 65,000 sf	5% Superior

* Historical sales analysis indicates these very small parcels (less than 10,000 sf) sell for a higher unit price than mid-size parcels (10,000 sf -25,000 sf).

LAND VALUATION

8. ***Topography & Soils Adjustment*** - This factor adjusts for differences such useable site area, grading and excavating costs required for development. In this instance, the subject property was considered to be readily developable as it has a level topography. Sales that had a more varied topography were considered to be inferior, and adjusted accordingly.
9. ***Shape Adjustment***- This factor adjusts for differences in shape. The overall the shape of the subject property was not considered to limit its development potential. Land Sale Comparables with a more atypical shape were adjusted downward accordingly.
10. ***Miscellaneous Adjustment*** – No miscellaneous adjustments were considered.

On the following pages market data adjustment grids exhibit the comparable land sales relied on and the respective adjustments applied to each sale. The sale comparables are exhibited on a location map after the land sale grids.

Land Valuation

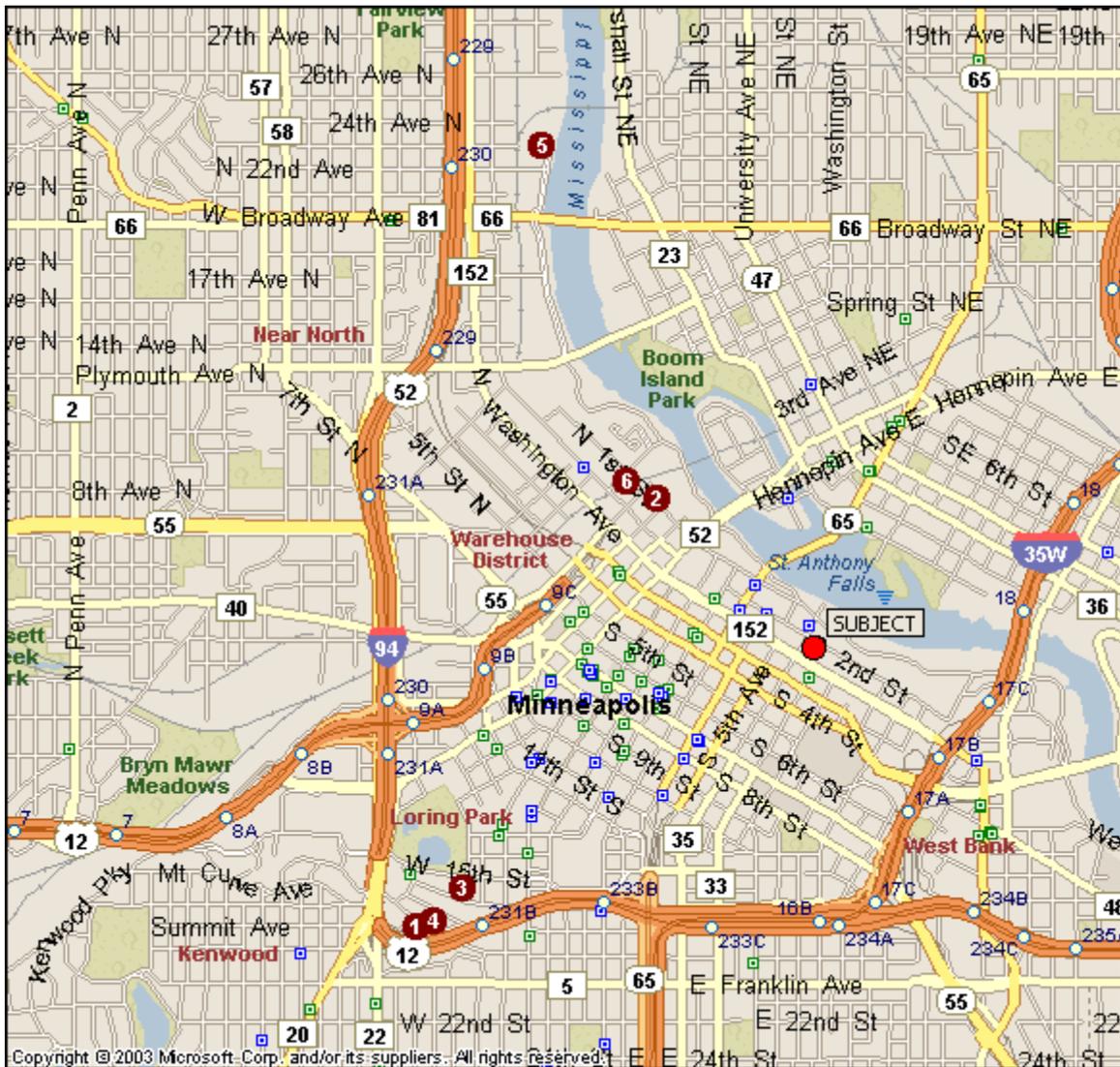
The New Mills District

Valuation Date: May 4, 2005

Data Recap + Adjustments- Outlined Below is a Recap and Adjustment of the Surveyed Comparable Land Data Items:

Comp No.	1	2	3	4	5	6	Subject Parcel
	The Groveland	212 Lofts	Loring Park	301 Clifton	Riverview	Rock Island	New Mills District
Address	317 Groveland Avenue Minneapolis	212 1st Street North Minneapolis	301 Oak Grove Street Minneapolis	301 Clifton Avenue Minneapolis	2313 W. River Road North Minneapolis	329 1st Street North Minneapolis	Outlots B & C NEC Wash. Ave. S./ Portland Avenue South Minneapolis
Intended Use	Condo's	Condo's	Condo's	Condo's	Condo's	Condo's	Mixed Use
Number of Units	133	54	59	44	55	63	48
Average Unit Size	1,169	1,545	1,339	1,499	1,322	1,527	
Sale Date	Oct-04	Aug-03	Mar-03	Mar-03	Dec-02	Oct-02	
Land Area - Sq. Ft.	60,778	25,008	30,376	31,596	77,972	27,052	54,026
- Acres	1.40	0.57	0.70	0.73	1.79	0.62	1.24
Units/Acre	95.3	94.1	84.6	60.7	30.7	101.4	38.7
Zoning	OR3	C3-A	OR3	OR3	I-2	Ind'l	C3A/DH/DP
Cash Equivalent	Cash	Cash	Cash	Cash	Cash	Cash	
Sale Price	\$2,700,000	\$1,230,000	\$2,100,000	\$1,160,000	\$1,887,866	\$1,102,500	
Sale Price/SF Land	\$44.42	\$49.18	\$69.13	\$36.71	\$24.21	\$40.75	
Sale Price/Unit	\$20,301	\$22,778	\$35,593	\$26,364	\$34,325	\$17,500	
Months Since Sale	7	20	26	26	28	31	
Adjustments:							
Time Adj. @ 5% Per Year:	1.06	1.15	1.18	1.18	1.18	1.20	
Time Adjusted Price/Unit:	\$21,485	\$26,194	\$41,822	\$30,977	\$40,618	\$20,927	
Time Adjusted Price/SF:	\$47.02	\$56.56	\$81.23	\$43.14	\$28.65	\$48.74	
Percentage Adjustments:							
Conditions Of Sale	Equal	Equal	Equal	Equal	Equal	Equal	
	0%	0%	0%	0%	0%	0%	
Location/View	Equal	Equal	Equal	Equal	Inferior	Equal	
	0%	0%	0%	0%	10%	0%	
Visibility/Exposure	Equal	Equal	Equal	Equal	Inferior	Equal	
	0%	0%	0%	0%	10%	0%	
Size	Equal	Inferior	Inferior	Inferior	Superior	Inferior	
	0%	5%	5%	5%	-5%	5%	
Shape	Inferior	Equal	Equal	Inferior	Inferior	Inferior	
	5%	0%	0%	10%	5%	20%	
Topography/Soils	Equal	Equal	Equal	Equal	Equal	Equal	
	0%	0%	0%	0%	0%	0%	
Zoning	Equal	Equal	Equal	Equal	Equal	Equal	
	0%	0%	0%	0%	0%	0%	
Miscellaneous (Property Use)	Equal	Equal	Equal	Equal	Equal	Equal	
	0%	0%	0%	0%	0%	0%	
Percentage Adjustments:							
Net Totals	5%	5%	5%	15%	20%	25%	
Adjustment Factor (÷)	0.95	0.95	0.95	0.85	0.80	0.75	
Total Adjusted Price/Unit:	\$22,616	\$27,573	\$44,023	\$36,444	\$50,772	\$27,903	
Total Adjusted Price/SF:	49.49	59.54	85.51	50.75	35.81	64.98	
	Adjusted Price/sf			Adjusted Price/Unit			
	Maximum	\$85.51		Maximum	\$50,772		
	Minimum	\$35.81		Minimum	\$22,616		
	Average	\$57.68		Average	\$34,888		
	Median	\$55.14		Median	\$32,173		

LAND VALUATION



N↑

Summary

The subject site is located within the city block bounded by Washington Avenue and South 2nd Street between Park and Portland Avenue South. The subject property is a U-shaped parcel that surrounds an inner courtyard. The site contains a total of 54,026 square feet or 1.24 acres. There will be a total of 48 units, which indicates a density of 38.7 units per acre.

There will be a Live Work component of the project that will front on Washington Avenue, which will include 18 residential units that will include some commercial space. This building will be located on Outlot C, which contains 19,227 square feet, or .441 acres. Brighton Development is proposing to develop Outlot B with a condominium project containing 30 units. This is an L-shaped parcel of land that contains approximately 34,799 square feet, or .799 acres, which indicates a density of 37.5 units per acre. The property is located in the Mills District along the northern edge of the core Minneapolis Central Business District.

LAND VALUATION

Generally the proposed condominium units in The New Mills District are larger than comparable condominium units. The Live/Work units are larger than the condominiums in the Jewel building as each unit contains a commercial space. According to the Project Pro Forma, the average unit size breakdown is as follows:

The New Mills District			
<i>Average Unit Size</i>			
	Finished Sq. Ft.	No. of Units	Average Unit Size
Jewel	62,397	30	2,080
Live/Work			
Commercial	15,477	18	860
Residential	28,533	18	1,585
Combined	44,010	18	2,445

These unit sizes can be compared to the following Sale Comparables.

Average Unit Sizes		
Sale Comp. No.	Name	Average Unit Size
1	Groveland	1,169
2	212 Lofts	1,545
3	Loring Park	1,339
4	301 Clifton	1,499
5	Riverview	1,322
6	Rock Island	1,527
	Average	1,400

Given the variance in the unit sizes, it was felt that the most relevant unit of comparison between the sale comparables was the sales price per square foot.

In estimating the market value of the subject property the appraiser reviewed a number of vacant commercial and residential land sales located within the City of Minneapolis, which have occurred over the past several years. From these sales, six transactions were selected for further analysis, as they were considered to offer the greatest overall similarity with respect to parcel size, development potential, location, and timeliness of sale.

As previously noted, soil tests were not provided for the appraisers review, and it has been explicitly assumed that the subject site is free and clear of any environmental contaminants, and the site is stable and capable of supporting loads typical of commercial/residential use.

The land sales included sold between October 2002 and October 2004. Before adjustments, the sale prices for the comparables ranged from \$24.21 to \$69.13 per square foot with an average of \$44.04 per square foot. The price per unit ranged from \$17,500 to \$35,593 with an average of \$26,143.

LAND VALUATION

After adjustment, the price per square foot for the comparable sales ranged from \$35.81 to \$85.51 per square foot with an average of \$57.68 per square foot and a median of \$55.14. After adjustment, sale prices per unit ranged from \$22,616 to \$50,722 per square unit with an average of \$34,888 per square unit and a median of \$32,173.

The following tables illustrate the correlation between the comparable land sales density and their sale price per square foot and sales price per unit.

Adjusted Land Value - The New Mills District				
<i>Correlated by Density</i>				
Comparable No.	Name of Project	Development Density	Adjusted Price per SF	Adjusted Price per Unit
6	Rock Island Lofts	101.4	\$64.98	\$27,903
1	Groveland	95.3	\$49.49	\$22,616
2	212 Lofts	94.1	\$59.54	\$27,573
3	Loring Park Condos	84.6	\$85.51	\$44,023
4	301 Clifton	60.7	\$50.75	\$36,444
Subject		38.7		
5	Riverview Homes	30.7	\$35.81	\$50,772

In general, as the potential density of a development increases, the values on a \$/unit basis decreases. On the other hand, as density increases, the values on a \$/square foot basis increases. This relationship can be influenced however by the size of the units. Larger sized units will generally result in a lower density per unit. In this case the subject units are very large in comparison to the land sale comparables, which has resulted in a lower density per unit. Based upon this analysis, a probable market value range for the subject property was developed as follows:

Indicated Market Value Range				
<i>The New Mills District</i>				
<u>Price Per Square Foot</u>		<u>Land Size - SF</u>		<u>Indicated Market Value</u>
\$40.00	x	54,026 square feet	=	\$2,161,040
\$45.00	x	54,026 square feet	=	\$2,431,170
<u>Price Per Unit</u>		<u>Number of Units</u>		
\$45,000	x	48 Units	=	\$2,160,000
\$50,000	x	48 Units	=	\$2,400,000

LAND VALUATION

Based upon this analysis, the market value for the subject land has been estimated at approximately \$42.50 per square foot, or \$47,500 per unit. The subject land's market value can now be estimated as follows:

Final Market Value Estimate				
<i>The New Mills District</i>				
<u>Price Per Unit</u>		<u>Number of Units</u>		<u>Indicated Market Value</u>
\$47,500	x	48 Units	=	\$2,280,000
<u>Price Per Sq. Ft.</u>		<u>Land Size - SF</u>		<u>Indicated Market Value</u>
\$42.50	x	54,026 square feet	=	\$2,296,105
Rounded to,				\$2,290,000

PROFESSIONAL COMPENDIUM – DAVID H. MASSOPUST, MAI, SRA

I. Professional Real Estate Experience

- A. Principal and shareholder of Nicollet Partners, Inc., September 2001.
- B. Principal and shareholder of Lunz Massopust Reid DeCaster & Lammers, Inc., March 1991.
- C. Assistant Vice President, Towle Real Estate Company, Appraisal/Consultation Division, 1986 - 1991.
- D. Staff Appraiser, Peter J. Patchin & Associates, Inc., 1983-1986.
- E. Property Appraiser, City of St. Louis Park, 1978-1983.

II. Educational Background

- A. Bachelor of Arts Degree from Colorado State University, Fort Collins, Colorado
- B. Completion of required course work for the MAI and SRA designations, Accredited Minnesota Assessor designation and Real Estate Brokers License.
- C. Currently certified with the voluntary continuing education program of the Appraisal Institute.

III. Professional Affiliations and Designations

- A. Member, Appraisal Institute (MAI, SRA), 1994-1996 Metro/Minnesota Chapter Director, 2000 Chapter President.
- B. Member International Right of Way Association
- C. Member, Minneapolis Area Association of Realtors
- D. Organization of Commercial Realtors
- E. Licensed Certified General Real Property Appraiser (No. 4000841), State of Minnesota
- F. Licensed Certified General Real Property Appraiser (No. 771-010), State of Wisconsin
- G. Licensed Real Estate Broker, State of Minnesota

IV. Appraisal Experience:

- A. Over twenty-five years of appraisal experience which has encompassed a wide variety of real estate including single family homes, townhouses, condominiums, apartments, office buildings, corporate headquarters, medical clinics, industrial buildings, shopping centers, car dealerships, restaurants, hotels, motels, service stations, subdivisions, vacant land and a variety of special purpose facilities.
- B. Appraisal clients include banks, mortgage companies, attorneys, life insurance companies, government, corporations, churches, pension funds/advisors, corporations and individuals.
- C. Appraisal assignments have encompassed a wide range of review, consulting and appraisal services for mortgage loan underwriting, real estate tax abatement, condemnation, estate valuation, charitable contributions, acquisition/disposition, litigation, expert witness testimony, market rent and lease analysis and investment feasibility analysis.

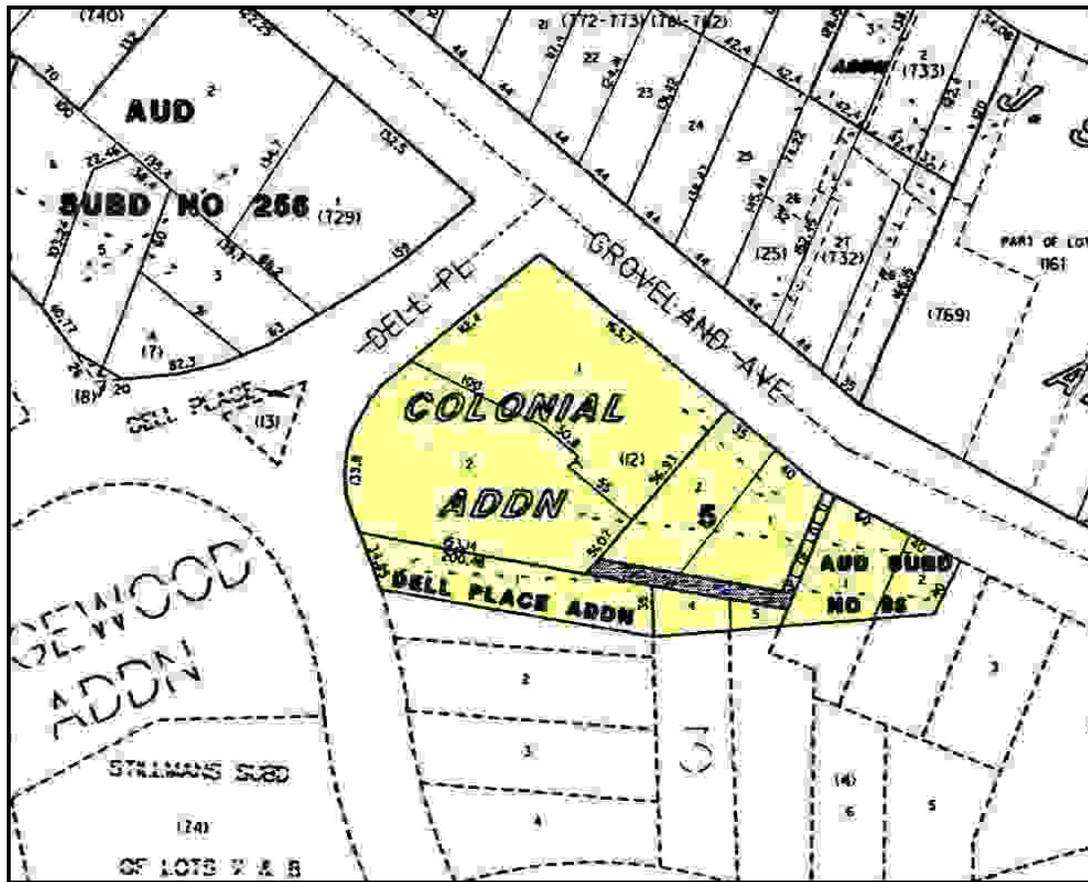
IV. Clients: Consultation Studies and Appraisal Reports have been completed for the following clients:

Abbott-Northwestern Hospitals	Marquette Bank
Agribank FCB	Medtronic
Associated Bank	Mellon Bank
Bank of America	Metropolitan Council
Berkshire Mortgage	Minneapolis Community Development Agency (MCDA)
Blue Cross/Blue Shield of Minnesota	Minneapolis Employees Retirement Fund
Burlington Northern Railroad	Minneapolis Park Board
CitiCorp Real Estate, Inc.	MN Department of Natural Resources
City of Bloomington	MN Department of Transportation
City of Minneapolis	Minnesota Vikings
City of St. Louis Park	Northwestern Bell Telephone Co. (now U.S. West)
City of St. Paul	Onan Corporation
Control Data Corporation	Pillsbury/Grand Met
Connecticut Mutual	Principal Financial Group
Cooperative Power Association	Prudential Realty Group (PRISA)
Deluxe Corporation	Riverside Bank
Foley-Belsaw	Rottlund Homes
HealthEast	Royal Crown Beverage
Japs Olson Company	St. Paul Port Authority
JMB Institutional Realty Corp.	Teachers Insurance & Annuity Assoc. (TIAA)
Kraus Anderson	US Bank
M & I Bank	Wells Fargo

EXHIBITS AND ADDENDA

COMPARABLE LAND SALES

Land Sale Comparable No. 1



Name:	The Groveland Condominiums
Location:	317 Groveland Avenue Minneapolis, Minnesota
Legal Description:	Lengthy – retained in appraisers' file
PID No.:	27-029-24-33-0012
Sale Date:	October 2004
Land Area:	60,778 square feet, or 1.40 acres
Zoning:	OR-3, Institutional Office Residence District with DP (Downtown Parking) overlay
Seller:	Hennepin Avenue Methodist Church
Buyer:	Steven Scott Management, Inc.
Sale Price:	\$2,700,000
Price/Square Foot:	\$44.42
Price/Unit:	\$20,301
Sale Terms:	Cash equivalent

COMPARABLE LAND SALES

Land Sale Comparable No. 1

Comments:

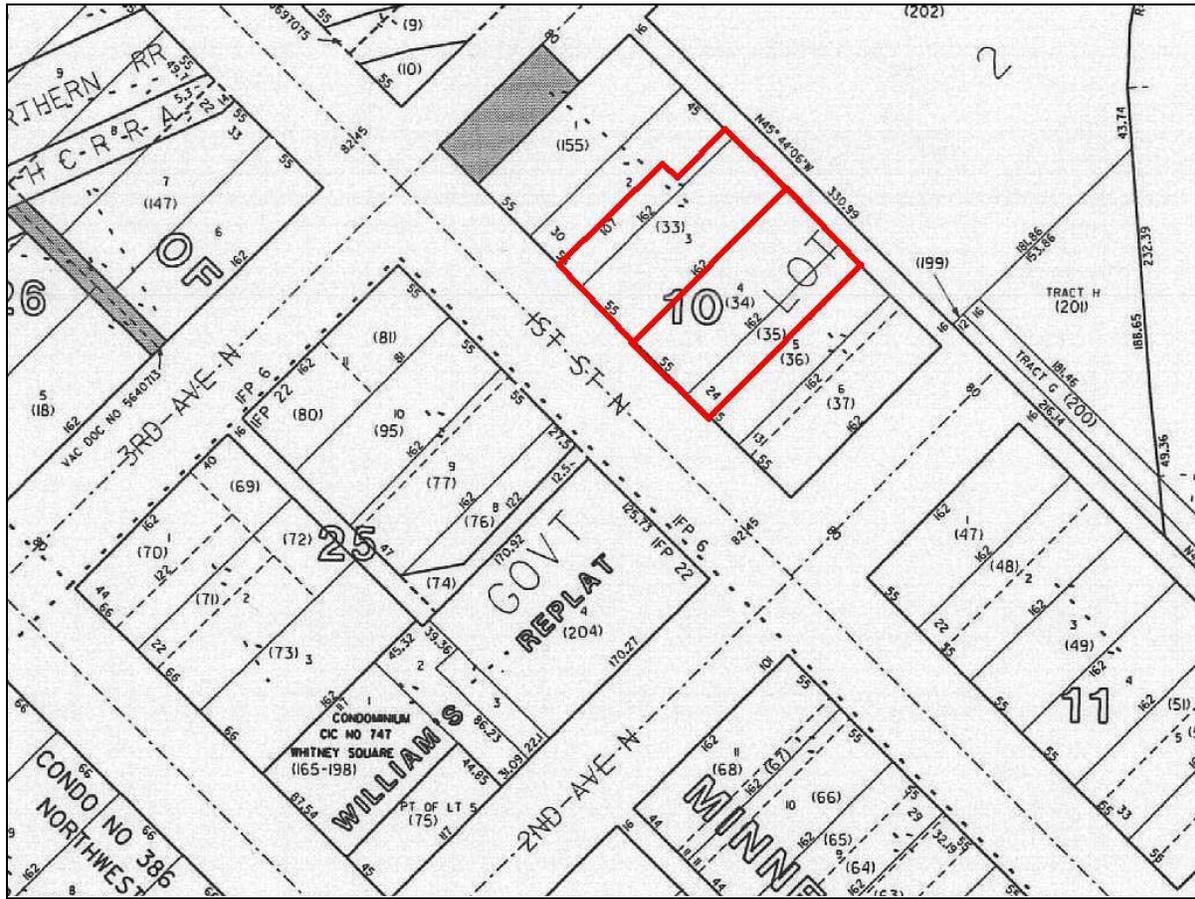
This property is located adjacent to I-94 just east of the Lyndale/Hennepin Avenue intersection. The property lies in the Minneapolis neighborhood known as Loring Park located in the southwest corner and on the fringe of Downtown Minneapolis. This neighborhood in Minneapolis is known for its appreciation of arts and the Walker Arts Center is a main attraction in the neighborhood. It is very unlikely that this neighborhood will ever have skyway access into Downtown Minneapolis due its fringe location.

The buyer signed the purchase agreement for this property in January of 2004 and purchased an option to extend the closing date until November 2004 for an additional sum of \$60,000 in July 2004. The buyer plans to build a seven-story, 133-unit condominium with an underground parking garage. The units will range in size from 725 square feet (studio and/or 1 bedroom) to 2071 square feet (2 bedroom and/or 3 bedroom) and are priced from \$162,900 to \$599,900 with the highest priced units being larger floor plans on upper levels with views of the Minneapolis Downtown skyline. The project is scheduled to be completed in early 2006. A sketch of the proposed improvements is shown below.



LAND VALUATION

Land Sale Comparable No. 2



Name: **212 Lofts**
Location: 212 North First Street
Minneapolis, Minnesota
Sale Date: August and September 2003
Legal Description: Lengthy, in appraiser's files
PID No.: 22-029-24-14-0033, 22-029-24-14-0034 and 22-029-24-14-0035
Intended Use: 54 Downtown Loft Units
Land Area: 12,210 sq. ft. at 218 1st St. North
12,798 sq. ft. at 210-212 1st St. North
25,008 sq. ft., or 0.57 acres total land area
Zoning: C3-A
Sellers: 218 First, LLC and Hennepin Hotel
Buyer: Shamrock Development, Inc.
Sale Price: \$ 750,000 for 218 1st St. North
\$ 480,000 for 210-212 1st St. North
\$1,230,000 total sale price
Price/Sq. Ft.: \$49.18
Price/Unit: \$22,778
Sale Terms: Cash

LAND VALUATION

Land Sale Comparable No. 2

Comments: This property has a mid-block location and is located just northwest of the intersection of 2nd Avenue North and North 1st Street. The property lies in the sub-neighborhood known as the Entertainment/ Warehouse District. It is two blocks northwest of the Hennepin Avenue. This property will not have skyway access in the immediate future, as the nearest connection is over four blocks away.

The referenced purchase price is the sum of two sales as this was an assemblage. The first parcel (22-029-24-14-0033) was purchased on 8-19-2003 from 218 First, LLC for \$750,000. This parcel was 12,085 square feet and was used as a parking lot prior to the sale. The second parcel (22-029-24-14-0034) was purchased on 9-24-2003 from Hennepin Hotel for \$480,000. This parcel was 12,798 square feet and was also used for surface parking. The buyer said that there was very minimal excavating cost (buyer had own excavating crew), which was not included in the sale price above.

The buyer is developing a four to six story residential development consisting of 55-condominium units on the site. The condominiums range in size from 1,188 square feet to 2,137 square feet. The sales prices will start from the high \$200,000 and will be available beginning Spring 2005. This is a 3-parcel assemblage overlooking Downtown and the Mississippi River. There will be one parking space per unit, with an additional space available for \$20,000. A sketch of the proposed improvements is shown below.



LAND VALUATION

Land Sale Comparable No. 3



Name:	Oak Grove Condominiums
Location:	301 Oak Grove Street Minneapolis, Minnesota
Sale Date:	March 2003
Legal Description:	Lengthy, in appraiser's file
PID No.:	27-029-24-31-0036
Intended Use:	For sale condominium project – 59 total units
Land Area:	30,376 sq. ft., or 0.70 acres
Zoning:	OR3, Industrial Office Residence District
Seller:	Spruce/Oak Partnership LLP
Buyer:	Mendota Homes, Inc.
Sale Price:	\$2,100,000
Price/Sq. Ft.:	\$69.13
Price/Unit:	\$35,593
Sale Terms:	Cash

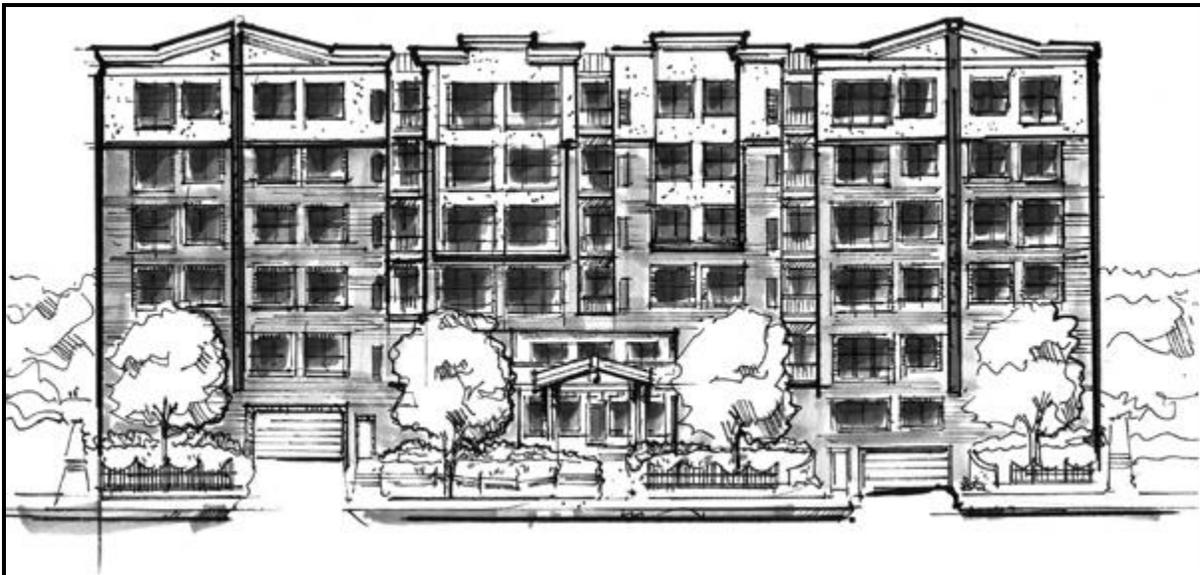
LAND VALUATION

Land Sale Comparable No. 3

Comments: This parcel is located in the Loring Park neighborhood, just south of the Minneapolis Central Business District. The property was offered for sale in the newspaper and was purchased after one week of negotiations. The parcel was open and used for parking for the nearby apartment buildings. Some site work is anticipated.

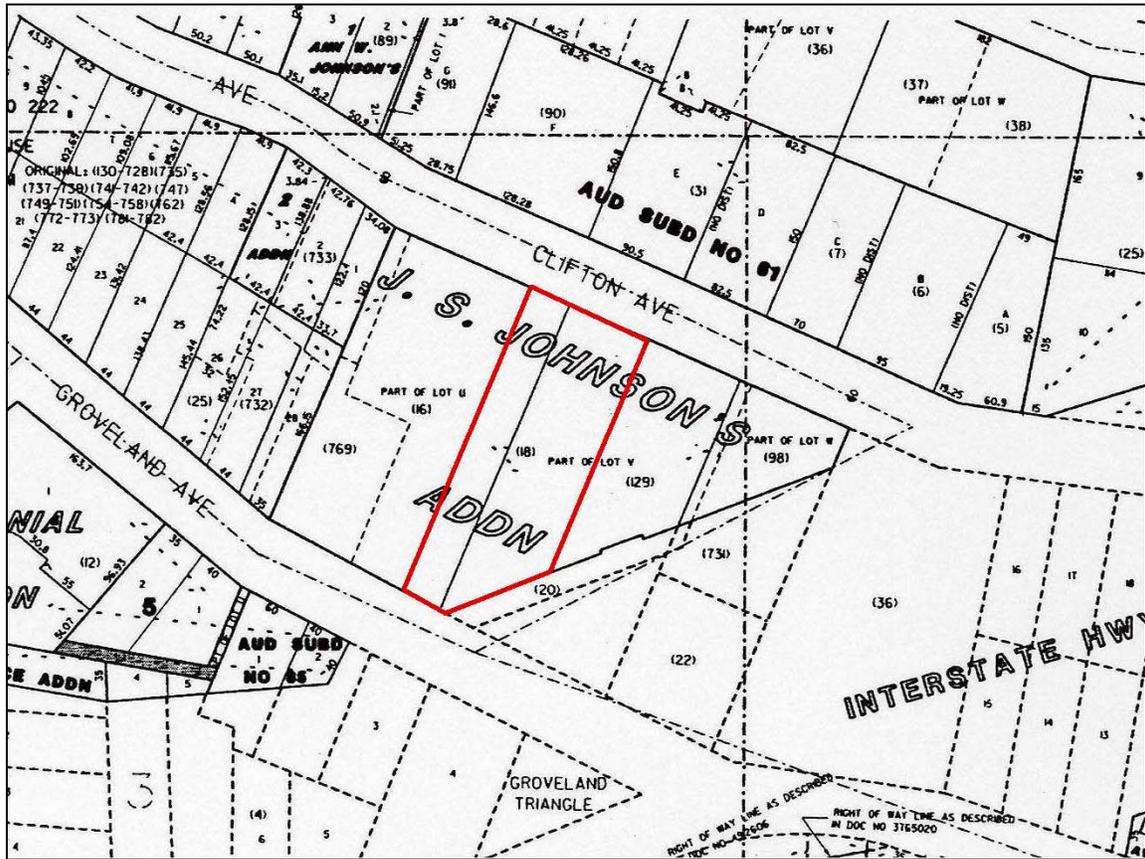
This property is located on the south side of Oak Grove Street. The property lies in the Minneapolis neighborhood known as Loring Park located in the southwest corner and on the fringe of Downtown Minneapolis. This neighborhood in Minneapolis is known for its appreciation of arts and the Walker Arts Center is a main attraction in the neighborhood. It is very unlikely that this neighborhood will ever have skyway access into Downtown Minneapolis due its fringe location.

The project is planned for a five-story building with 2 levels of underground parking and 59 condominium units. The units range in size from 1,109 square feet (1 bedroom plus den) to 1,645 square feet (2 bedroom) and are priced from \$199,900 to \$425,000 with the highest priced units being larger floor plans on upper levels with views of the Minneapolis Downtown skyline. The project is scheduled to be completed in early to mid 2005. A sketch of the proposed improvements is shown below.



LAND VALUATION

Land Sale Comparable No. 4



Name:	301 Clifton Condos
Location:	301 Clifton Avenue Minneapolis, Minnesota
Sale Date:	March 6, 2003
Legal Description:	Lengthy, in appraiser's file
PID No.:	27-029-24-33-0018
Intended Use:	For sale condominium project – 44 total units
Land Area:	31,596 sq. ft., or 0.73 acres
Zoning:	OR-3, Industrial Office Residence District
Seller:	Clifton House, Inc.
Buyer:	301 Clifton Place, L.L.C.
Sale Price:	\$1,160,000, including \$110,000 in demo costs and abatement
Price/Sq. Ft.:	\$36.71
Price/Unit:	\$26,364
Sale Terms:	Cash

LAND VALUATION

Land Sale Comparable No. 4

Comments: The property lies in the Minneapolis neighborhood known as Loring Park located in the southwest corner and on the fringe of Downtown Minneapolis. This neighborhood in Minneapolis is known for its appreciation of arts and the Walker Arts Center is a main attraction in the neighborhood. The property was offered for sale through a realtor.

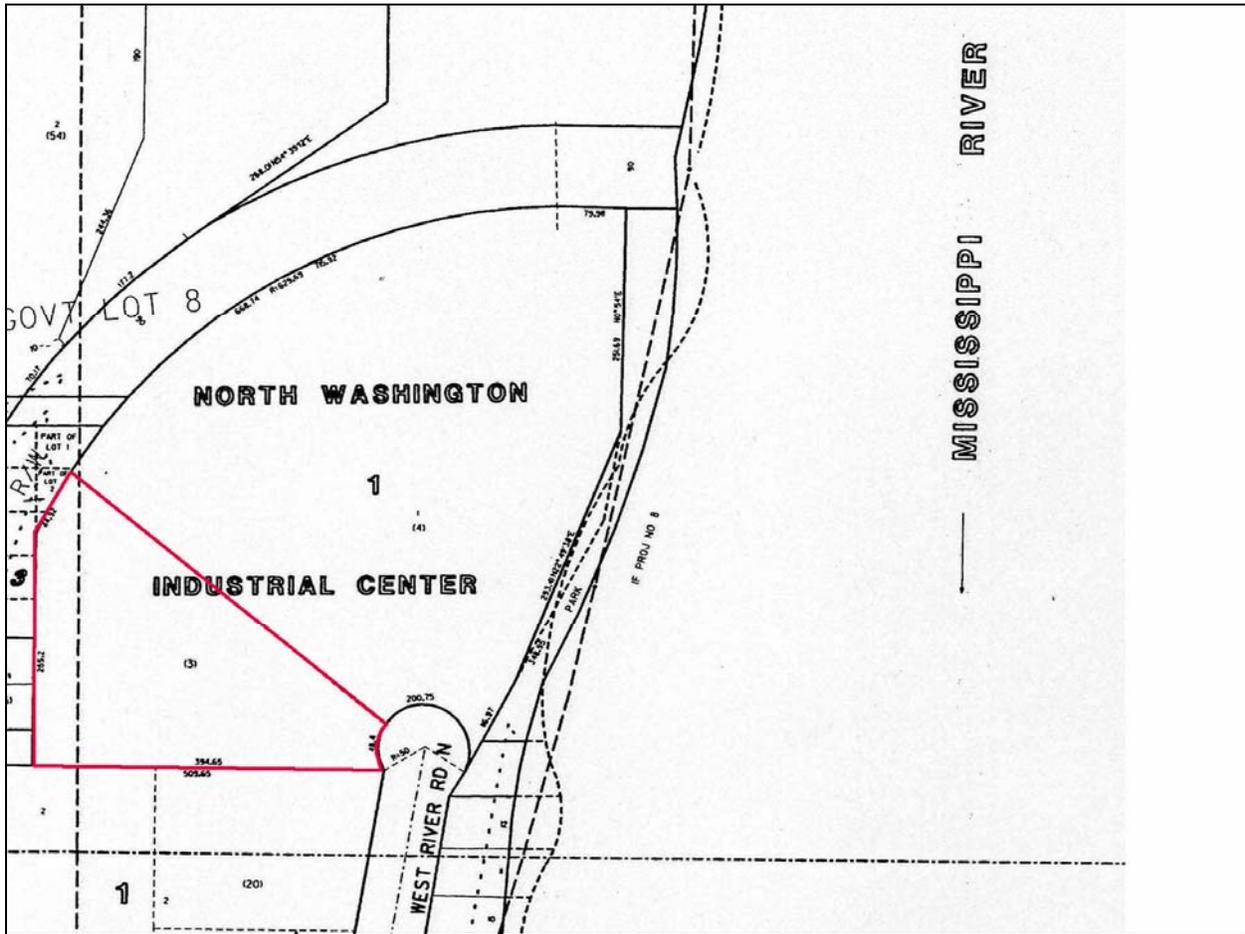
This was one of the first sales (signed purchase/option agreements) of land for redevelopment in the Loring Park neighborhood. The buyer acquired the property for development of a seven-story, 44-unit condominium project. The units reportedly range in size from 796 square feet (1 bedroom) to 2,009 square feet (2 bedroom) and are priced from \$200,000 to \$525,000 with the highest priced units being larger floor plans on upper levels with views of the Minneapolis Downtown skyline or western exposure. Parking for each condo unit will be in a common garage in the basement of the building, with each unit provided one parking space. There will be seventeen (17) additional parking spaces available for sale at approximately \$25,000 each.

The site was occupied by the Clifton House (nursing care facility) at the time of the purchase. Razing costs were estimated to be \$110,000 and were added to the sale price. A sketch of the proposed improvements is shown below.



LAND VALUATION

Land Sale Comparable No. 5



Name: **Riverview Homes**
Location: 2313 West River Road North
Minneapolis, Minnesota
Sale Date: December 31, 2002
Legal Description: Lengthy, in appraiser's file
PID Nos.: 15-029-24-12-0008
Intended Use: For Sale Condominium Project – 55 total units. Phase II of the Riverview Homes Development.
Land Area: Approximately 77,972 square feet, or 1.79 acres
Zoning: I2; medium industrial district, with IL; Industrial Living Overlay
Seller: Midwest Paint Manufacturing Company
Buyer: JADT Development Group, LLC
Sale Price: \$1,887,866
Price/Sq. Ft.: \$24.21
Price/Unit: \$34,325
Sale Terms: Cash

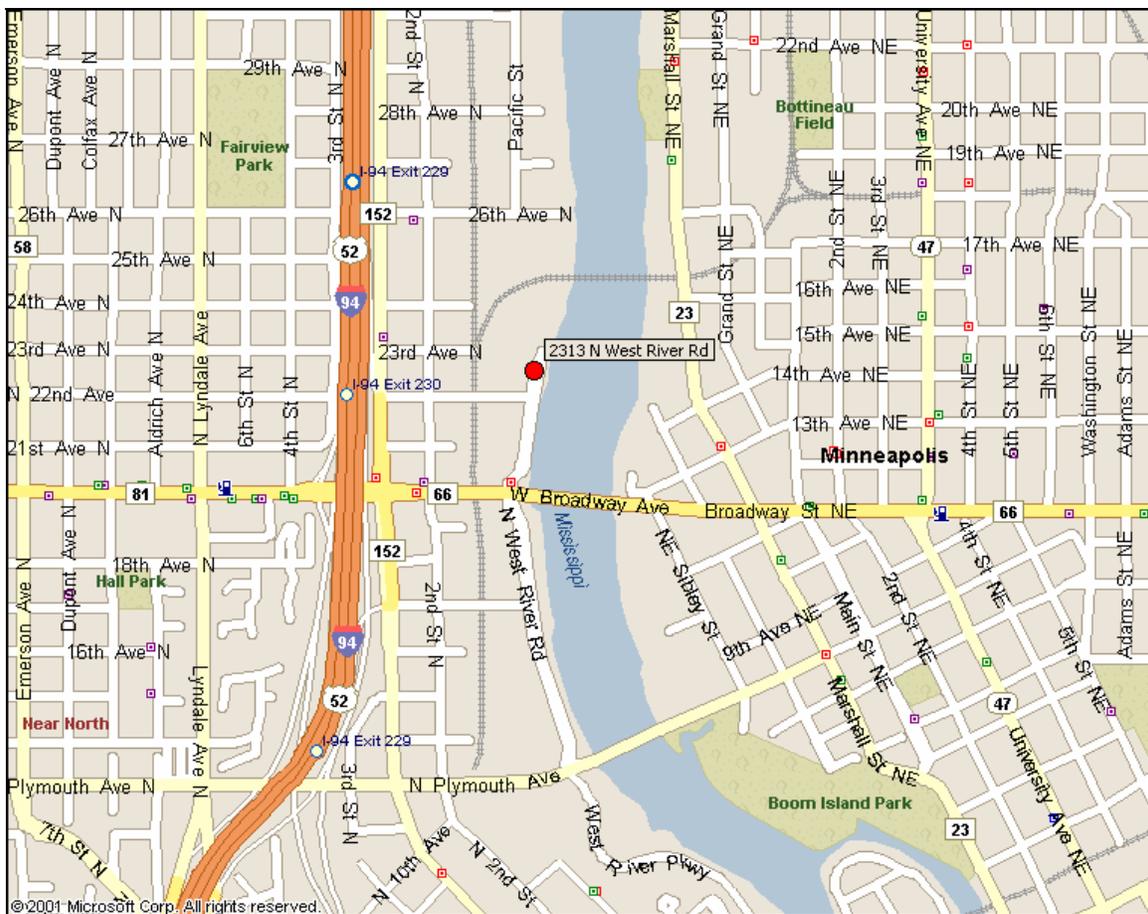
LAND VALUATION

Land Sale Comparable No. 5

Comments:

This land was purchased for Phase II construction of the Riverview Homes Development. The irregular-shaped, level lot contained a vacant industrial building at the time of the sale. According to the buyer, the costs to raze the building were \$90,000, which was included in the purchase price. The sale was negotiated as a contract for deed with a March 3, 2005 balloon payment. The 55-unit condominium project was to be built on 1.79 acres for a density of 30.73 units per acre.

The buyer had prior knowledge that the soils were contaminated. Remediation costs for the site clean up were sought by the buyer from the City of Minneapolis. The buyer reported the soil correction and disposal costs to be \$718,000, which was also included in the purchase price. The land was valued at \$1,079,866, plus the soil correction (\$718,000) and razing costs (\$90,000) for a total purchase price of \$1,887,866.



LAND VALUATION

Land Sale Comparable No. 6



Name: **Rock Island Lofts**
Location: 329 1st Street North
Minneapolis, Minnesota
Sale Date: October 2002
Legal Description: Lengthy, in appraiser's file.
PID Nos.: 22-029-24-14-0150
Intended Use: For Sale Condominium Project – 63 total units
Land Area: 27,052 sq. ft., or 0.62 acres
Zoning: Industrial District
Seller: T. Denny Sanford
Buyer: Rock Island LLC
Sale Price: \$1,102,500
Price/Sq. Ft.: \$40.75
Price/Unit: \$17,500
Sale Terms: Cash

LAND VALUATION

Land Sale Comparable No. 6

Comments: This property is located along 4th Avenue North between North 1st and 2nd Streets. The property lies in the sub-neighborhood known as the Entertainment/Warehouse District. It is two blocks northwest of the Hennepin Avenue. This property will not have skyway access in the immediate future, as the nearest connection is over four blocks away.

The buyer purchased this site to develop a 63-unit condominium project with prices ranging from \$250,000 to \$1,000,000 per unit. The development contains seven stories. A sketch of the proposed improvements is shown below.



ARTICLE IV. C3A COMMUNITY ACTIVITY CENTER DISTRICT

548.320. Purpose. The C3A Community Activity Center District is established to provide for the development of major urban activity and entertainment centers with neighborhood scale retail sales and services. In addition to entertainment and commercial uses, residential uses, institutional and public uses, parking facilities, limited production and processing and public services and utilities are allowed.

548.330. Uses. Permitted and conditional uses in the C3A District shall be as specified in section 548.30 and [Table 548-1](#), Principal Uses in the Commercial Districts.

548.340. Lot dimension requirements. The minimum lot area and lot width for all nonresidential uses located in the C3A District shall be as specified in [Table 548-2](#), Lot Dimension Requirements in the Commercial Districts. The minimum lot area and lot width for residential uses located in the C3A District shall be as specified in [Table 548-6](#), Residential Lot Dimension Requirements in the C3A District.

Table 548-6 Residential Lot Dimension Requirements in the C3A District

Use	Minimum Lot Area (Square Feet)	Minimum Lot Width (Feet)
RESIDENTIAL USES		
Dwellings		
Single or two-family dwelling	5,000	40
Cluster development	5,000 or 400 sq. ft. per dwelling unit	40
Dwelling unit, as part of a mixed use building	400 sq. ft. per dwelling unit	None
Multiple-family dwelling	5,000 or 400 sq. ft. per dwelling unit, whichever is greater	40
Planned residential development	2 acres or 400 sq. ft. per dwelling unit, whichever is greater	As approved by C.U.P.
Congregate Living		
Community residential facility serving six (6) or fewer persons	5,000	40

Community residential facility serving seven (7) to thirty-two (32) persons	5,000 or 400 sq. ft. per rooming unit, whichever is greater	40
---	---	----

(2002-Or-057, § 3, 6-21-02)

548.350. Building bulk requirements. The maximum height of all principal structures located in the C3A District, except single and two-family dwellings and cluster developments, shall be four (4) stories or fifty-six (56) feet, whichever is less. The maximum height of single and two-family dwellings and cluster developments shall be two and one-half (2.5) stories or thirty-five (35) feet, whichever is less. The maximum floor area ratio of all structures shall be two and seven-tenths (2.7).

548.360. General district regulations. The following conditions govern uses in the C3A District:

(1) *Maximum floor area of retail sales and services.*

- a. *In general.* All retail sales and services, including shopping centers, shall be limited to a maximum gross floor area of four thousand (4,000) square feet per use, except as provided in sections (1)b. and c. and (6) below.
- b. *Bonus for no parking between the principal structure and the street.* If parking is not located between the principal structure and the street, the maximum gross floor area of a retail sales and service use shall be increased to six thousand (6,000) square feet.
- c. *Bonus for additional stories.* If parking is not located between the principal structure and the street, and the structure in which the commercial use is located is at least two (2) stories (not including the basement), the maximum gross floor area of a retail sales and service use shall be increased to eight thousand (8,000) square feet.

(2) *Wholesale and off-premise sales.* Wholesale and off-premise sales accessory to retail sales shall be limited to two thousand (2,000) square feet of gross floor area or forty-five (45) percent of gross floor area, whichever is less, provided that the main entrance opens to the retail component of the establishment, except as otherwise provided in this ordinance.

(3) *Hours open to the public.* Hours open to the public shall be as follows:

Sunday through Saturday, from 6:00 a.m. to 1:00 a.m.

(4) *Drive-through facilities and car washes prohibited.* Drive-through facilities and car washes shall be prohibited.

(5) *Outdoor speakers prohibited.* Commercial outdoor speakers shall be prohibited.

(6) *Shopping centers.* Notwithstanding section (1) above, shopping centers with primarily interior access to individual uses shall be allowed, provided that the individual uses shall be limited to four thousand (4,000) square feet. Shopping centers with primarily exterior access to individual uses shall be subject to the maximum floor area requirements of section (1) above.

(7) *Fast food restaurants.* Fast food restaurants shall be located only in storefront buildings existing on the effective date of this ordinance, provided further that no significant changes shall be made to the exterior of the structure and freestanding signs shall be prohibited, or as part of a shopping center with interior access to individual uses, provided further that freestanding signs shall be prohibited.

(8) *Production, processing and storage.* Limited production and processing uses shall be limited to one thousand two hundred (1,200) square feet of gross floor area. Other production, processing, and storage uses shall be limited to four thousand (4,000) square feet of gross floor area.

(9) *Community residential facilities.* Community residential facilities serving six (6) or fewer persons shall be located in structures existing on the effective date of this ordinance.

(10) *Secondhand goods stores.* Secondhand goods stores shall be limited to the sale of used clothing and related accessories.

548.370. Truck and commercial vehicle parking for nonresidential uses. Outdoor parking of trucks and other commercial vehicles shall be limited to operable, single rear axle vehicles of not more than fifteen thousand (15,000) pounds gross vehicle weight. All outdoor parking of trucks shall be screened from view, as specified in this zoning ordinance.

Table 548-1 Principal Uses in the Commercial Districts

Use	C1	C2	C3A	C3S	C4	Specific Development Standards
COMMERCIAL USES						
Retail Sales and Services						
General retail sales and services	P	P	P	P	P	
Antiques and	C	P	P	P	P	

collectibles store						
Art gallery	P	P	P	P	P	
Art studio	P	P	P	P	P	
Bank or financial institution	P	P	P	P	P	
Bed and breakfast home	P					
Bookstore, new or used	P	P	P	P	P	
Building material sales	P	P		P	C	
Child care center	P	P	P	P	P	
Consignment clothing store	C	C	C	C	C	
Contractor's office	C	C	C	C	C	
Currency exchange		C		C	C	
Day labor agency					C	
Exterminating shop					P	
Firearms dealer					C	
Funeral home	P	P	P	P	P	
Greenhouse, lawn and garden supply store	P	P		P	P	
Grocery store	P	P	P	P	P	
Laundry, self service	P	P	P	P	P	
Memorial monuments		P			P	
Office supplies sales and	P	P	P	P	P	

service						
Pawnshop					C	
Performing, visual or martial arts school	P	P	P	P	P	
Pet store	P	P	P	P	P	
Photocopying	P	P	P	P	P	
Rental of household goods and equipment		P	P	P	P	
Secondhand goods store		C	C	C	C	
Shopping center	C	C	C	C	C	
Small engine repair		C		P	P	
Tattoo and body piercing parlor		P		P	P	
Tobacco shop		C	C	C	C	
Veterinary clinic	P	P	P	P	P	
Video store	P	P	P	P	P	
Offices	P	P	P	P	P	
Automobile Services						
Automobile convenience facility existing on the effective date of this ordinance	C	C		C	C	
Automobile convenience facility		C		C	C	
Automobile rental					C	
Automobile					C	

repair, major						
Automobile repair, minor		C		C	C	
Automobile repair, minor, existing on the effective date of this ordinance	C	C		C	C	
Automobile sales		C		C	C	
Car wash		C		C	C	
Food and Beverages						
Catering	P	P	P	P	P	
Coffee shop, with limited entertainment	P	P	P	P	P	
Liquor store, off-sale		C	C	C	C	
Nightclub			C			
Restaurant, delicatessen	P	P	P	P	P	
Restaurant, fast food	C	C	C	C	C	
Restaurant, sit down, including the serving of alcoholic beverages, with limited entertainment	P	P	P	P	P	
Restaurant, sit down, including the serving of alcoholic beverages, with general entertainment		P	P	P	P	
Commercial Recreation, Entertainment and Lodging						

Hotel			P		P	
Indoor recreation area		P	P	P	P	
Outdoor recreation area		C	C	C	C	
Radio or television station		P	P	P	P	
Reception or meeting hall		P	P	P	P	
Regional sports arena			P			
Sports and health facility		C	C	C	C	
Theater, indoor		C	C	C	C	
Medical Facilities						
Blood/plasma collection facility					C	
Clinic, medical or dental	P	P	P	P	P	
Laboratory, medical or dental	P	P	P	P	P	
Planned Commercial Development	C	C	C	C	C	
Transportation						
Ambulance service					C	
Bus garage or maintenance facility					C	
Limousine service					C	
Package delivery service					C	
Taxicab					C	

service						
Truck, trailer, boat, recreational vehicle or mobile home sales, service and rental					C	
PARKING FACILITIES						
Parking facility	C	C	C	C	C	
RESIDENTIAL USES						
Dwellings						
Single or two-family dwelling	P	P				
Single or two-family dwelling existing on the effective date of this ordinance			P	P	P	
Cluster development	C	C	C	C	C	
One (1) to four (4) dwelling units, as part of a mixed use building	P	P	P	P	P	
Multiple-family dwelling, three (3) and four (4) units	P	P	P	P	P	
Multiple-family dwelling, five (5) units or more	C	C	C	C	C	
Planned residential	C	C	C	C	C	

development						
Congregate Living						
Community residential facility serving six (6) or fewer persons	P	P	P	P	P	
Community residential facility serving seven (7) to sixteen (16) persons	C	C	C	C	C	
Community residential facility serving seventeen (17) to thirty-two (32) persons		C	C	C	C	
Board and care home/Nursing home/Assisted living		C			C	
Inebriate housing		C			C	
Residential hospice		C			C	
Supportive housing		C			C	
INSTITUTIONAL AND PUBLIC USES						
Educational Facilities						
Early childhood learning center	C	P	P	P	P	
Preschool	C	P	P	P	P	
School, grades K--12	C	C	C	C	C	
School, vocational or business	C	P	P	P	P	
Social, Cultural, Charitable and Recreational Facilities						

Athletic field	C	C	C	C	C	
Club or lodge, with limited entertainment	C	P	P	P	P	
Club or lodge, with general entertainment		P	P	P	P	
Community center	C	P	P	P	P	
Community garden	P	P	P	P	P	
Developmental achievement center	C	P	P	P	P	
Library	C	P	P	P	P	
Mission					C	
Museum	C	P	P	P	P	
Park, public	P	P	P	P	P	
Religious Institutions						
Convent, monastery or religious retreat center	C	P	P	P	P	
Place of assembly	P	P	P	P	P	
PRODUCTION, PROCESSING AND STORAGE						
Limited production and processing	C	C	C	C	C	
Dry cleaning establishment		C			C	
Film, video and audio production		C	C		C	
Furniture moving and storage					C	
Industrial machinery and equipment					C	

sales, service and rental						
Laundry, commercial		C			C	
Packaging of finished goods					C	
Printing and publishing		C			C	
Self-service storage					C	
Wholesaling, warehousing and distribution					C	
PUBLIC SERVICES AND UTILITIES						
Bus turnaround	C	C	C	C	C	
Electric or gas substation	C	C	C	C	C	
Fire station	C	C	C	C	C	
Garage for public vehicles					C	
Heating or cooling facility	C	C	C	C	C	
Passenger transit station	C	C	C	C	C	
Police station	C	C	C	C	C	
Post office	C	C	C	C	C	
Railroad right-of-way	C	C	C	C	C	
Regional financial service center			C			
Stormwater retention pond	C	C	C	C	C	
Street and equipment maintenance facility					C	
Telephone	C	C	C	C	C	

exchange						
Water pumping and filtration facility	C	C	C	C	C	

ARTICLE IX. DP DOWNTOWN PARKING OVERLAY DISTRICT

551.730. Purpose. The DP Downtown Parking Overlay District is established to preserve significant and useful buildings and to protect the unique character of the downtown area and the mixed-use downtown neighborhoods by restricting the establishment or expansion of surface parking lots.

551.740. Established boundaries. The boundaries of the DP Overlay District shall be the areas shown on the official zoning map.

551.750. Prohibited uses. The following uses shall be prohibited in the DP Overlay District:

- (1) Commercial parking lots, including the expansion of any existing commercial parking lot.
- (2) The conversion of any accessory parking lot to a commercial parking lot.

551.760. Conditional uses. In addition to the conditional uses allowed in the primary zoning district, an accessory parking lot may be allowed as a conditional use in the DP Overlay District, subject to the provisions of Chapter 525, Administration and Enforcement, and the following:

- (1) The parking lot shall be located on the same zoning lot as the principal use served.
- (2) The number of parking spaces shall not exceed one hundred fifty (150) percent of the minimum required spaces as specified in Chapter 541, Off-Street Parking and Loading, or twenty (20) spaces, whichever is less.

ARTICLE XI. DH DOWNTOWN HEIGHT OVERLAY DISTRICT

551.810. Purpose. The DH Downtown Height Overlay District is established to regulate the building bulk requirements of structures within portions of the downtown area where such regulation is consistent with the planned character of the area and its surroundings.

551.820. Established boundaries. The boundaries of the DH Overlay District shall be the areas shown on the official zoning map.

551.830. Eligible areas outside of established boundaries. The DH Overlay District shall be limited to locations within the downtown area bounded by Interstate 35W, Washington Avenue, Plymouth Avenue, and the Mississippi River. Any person having a legal or equitable interest in property located within the eligible area outside of the established boundaries may file a petition to request the addition of the DH Overlay District classification in the manner provided for zoning amendments in Chapter 525, Administration and Enforcement.

551.840. Height. The maximum height of all principal structures, except single and two-family dwellings and cluster developments, shall be eight (8) stories or one hundred twelve (112) feet, whichever is less, for properties located between Washington Avenue South and Second Street South. The maximum height for all other properties shall be six (6) stories or eighty-four (84) feet, whichever is less.

551.850. Increasing maximum height. The height limitation of principal structures may be increased by conditional use permit, as provided in Chapter 525, Administration and Enforcement. In addition to the conditional use standards, the city planning commission shall consider, but not be limited to, the following factors when determining maximum height:

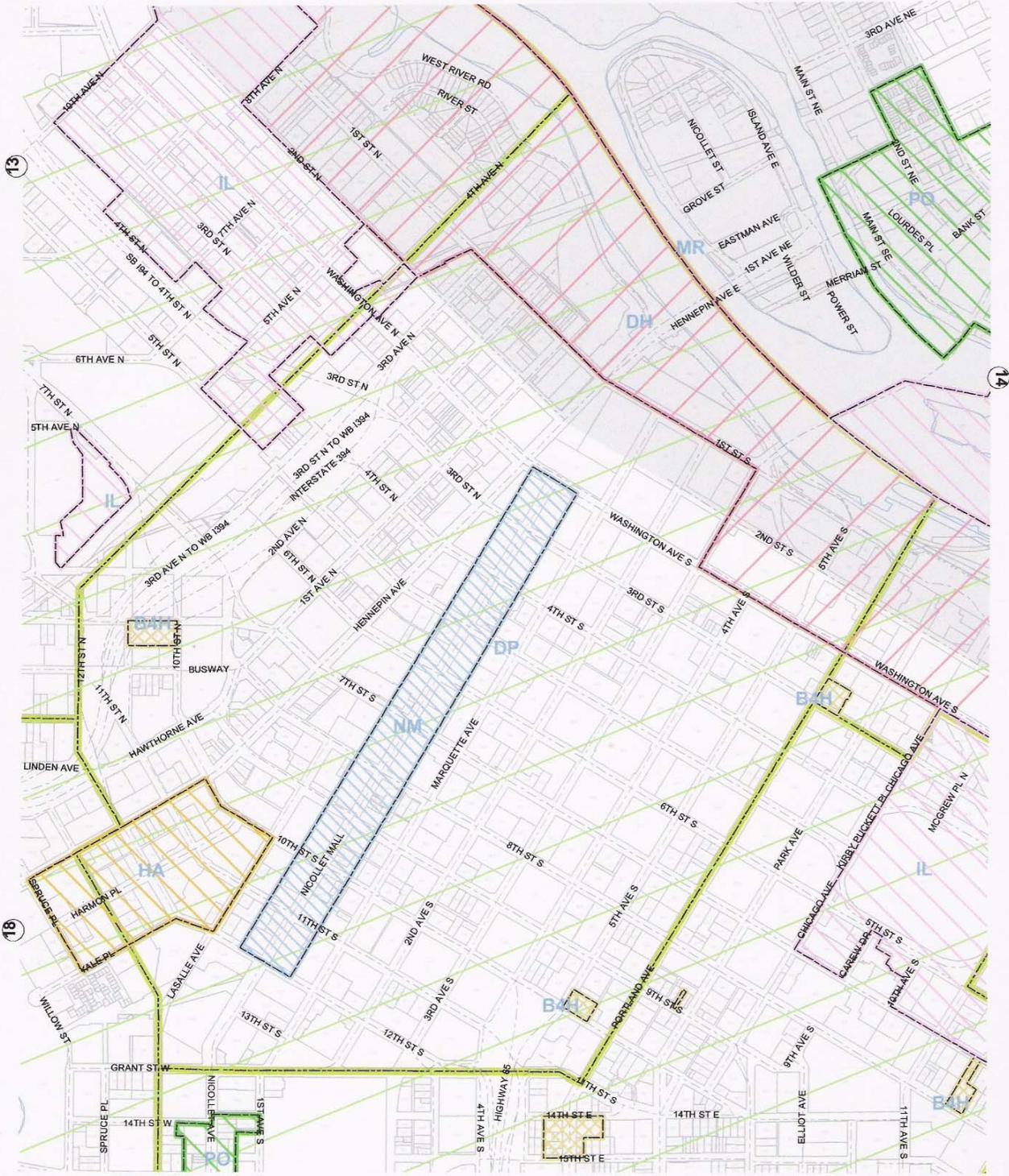
- (1) Access to light and air of surrounding properties.
- (2) Shadowing of residential properties or significant public spaces.
- (3) The scale and character of surrounding uses.
- (4) Preservation of views of landmark buildings, significant open spaces or water bodies.

551.855. Roof signs. Notwithstanding any other provision to the contrary, on-premise roof signs may be allowed on nonresidential, multiple story buildings containing at least one hundred thousand (100,000) square feet of gross floor area located within the area bounded by Tenth Avenue South, Washington Avenue South, Third Avenue South and the Mississippi River, when approved as a sign adjustment pursuant to Chapter 543, On-Premise Signs, and Chapter 525, Administration and Enforcement.

(2003-Or-066, § 1, 6-6-03)

551.860. Floor area ratio. The maximum floor area ratio of all structures, except single and two-family dwellings, shall be four (4). The maximum floor area ratio may not be attainable without obtaining conditional use permit approval for increasing maximum height.

OVERLAY ZONING DISTRICTS



- OVERLAY DISTRICTS**
- PO PEDESTRIAN ORIENTED OVERLAY DISTRICT
 - LH LINDEN HILLS OVERLAY DISTRICT
 - IL INDUSTRIAL LIVING OVERLAY DISTRICT
 - TP TRANSITIONAL PARKING OVERLAY DISTRICT
 - SH SHORELAND OVERLAY DISTRICT
 - FP FLOODPLAIN OVERLAY DISTRICT
 - NP NORTH PHILLIPS OVERLAY DISTRICT
 - DP DOWNTOWN PARKING OVERLAY DISTRICT
 - B4H DOWNTOWN HOUSING OVERLAY DISTRICT
 - DH DOWNTOWN HEIGHT OVERLAY DISTRICT
 - NM NICOLLET MALL OVERLAY DISTRICT
 - HA HARMON AREA OVERLAY DISTRICT
 - MR MISSISSIPPI RIVER CRITICAL AREA OVERLAY DISTRICT
 - PG NORTH PHILLIPS OVERLAY DISTRICT

--- PLATE BOUNDARIES
 12 ADJOINING PLATE NUMBER



Last Amended : August 25, 2000

MINNEAPOLIS ZONING PLATE 19