

APPLICATION SUBMISSION PACKAGE

For

Housing Revenue Bond

Financing of the

**River Run Apartments
Minneapolis, Minnesota**

Applicant

**Marshall River Run Limited Partnership
Sherman Associates, Inc.
General Partner**

Presented To:

MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY

April 30, 2003

APPLICATION FOR MULTIFAMILY HOUSING PROJECT

SECTION A - PURPOSE OF APPLICATION

To: The Executive Director of the Minneapolis Community Development Agency

The undersigned desires to participate in the Program (s) described below. Therefore, it is requested that you give consideration to the information presented herein, for the purpose of loaning and/or approving a firm commitment for:

Project Name: River Run Apartments

Loan/Bond Amount(s) \$ 12,650,000.00 \$0 taxable \$ _____

MCDA Program CDBG HRB Tax Increment NDA _____

Other Financing Involved: \$ _____

FHA MHFA Conventional

Low Income Tax Credit (if desired): Amount \$ (automatic 4% credits

Year

SECTION B - DEVELOPMENT TEAM INFORMATION

1. Developer (or sponsor) Name: Sherman Associates, Inc. PM NP

Address: 233 Park Avenue South – Suite # 201 - Minneapolis, MN 55415

Contact Person: Loren. E. Brueggemann Telephone: 612-332-3000

2. Joint Venture or Partnership Name: Marshall River Run Limited Partnership PM NP

Address: 233 Park Avenue South – Suite # 201 – Minneapolis, MN 55415

Contact Person: Loren Brueggemann Telephone: 612-332-3000

(Attach Joint Venture or Partnership Agreement)

(Provide Financial Statement on ALL Partners)

3. If Joint Venture or Partnership Please Complete:

A. Entity in Control Legally Sherman Associates, Inc.

B. Ownership percentage of

Entity in Control .01%

4. Architect Firm: DJR Architecture, Inc.

Address: 212 – 2nd Street SE – Suite # 314 – St. Anthony Main – Minneapolis, MN 55414

Contact Person: Paula Merrigan Telephone: 612-676-2730

5. Contractor Name : To Be Determined.
Address: _____
Contact Person: _____ Telephone: _____
6. Law Firm: Faegre & Benson
Address: 2200 Norwest Center – 32nd Flr – 90 South 7th Street – Minneapolis, MN 55402
Contact Person: Peter Berrie Telephone: 612-766-7080
7. Accountant Firm: Mahoney Ulbrich Christiansen Russ PA
Address: 20 East Plato Boulevard – St. Paul, MN 55107
Contact Person: MaDonna Stevermer Telephone: 651-227-6695
8. Property Manager: Sherman Associates, Inc.
Address: 233 Park Avenue South – Suite # 201 – Minneapolis, MN 55415
Contact Person: Larry Mitchell Telephone: 612-337-2606
9. Title Insurance Company: Commercial Partners Title, LLC
Address: 330 – 2nd Avenue South – Minneapolis, MN 55401
Contact Person: Ann Hoffmeyer Telephone: 612-337-2470
10. Other: _____
Address: _____
Contact Person: _____ Telephone: _____
11. Other: _____
Address: _____
Contact Person: _____ Telephone: _____

SECTION C - LOCATION AND DESCRIPTION OF PROPERTY

1. Street Address 14XX Marshall St NE		2. Municipality Minneapolis		3. County Hennepin		4. State MN	5. Zip Code 554
6. Type of Project <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Rehabilitation <input type="checkbox"/> Existing Year Built:		7. Number of Units: Revenue: <u>119</u> Non-Revenue: <u>0</u> Total: <u>119</u>		8. No. of Buildings 1	9. List Accessory Buildings Area sq. ft.		10. List Recreation Facilities Area sq. ft.
11. Type of Building: <input checked="" type="checkbox"/> Elevator <input type="checkbox"/> Walkup <input checked="" type="checkbox"/> Row (T.H.) <input type="checkbox"/> Detached <input type="checkbox"/> Semi-Detached		12. No. of Stores 4	13. No. of Elevators 2	14. Type of Foundation <input type="checkbox"/> Slab on Grade <input type="checkbox"/> Crawl Space <input type="checkbox"/> Partial Bsmt. <input checked="" type="checkbox"/> Full Bsmt.			
15. Structural System wood frame	16. Floor System wood frame	17. Exterior Finish brick & vinyl		18. Heating System forced air		19. Air Conditioning System forced air	

SECTION D - INFORMATION CONCERNING LAND OR PROPERTY

1. Date <input checked="" type="checkbox"/> Under Purchase Contract	2. Price <input type="checkbox"/> Option	3. Additional Cost <input type="checkbox"/> Accrued	4. Total Cost	5. Outstanding Balance	6. Relationship Between Seller and Buyer, Business, Personal or Other Armlength			
7. Site Area 120,835 Sq. Ft.		8. Zoning (If recently changed, submit evidence) I1, to be rezoned in July, 2003		9. If Lease Hold show annual ground rent \$		Lease term, remaining years		
10. Off-Site Facilities:	Public	Comm.	At Site	Feet from Site	11. Unusual Site Features		12. Special Assessments	
Water	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____ft.	<input checked="" type="checkbox"/> None <input type="checkbox"/> Poor Drainage <input type="checkbox"/> Cuts <input type="checkbox"/> Retaining Walls <input type="checkbox"/> Fill <input type="checkbox"/> Rock Foundations <input type="checkbox"/> Erosion <input type="checkbox"/> High Water Table <input type="checkbox"/> Other		a. <input type="checkbox"/> Prepayable <input type="checkbox"/> Non-prepayable b. Principal Balance \$ c. Annual Payment \$ d. Remaining Terms _____ Years.	
Sewer	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____ft.				
Paving	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____ft.				
Gas	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____ft.				
Electrical	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____ft.				

SECTION E - ESTIMATE OF INCOME

Unit Type	No. of Living Units	No. of Units Assisted	Living Area (Sq. Ft)	Composition of Units	PBE Not in Rent (\$) * (Sec. F-1)	Unit Rent per Mo. (\$)	Total Monthly Unit Rent (\$)	
1 BR	12		662		\$72.00	\$740.00	\$812.00	
1 BR	12		662		\$72.00	\$647.00	\$719.00	
1 BR	4		663		\$110.00	\$675.00	\$785.00	
2 BR	12		922		\$110.00	\$925.00	\$1,035.00	
2 BR	4		937		\$110.00	\$925.00	\$1,035.00	
2 BR	14		920		\$110.00	\$925.00	\$1,035.00	
2 BR	6		920		\$110.00	\$1,025.00	\$1,135.00	
2 BR	6		1,004		\$110.00	\$925.00	\$1,035.00	
2 BR	8		1,050		\$110.00	\$1,195.00	\$1,305.00	
2 BR	4		1,050		\$110.00	\$1,195.00	\$1,305.00	
2 BR	14		1,003		\$110.00	\$1,075.00	\$1,185.00	
2 BR	3		1,009		\$110.00	\$1,150.00	\$1,260.00	
2 BR	4		1,050		\$110.00	\$1,195.00	\$1,305.00	
3 BR	12		1,200		\$135.00	\$1,098.00	\$1,233.00	
1 BR	2		713		\$72.00	\$750.00	\$822.00	
1 BR	2		713		\$72.00	\$675.00	\$747.00	
Employee Living Unit(s)	0				\$	\$		
TOTALS	119							
				2. TOTAL ESTIMATED MONTHLY RENTALS FOR ALL LIVING UNITS			\$112,440.00	
3. Number of Parking Spaces <input type="checkbox"/> Attended <input checked="" type="checkbox"/> Self Park Total Spaces 148		4. Parking and Other Income (Not Included in Rent) Open Spaces <u>48</u> @ \$ <u>0</u> per month = \$ <u>0</u> Covered Spaces 100 @ \$65.00 per month = \$6,500.00 Laundry Living Units @ \$0.00 per month = \$ 0 Other Laundry per month = \$2,618.00 _____TIF Annual TOTAL ANCILLARY INCOME					\$9,118.00	
5. Commercial Space (Describe) Area-Ground Level _____ sq. ft @ \$_____ per sq. ft./month = \$ Other Levels _____ sq. ft @ \$_____ per sq. ft./month = \$_____							TOTAL COMMERCIAL \$0.00	
6. TOTAL ESTIMATED MONTHLY GROSS INCOME AT 100 PERCENT OCCUPANCY							\$121,558.00	
6.5 Annual TIF Income							\$89,000.00	
7. Without Garage							TOTAL ANNUAL RENT (Item 6 times 12 months)	\$1,547,696.00
8. Gross Floor Area 108,897 Sq. Ft.			9. Net Rentable Residential Area: Sq. Ft.			10. Net Rentable Commercial Area: 0 Sq. Ft		

SECTION F - EQUIPMENT AND SERVICES				SECTION F-1 – UTILITIES		
<i>(Check Items Included in the Rent, Listed Below)⁽¹⁾</i>				<i>(Not in Rent)⁽¹⁾</i>		
<input checked="" type="checkbox"/> Range and Oven	<input checked="" type="checkbox"/> Carpet	Services:	Gas	Elect.	Oil	*PERSONAL BENEFIT EXPENSES (PBE): Check Utilities and Services Not Included in the Rent and Paid Directly by the Tenant. <input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Heating <input type="checkbox"/> Gas <input type="checkbox"/> Decorating <input type="checkbox"/> Repairs <input type="checkbox"/> Water Other
<input type="checkbox"/> Microwave Oven	<input checked="" type="checkbox"/> Drapes	<input checked="" type="checkbox"/> Heat	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/> Refrigerator	<input type="checkbox"/> Swimming Pool	<input checked="" type="checkbox"/> Hot Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/> Laundry Facilities	<input checked="" type="checkbox"/> Air Conditioning Equip	<input type="checkbox"/> Cooking	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
<input checked="" type="checkbox"/> In Common Area	<input type="checkbox"/> Trash Compactor	<input type="checkbox"/> Air Conditioning	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
<input type="checkbox"/> In Living Unit	<input type="checkbox"/> Disposal	<input type="checkbox"/> Lights, etc, in Units				
<input type="checkbox"/> LU Hookup Only	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Cold Water	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
		<input type="checkbox"/> Other		<input checked="" type="checkbox"/> Parking (surface)		
					Remarks	

SECTION G - ESTIMATE OF TOTAL DEVELOPMENT COST

a) CONSTRUCTION COSTS

A. ON-SITE

a. Net Hard Construction Costs	\$8,350,000
b. Normal Site Work *	\$300,000
c. Special Site Work *	
d. Builder's Overhead	200,000
e. Builder's General Requirements	375,000
f. Builder's Profit	375,000
g. Payment and Performance Bond Fee	
h. Builder's Risk Insurance	

TOTAL CONSTRUCTION \$9,600,000

b) FEES

a. Architect's Design Fee	\$ 221,250
b. Architect's Inspection Fee	73,750
c. Legal (Total 1-5 Below)	125,000
1. Developer's Counsel *	
2. Lender's Counsel *	
a. Permanent Loan *	
b. Construction Loan *	
c. Other *	
3. Bond Counsel *	
4. Trustee's Counsel *	
5. Bond Purchaser's Counsel *	
d. Underwriter's Fee *	
e. Trustee's Fees*	
f. Credit Enhancer's Fees *	
g. Permanent Lender's Fees *	
h. Construction Lender's Fees *	
i. City Fees *	10,000
j. Mortgage Brokerage Fees*	
k. Processing Fee (MHFA) *	220,000
l. Title Insurance Fees (Total 1-4 Below)	60,000
1. Premium	
2. Disbursement Fees	
3. Closing Fee	
4. Recording Fees	
a. Mortgage Registration	
b. State Deed Tax	
c. Document Recording Fee	
m. Consultant's Fees * (Environmental Assessment, Market Study)	40,000
n. HUD/FHA Exam Fee **	110,000
o. HUD/FHA Insp. Fee **	25,000
p. Organization **	15,000
q. Cost Cert. Audit Fee **	20,000
r. Other (Specify : <u>Civil, Rating, Printing, UW Counsel, Tax Credit,</u>	<u>240,000</u>

Ins)

TOTAL FEES \$1,160,000

c) OTHER		
a. Construction Period Interest		\$ 300,000
1. For timing figure 50 in/50 out or show detailed draw schedule with computations.		
2. If credit desired for early rents, show pre-construction completion rent-up schedule.		
3. If bonds are utilized include negative or positive arbitrage based on construction draw amounts and timing plus investment and earnings schedule.		
b. Marketing (through rent-up)		20,000
c. Initial Equipment and Furniture Budget		25,000
d. Real Estate Taxes During Construction		15,000
e. Feasibility Study *		10,000
f. Appraisal *		8,000
g. Soil Borings *		15,000
h. SAC/WAC Charges *		144,000
i. Survey *		
j. Builder's Sponsor Profit and Risk Allowance** (10% of the Total of [1. a-h, 2. a-r, 3. a-i])		
k. Rental Attainment Gap [Difference between income and expenses from completion of construction (i.e. Certificate of Occupancy to break-even). 1. Show rent-up schedule and cash flow		
l. Prepaid Interest (Debt Service Reserve) *		
m. Interest Rate Buy Down *		
n. Relocation Expenses *		
o. Construction Contingency (10% of [1. A. a.] for rehab; 3% of [1. A. a.] for new)		300,000
p. Off Site Construction Costs *		
q. Letter of Credit Fees * (Specify _____) Example: Rental Attainment L/C		
r. Developer Overhead (Please Submit Detail)		
s. Debt Service Reserve *		
t. Other – Developers Fee, Reserves & Negative Arbitrage		<u>2,605,000</u>
	TOTAL OTHER	\$3,442,000
4. LAND		
a. Land Cost (or Estimated Land Residual)		\$ 1,175,000
b. Value of Improvements on Land that Will Remain *		
c. Special Assessments *		
d. Demolition *		60,000
e. Other		
	TOTAL LAND	\$1,235,000
5. TOTAL DEVELOPMENT COST OF PROJECT	(TOTAL 1-4)	\$15,437,000

* If Applicable

** If project is to be insured under a HUD or MHFA Program

**SECTION H - ESTIMATE OF ANNUAL EXPENSES
(less Debt Service From Construction Completion)**

	1 st Partial Calendar Year	1 st Full Calendar Year	2 nd Full Calendar Year
1. ADMINISTRATIVE EXPENSES			
a. Advertising and Marketing		\$5,000	\$5,200
b. Management fee			
\$ Per Unit Per Month Fee: <u>\$45.69</u>			
% of Total Revenue less TIFF: <u>4.9%</u>		\$68,000	\$70,720
c. Legal		\$2,000	\$2,080
d. Auditing		\$10,000	\$10,400
e. Telephone		\$1,200	\$1,248
f. On-Site Management Payroll		\$32,000	\$33,280
g. Other Administration			
2. MAINTENANCE EXPENSES			
a. Elevator Maintenance/Contract		\$6,000	\$6,240
b. Exterminating		\$1,000	\$1,040
c. Rubbish Removal		\$24,000	\$24,960
d. Other Contract Services		\$5,000	\$5,200
e. Janitor Supplies		\$1,000	\$1,040
f. Maintenance Supplies		\$3,000	\$3,120
g. Grounds Maintenance		\$20,000	\$20,800
h. Snow Removal		\$11,000	\$11,440
i. Heat & A/C Repair Services		\$4,000	\$4,160
j. General Repair Services		\$4,000	\$4,160
k. Paint/Decorating Materials		\$5,000	\$5,200
l. Maintenance & Jan. Payroll		\$20,000	\$20,800
m. Other Maintenance and Operating			
n. Other: _____			
3. UTILITIES			
a. Electricity		\$25,000	\$26,000
b. Water & Sewer		\$46,000	\$47,840
c. Gas and Oil		\$25,000	\$26,000
4. INSURANCE		\$25,000	\$26,000
5. TAXES		\$120,000	\$124,800
6. REPLACEMENT RESERVES		\$53,193	\$55,321
7. Grand Total for 1 - 6		\$516,193	\$537,049

8. Estimated Annual Increase in Expenses (Starting No Sooner than 2 nd Full Calendar Year)		4%
9. Estimated Annual Increase in Rent (Starting No Sooner than 2 nd Full Calendar Year)		2%
10. Estimated Annual Increase in Other Income (Starting No Sooner than 2 nd Full Calendar Year)		2%
Laundry	2%	
		Parking 2%
Commercial		Other 2%

SECTION I - ANNUAL INCOME COMPUTATIONS

1. Estimated Project Gross Income (Line 7, Section E)		\$1,547,696
2. Occupancy (Entire Project) (Rental 95%)		95%
3. Effective Gross Income (Line 1 x Line 2) (100% TIF Income, other income)		\$1,481,072
4. Total Project Expenses (Line 6, Section H) *		\$516,393
5. Net Income to Project (Line 3 minus Line 4)		\$964,679
6. Cash Flow (Line 5 minus Debt Service [Line 5a, Section J])		\$97,309
7. Expense Ratio (Line 4 divide by Line 3)		35%

* Use Column representing 1st Year in which expenses and income are normal.

SECTION J - DEBT SERVICE INFORMATION

1. 1ST Mortgage (Permanent)
 - a. Lender U.S. Bancorp Piper Jaffray
 - b. Amount \$12,650,000
 - c. Interest Rate 5.75% Note Rate + .50% MIP
 - d. Term 42
 - e. Amortization 40
 - f. Pay _____ or Accrue _____ (Please X Appropriate Space)
 - g. If Pay, Please Give Annual Payment \$ 867,370
 - h. If Accrue, Please Give Details _____

2. 2nd Mortgage (Permanent)
 - a. Lender Hennepin County
 - b. Amount \$ 200,000
 - c. Interest Rate 0%
 - d. Term 42 years
 - e. Amortization _____
 - f. Pay _____ or Accrue _____ (Please X Appropriate Space)
 - g. If Pay, Please Give Annual Payment \$
 - h. If Accrue, Please Give Details _____

3. 3rd Mortgage (Permanent)
 - a. Lender MCDA Match
 - b. Amount \$100,000
 - c. Interest Rate 0%
 - d. Term 42 years
 - e. Amortization _____
 - f. Pay _____ or Accrue _____ (Please X Appropriate Space)
 - g. If Pay, Please Give Annual Payment _____
 - h. If Accrue, Please Give Details _____

4. 4th Mortgage (Permanent)
 - a. Lender MHFA- Challenge
 - b. Amount \$150,000
 - c. Interest Rate 0%
 - d. Term 42 years
 - e. Amortization _____
 - f. Pay _____ or Accrue _____ (Please X Appropriate Space)
 - g. If Pay, Please Give Annual Payment _____
 - h. If Accrue, Please Give Details _____

5. Total Amount of Permanent Debt = \$13,100,000
 - a. Total Amount of Debt Service Payments \$ 867,370

Note: The MCDA will require at least a 1.1:1 debt service coverage (Line 5 Section I divided by total of annual debt service payments), and in most cases will require more.

6. Construction Lender (1st)

- a. Lender _____
- b. Amount _____
- c. Interest Rate _____
- d. Term _____
- e. Amortization _____
- f. Pay _____ or Accrue _____ (Please X Appropriate Space)
- g. If Pay, Please Give Annual Payment _____
- h. If Accrue, Please Give Details _____

7. Construction Lender (2nd)

- a. Lender _____
- b. Amount _____
- c. Interest Rate _____
- d. Term _____
- e. Amortization _____
- f. Pay _____ or Accrue _____ (Please X Appropriate Space)
- g. If Pay, Please Give Annual Payment _____
- h. If Accrue, Please Give Details _____

SECTION K - TOTAL SETTLEMENT REQUIREMENTS

- | | |
|---|--------------|
| 1. Total Development Costs (Line 5, Section G) | \$15,437,000 |
| 2. Total of Mortgages (line 5, Section J) (permanent mortgage only) | \$13,100,000 |
| 3. Equity Required (Line 1 minus Line 2, Section K) | \$2,337,000 |
| a. Real Equity (Line 3 above minus BSPRA**) | |
| 4. Loan to Value Ratio (Line 2 : Line 1) | 85% |

5. Use of Funds		
<u>Component</u>	<u>Per D.U.</u>	<u>Total</u>
a. Land	\$ 10,378	\$ 1,235,000
b. Construction	80,672	9,600,000
c. Fees	9,748	500,300
d. Other	<u>28,924</u>	<u>3,442,000</u>
e. Total (a-d)	\$129,722	\$15,437,000

6. Source of Funds		
<u>Component</u>	<u>% of T.D.C</u>	<u>Amount</u>
a. Permanent Financing (First Mortgage)		\$ 12,650,000
b. Equity (Line 3a, Section K)		2,337,000
c. Developer BSPRA **		
d. Other (Subordinate Mortgage Debt)		450,000
e. Other (MHFA MARIF Debt)		
f. Total (a-e)		15,437,000

- | | |
|--|------------------|
| 7. Sources of Equity: (Provide Financial Statements on ALL Partners | |
| a. Developer Cash on Hand (tax credit equity) | <u>2,337,000</u> |
| b. Bank Loan to General Partner (No Syndication) | |
| c. Bank Loan to Partnership Against Syndication Proceeds (Private Placement or Public Offering | |
| d. Lot sales live work | |
| e. Other (MCDA Lot) | |
| f. if (b) thru (e), please give Details and Explanations | |

- | | |
|---|--------------|
| 8. Amount of Developer Profit | <u>Total</u> |
| a. From Sale of Project for One Closely Held Partnership to Another | |
| b. From Syndication Proceeds (Net)* | |
| c. From Arms-Length Sale of Project (Net) ****
(If Not Holding) | |
| d. Other (Second Mortgage Debt, 6% - Ten Year) | |
| e. If Holding, Give Cash on Cash Return Rate | |

[Based on Cash Flow + Real Equity (Line 3a, Section K) for 10 Year Average] %

9. If the project is to be syndicated, you will be required to provide the following when available and before loan closing:

City of Minneapolis, MN

Multifamily Housing Revenue Bonds
GNMA Collateralized Mortgage Loan
(River Run Apartments)

ESTIMATED SOURCE AND USE OF FUNDS

Sources:

Tax Exempt Bond Proceeds		12,650,000
MHFA Challenge		150,000
Hennepin County		200,000
MCDa Multifamily		100,000
Total Equity		2,340,000
Tax Credit Equity	1,965,000	
General Partner Equity	375,000	
Total Sources of Funds:		15,440,000

Estimated Uses:

Construction Costs		10,044,000
Total Fees		1,160,000
Construction Period Interest		300,000
Reserves/Negative Arbitrage		905,000
Other		1,796,000
Land/Demolition		1,235,000
Total Use of Funds:		15,440,000

- a. Partnership Documents.
- b. Copy of 10 years cash flow off which project is to be offered to investors.
- c. History of past syndications and financials on those projects
- d. List of syndication team members.
- e. Syndication Cash Flow

* Gross proceeds less Legal, Accounting, Costs of Sale of Partnership Units, and Real Equity

** If applicable

*** Gross proceeds less Sales Commission, etc.

SECTION L - CERTIFICATIONS

- A. The Undersigned certifies that: (1) He/She is legally authorized to represent the entity(ies) identified below with respect to all transactions pertaining to this application and all matters related to it; (2) Any and all action(s) by the undersigned is/are legally binding on the principal(s) and the entity(ies) being represented; (3) to the best of his/her knowledge and belief, the entity(ies) identified below has/have complied, or will be able to comply, with all the requirements of the regulations which are a prerequisite with respect to participation in the program(s) selected; (4) The principal(s) of the entity(ies) identified below are familiar with the specific provisions of the Right to Financial Privacy Act of 1978; (5) The principal(s) is/are aware that disclosure certain financial information will be required by MCDA in the course of processing this application; (6) That he/she has made a physical inspection of the property and, in his/her opinion, the site plan submitted conveys a concept which can be reasonably followed in practice; (7) The proposed construction will not violate recorded zoning ordinances or restrictions; (8) To the best of his/her knowledge and belief no information or data contained herein or in the exhibits or attachments submitted herewith, are in any way false or incorrect and that they are truly descriptive of the project or property which is intended as security for the proposed mortgage loan and/or is presented for consideration with respect to the request for approval of a MCDA program.
- B. The Undersigned assures and agrees that: (1) Pursuant to the regulations and the related requirements of MCDA neither the entity(ies) identified below, nor anyone authorized to act on its/their behalf, will decline to sell, rent or otherwise make available any of the property or housing in the project, identified herein, to a prospective purchaser or tenant because of race, color, religion, sex or national origin; (2) The entity(ies) identified below will comply with Federal, State and Local laws and ordinances prohibiting discrimination; (3) Failure or refusal to comply with the requirements of either (1) or (2) shall constitute sufficient basis for the Executive Director to reject requests for future business with the identified entity(ies) or to take any other action that may be appropriate; and (4) misrepresentation may be cause for denial or revocation of a MCDA program commitment.

Marshall River Run Limited Partnership

Signed: _____

Date: _____

Contact Person: Loren Brueggemann, Vice President

Telephone Number: 612-332-3000

MCDA Application

Part 1

PART 1

a. Applicant and Applicant's Representative:

Marshall River Run Limited Partnership
233 Park Avenue South
Suite #201
Minneapolis, MN 55415
612-332-3000
Loren Brueggemann

b. Applicant's Legal Counsel:

Peter Berrie
Faegre & Benson
2200 Norwest Center – 32nd Floor
90 South 7th Street
Minneapolis, MN 55402
612-766-7080

c. Applicant's Accountant:

Donna Stevermer
Mahoney Ulbrich Christiansen & Russ PA
30 East Plato Boulevard
St. Paul, MN 55107
651-227-6695

d. Proposed Bond Counsel:

Morris Knopf
Best & Flanagan
601 – 2nd Avenue South
Suite #4000
Minneapolis, MN 55402
612-341-9714

e. Proposed Trustee:

Joanne Fischer
U.S. Bank Trust
180 E. 5th Street
St. Paul, MN 55101
651-244-0718

f. Proposed Paying Agent:

Joanne Fischer
U.S. Bank Trust
180 E. 5th Street
St. Paul, MN 55101
651-244-0718

MCDA Application

Part 2

PART 2

a. Name and address of Applicant:

Marshall River Run Limited Partnership
233 Park Avenue South
Suite # 201
Minneapolis, MN 55415

b. Incorporation and organization:

A Minnesota Limited Partnership with Sherman Associates, Inc. as the general partner. Resumes and financial information on George Sherman have been presented under separate cover.

c. Applicant's business history:

Sherman Associates, Inc. is an experienced real estate developer with projects across the Twin Cities area.

d. Executive or managing officers and directors:

Loren Brueggemann and George Sherman.

e. Applicant rating:

No rating.

f. "Blue Sky" filing:

The Applicant has filed a request to issue securities in Minnesota in the past 12 months.

g. Periodic Reports or Disclosure Statements under 1934 Act or similar Acts:

The Applicant is not required to file periodic reports or disclosure statements.

h. Previous projects financed by Housing Revenue Bonds:

The general partner of the Applicant has previously had the City issue bonds on its behalf including the Bottineau Commons and Bottineau Lofts Projects.

i. Evidence of Agency Approval of Applicant's Affirmative Action Program and/or Equal Employment Opportunity practices and the women and minority business goals:

The applicant has agreed to comply with the City's Affirmative Action Program and/or Equal Employment Opportunity practices and the women and minority business goals.

CERTIFICATE OF LIMITED PARTNERSHIP
OF
MARSHALL RIVER RUN LIMITED PARTNERSHIP

(On File with MCDA)

MCDA Application

Part 3

PART 3

As to the Guarantor of the Bonds:

None.

The Series A Bonds are FHA Insured and rated AAA. There is no separate guarantor of the Series A Bonds.

MCDA Application

Part 4

PART 4

a. Description of the Project:

Construction of 119 units of mixed income housing with underground and street parking. The Project will include at least 20% of the units at 50% or less of median income, including Section 8 units.

b. Location of the site(s):

14xx Marshall Street NE Minneapolis, MN

c. Present ownership of the proposed Project site(s) and Applicant's interest therein:

Currently, all parcels are under option to this entity.

d. Present Zoning of the Project site(s):

I1, Property will be rezoned in July of 2003 to R5

e. Estimated Cost of the Project:

\$15,437,000

f. Statement of effect on the environment:

The Project has a positive impact due to the removal of blighted commercial/industrial Buildings, vacant land and a blighted housing unit.

g. Projected number of new employees: 4

h. Other financing attempted or available to the Project, including any interim financing:

None.

i. Architect, Engineer and General Contractor:

DJR Architecture, Inc.
212 – 2nd Street SE
Suite 314, St. Anthony Main
Minneapolis, MN 55414
Paula Merrigan / 612-676-2730

j. Anticipated construction dates:

Construction commencement September 2003, completion by August 2004.

k. Displacement of Residents:

None.

l. Proposed Rents:

SECTION E - ESTIMATE OF INCOME

Unit Type	No. of Living Units	No. of Units Assisted	Living Area (Sq. Ft)	Composition of Units	PBE Not in Rent (\$) * (Sec. F-1)	Unit Rent per Mo. (\$)	Total Monthly Unit Rent (\$)
1 BR	12		662		\$72.00	\$740.00	\$812.00
1 BR	12		662		\$72.00	\$647.00	\$719.00
1 BR	4		663		\$110.00	\$675.00	\$785.00
2 BR	12		922		\$110.00	\$925.00	\$1,035.00
2 BR	4		937		\$110.00	\$925.00	\$1,035.00
2 BR	14		920		\$110.00	\$925.00	\$1,035.00
2 BR	6		920		\$110.00	\$1,025.00	\$1,135.00
2 BR	6		1,004		\$110.00	\$925.00	\$1,035.00
2 BR	8		1,050		\$110.00	\$1,195.00	\$1,305.00
2 BR	4		1,050		\$110.00	\$1,195.00	\$1,305.00
2 BR	14		1,003		\$110.00	\$1,075.00	\$1,185.00
2 BR	3		1,009		\$110.00	\$1,150.00	\$1,260.00
2 BR	4		1,050		\$110.00	\$1,195.00	\$1,305.00
3 BR	12		1,200		\$135.00	\$1,098.00	\$1,233.00
1 BR	2		713		\$72.00	\$750.00	\$822.00
1 BR	2		713		\$72.00	\$675.00	\$747.00
Employee Living Unit(s)	0				\$	\$	
TOTALS	119			2. TOTAL ESTIMATED MONTHLY RENTALS FOR ALL LIVING UNITS			\$112,440.00

m. Detail of proposed rehabilitation:

Not applicable.

MCDA Application

Part 5

PART 5

The Bonds:

a. Amount of Bonds proposed to be issued:

\$12,650,000

b. Proposed Date of Closing on the Bonds:

September 2003

c. Length of Bond issue and proposed maturities:

42 years

d. Bond Repayment Agreement between City and Applicant, including underlying security for the Series A Bonds.

Trust Indenture, Loan Agreement with a GNMA security providing the sole security for the Series A Bonds.

e. Proposed schedule of payment under revenue agreement:

40 years with monthly amortization on the note.

f. Statement of Taxability or Non-taxability of Bonds:

Tax Exempt

MCDA Application

Part 6

PART 6

Architect's rendering of the proposed building and a site plan.

(On File with the MCDA)

MCDA Application

Part 7

PART 7

Analysis of economic feasibility and the ability to cover debt service on loan.

(See attached Excel File)