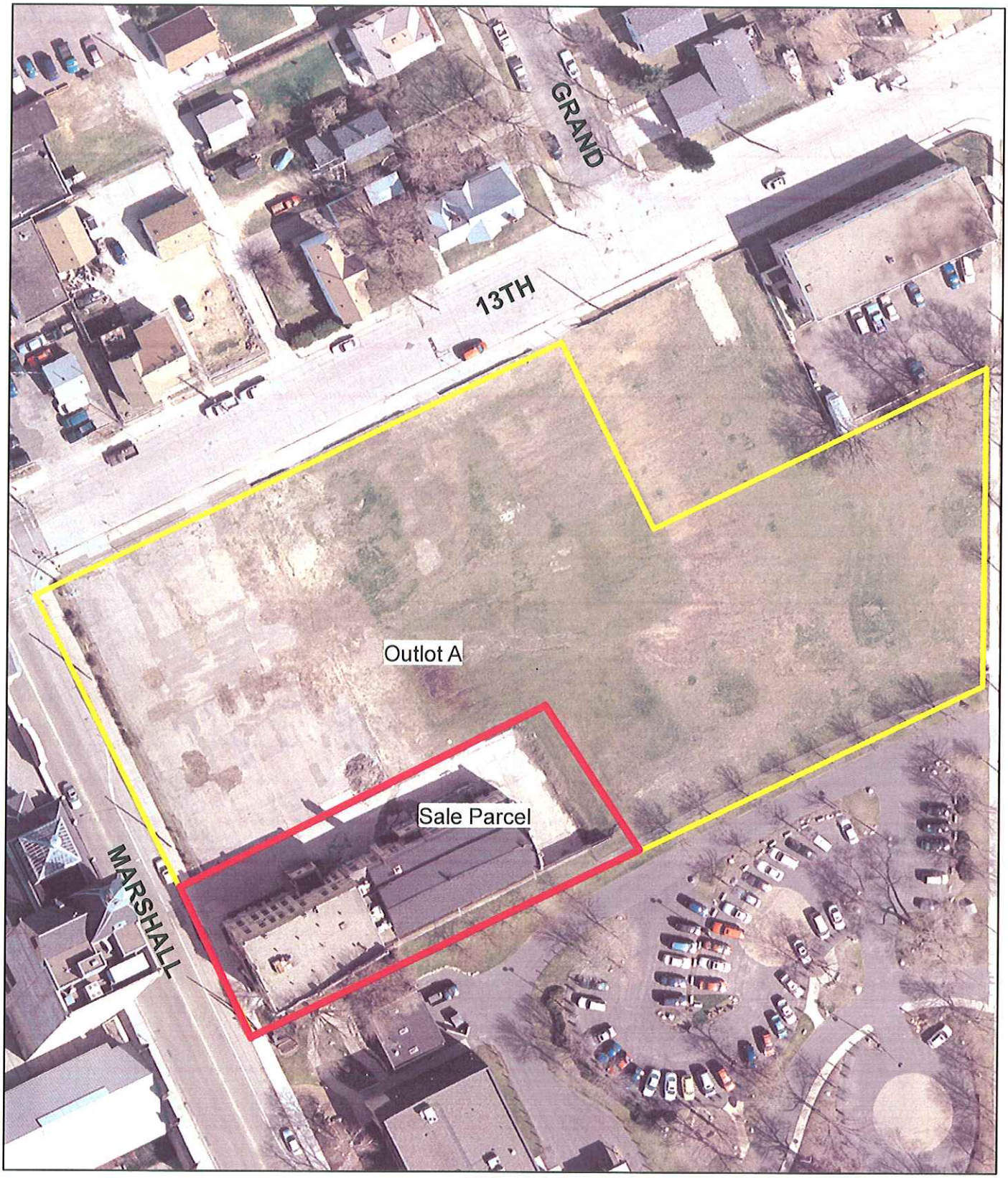

Note: exact boundaries to be determined by survey

1215 Marshall Street NE

0 0.005 0.01 0.02 0.03 Miles

N

City of Minneapolis - GIS
CPED - Business Development
March 2009

PROPOSED BUDGET

Offeror: Grainbelt Ballroom, LLC

Property Address: 1215 Marshall Street NE, Minneapolis, MN

Acquisition Cost	$ 1.00
Subject to adjustment based on environmental grant funds received as follows: if project receives funds for asbestos remediation the price will increase dollar for dollar for each dollar of such funds received, if project receives other remediation funds, price will increase 50 cents for each dollar received after costs of preparation of the applications DRAP and testing	
General Conditions	$ 30,000.00
Demolition	$ 58,710.00
Site Utilities	$ 45,000 00
Cast In Place Concrete	$ 111,543.00
Pre Cast Concrete	$ 40,355 00
Tuckpointing	$ 71,980.00
Unit Masonry	$ 12,100 00
Rough Carpentry	$ 86,357.00
Roofing	$ 228,932 00
Doors, Frames & Hardware	$ 71,909 46
Asphalt Driveway/Parking Lot	$ 22,654 00
Glazing & Storm Windows	$ 18,450 00
Drywall	$ 40,121 00
Tile	$ 32,595 00
Painting	$ 32,870 00
Wood Flooring, Repairs	$ 21,080 00
Fire Protection Specialties	$ 249 00
Protective Covers	$ 5,000 00
Toilet and Bath Accessories	$ 1,175 00
Miscellaneous Specialties	$ 4,587.00
Fire Protection	$ 26,850.00
Plumbing	$ 58,884.00
HVAC	$ 96,940.00
Electrical	$ 82,596.00
Landscaping	$ 14,446.00
Asbestos and Lead Paint Abatement	$ 210,549.00
Engineering & Architectural Fees	$ 155,476.00
Builder's Risk Insurance	$ 2,343.00
Drain Tile Basement	$ 100,000.00
Re-grade surrounding land to avoid run-off	$ 50,000.00
French Drain & Overflow Pump to control water and moderate runoff	$ 55,000.00
Storm Water Hook-up	$ 89,900.00
5% Contingency	$ 95,247 00
Permit Cost (Approximately)	$ 26,303.00
Total Development Cost	**$2,000,202.46**

Coulee Bank
BANK WITH CONFIDENCE

June 9, 2009

Kristi Oman
100 West Franklin
Minneapolis, MN 55404

Dear Kristi,

Please be advised that Coulee Bank, and/or its assignors, are pleased to provide you this financing proposal for the purchase of the commercial property located at 1215 Marshall Street, Minneapolis, MN. The financing is for TWO MILLION DOLLARS ($2,000,000) for the purchase of the existing building/land and for building improvements for Kristi Oman or LLC to formed (the "Borrower"). The proposal is subject to plans and specs, appraisal, Phase I environmental report and title insurance acceptable to Coulee Bank. We appreciate this opportunity to provide financing for your project. If you should have any questions regarding this matter, feel free to contact me at (952) 697-3680.

Sincerely,

Dean Suchy
Loan Production Manager

Vesper Development
Historic Grain Belt Office Building
1215 Marshall
Project Pro-forma

Organizational Administrative Start-up Expenses				
Legal	$	10,000		
Accounting	$	2,000		
Filings & Misc	$	5,000		
Total Organizational Start-up Expenses			$	17,000
Property Acquisition Expenses				
Purchase Price	$	100		
Filings , Closing Costs & Administrative Expenses	$	25,000		
Total Property Acquisition Costs			$	25,100
Construction				
Building Construction				
Demolition	$	25,000		
HVAC	$	45,000		
Hazardous Materials Abatement and Containment	$	100,000		
Second Floor Bathrooms	$	5,000		
First Floor Bathrooms	$	5,000		
Elevator	$	20,000		
Window Glazing and Storms	$	20,000		
Office Finishes (approx. 4000 sf @$15)	$	60,000		
Total Building Construction	$	280,000		
Site Work				
Drain Tile	$	68,000		
Roof Drainage	$	20,000		
Stone Paver Parking Surface	$	36,000		
Site Parking Grading	$	30,000		
Trees	$	9,000		
Southside Area Well	$	50,000		
Total Site Work	$	213,000		
Total Construction			$	493,000
Total Project Costs			$	535,100

Central Bank

Coon Rapids
3585 124th Ave. NW
Coon Rapids, MN 55433
(763) 780-0484
Fax (763) 783-1863

Eden Prairie
6640 Shady Oak Road
Eden Prairie, MN 55344
(952) 944-6640
Fax (952) 944-3696

Golden Valley
945 Winnetka Avenue N
Golden Valley, MN 55427
(763) 545-9005
Fax (763) 545-6663

St. Michael
750 Central Avenue NW
St. Michael, MN 55376
(763) 497-3114
Fax (763) 315-8958

Stillwater
2270 Frontage Road West
P.O. Box 225
Stillwater, MN 55082
(651) 439-3050
Fax (651) 351-1550

White Bear Lake
3670 East County Line N
White Bear Lake, MN 55110
(651) 426-2554
Fax (651) 426-6348

Website
www.centralbnk.com

Equal Housing LENDER

Member F.D.I.C

Proposal Letter

July 10, 2009

Historic Grain Belt Office Building
Vesper Development

Dear Mr. Noyes, Tierney and Oien

Central Bank is pleased to offer the following proposal. This proposal is for discussion purposes only and should not be construed as a lending commitment on the part of Central Bank. A commitment can only be made after completion of our underwriting process, management approval, and completion of documentation acceptable to counsel.

Credit Facility

Borrower:	Vesper Development (or TBD entity)
Loan Amount:	$350,000 to $450,000 (not to exceed 75% of development cost or appraised value, which ever is less
Rate:	7.0% fixed for 3 years (estimated)
Term:	20 year amortization
Payment:	P&I
Origination Fee:	1% of loan amount
Collateral:	1st mortgage on Grain Belt Office Building 1215 Marshal Ave Mpls MN (additional collateral may be required)
Guarantors:	Dan Noyes, Gene Tierney, John Oien

Purpose: Develop / rehab commercial property

Prepayment: 2% first year, 1% second year

Loan approval is subject to the following:

1. The bank requires the receipt of a property insurance certificate on the subject property with Central Bank listed as first mortgagee and includes a clause that the insurance company will give the bank 30 days notice of cancellation or non-renewal. Evidence of insurance must be delivered to Central Bank prior to closing.

2. Title Insurance: The title commitment from the title company must show title free and clear of any encumbrances, easements, encroachments or restrictions not acceptable to Central Bank.

3. Flood Hazard Zone: If the property is located in a flood hazard zone the borrower will be required to purchase flood hazard insurance for the term of the loan.

4. Central Bank shall have received an appraisal of the property prepared by a MAI certified appraiser who has been approved by Central Bank and has received an engagement letter from Central Bank verifying sufficient value of the property.

5. Central Bank shall have received a complete and satisfactory Phase I environmental report on the property. Further environmental analysis may be required if the Phase I is not satisfactory.

6. Central Bank requires that borrower pay all costs associated with the loan including but not limited to appraisal, environmental reports, title insurance, documentation fees, etc.

7. Central Bank will require that a deposit relationship be established prior to close.

8. Central Bank will need to complete a credit check of all guarantors to assure Central Bank credit standards are met.

9. The building rents must support the debt by a minimum of 1.2 times.

This is a proposal, final approval is required from Central Bank loan committee. The bank, at its sole and complete discretion, can terminate loan approval.

Sincerely,

Kyle Kray
Vice President

R3 Verdant

$2,000,000 Project Budget (2 year)

USES: $500,000 Exterior work (year 1)
Including exterior stabilization, parking lot and retaining wall and minor interior improvements for occupancy

$1,500,000 Major Interior Improvements (year 2)
Including mechanical and electrical, skylight installation, historic rehabilitation and major renovations to the basement

SERVICES: R3 $500,000 in year 1 (PCL Construction) for building improvements in exchange for rent abatement for the first five years ($1 per year).

R3 $1,500,000 in year 2 to complete renovation funding from operations.

Operating Proforma – R3 single tenant, no rent

NATIONAL STANDARD

1200 Abernathy Road
17th Floor
Atlanta, GA 30328

Jan Petrenko
Phone: 530-863-0598
Fax: 678-578-6720

July 24, 2009

R3 Verdant Technologies
Ricardo E. Johnson II, CEO
333 Washington Ave N
Suite 210
Minneapolis, MN 55401

Dear Mr. Johnson,

I would like express National Standard Finance interest in providing financial support to R3 Verdant Technologies. We feel that R3 working will redefine how the Global community views waste to energy technologies.

National Standard is also very enthusiastic about the next phases of R3's growth and helping to fund projects in Minnesota, Wisconsin and potentially throughout the U.S. We are focused in helping properly structure the projects and financings. The current projects under consideration are Ashland WI, Beloit WI, Milwaukee WI and Virginia MN.

A viable structure for these deals would be that National Standard would provide the investment capital to construct each facility, as well as purchase the necessary equipment to make the facility operational as Build to Suit developments. The facility, real estate and equipment ownership would remain with National Standard. R3 and its municipal and/or corporate partner would lease the facility from National Standard on the basis of a bonded lease or NNN lease for a period of 15-25 years preferably. This eliminates the need of securing construction financing and raising additional equity to develop the facilities and significantly reduces project financing costs compared to a traditional operator financed facility. In addition, you have no debt burden since you are only leasing the facility and did not borrow funds against the property; however, you maintain full and complete use of the facility without interruption of your operations.

Using this proposed model, we suggest that R3 develop joint ventures with corporate partners, government agencies and/or end off take buyers who have already expressed interest in the projects. With this structure an investment grade company or public entity (city, county or state) with strong financials could also support the lease. We believe that R3 can make a very attractive proposal to these entities as no debt or equity financing is needed and the only liability or exposure would be the annual lease payment of the facility which is easily offset by the profitability of the production. Another advantage of this structure is you have very little out of pocket costs until the facility is operational and creating a turn-key project. The

NATIONAL STANDARD

1200 Abernathy Road
17th Floor
Atlanta, GA 30328

Jan Petrenko
Phone: 530-863-0598
Fax: 678-578-6720

construction and investment/financial risks are held by us since we provide all of the construction/equipment costs and own the property.

Based on our previous conversations, we would consider partnering with you to develop and finance any number new facilities over the next 12-60 months or investing in the range of $150 Million (per project) in terms of potential investment capital injected into the new facilities. Obviously, these projects would require appropriate product demand and financial capability to support each new facility and investment and would also be subject to our customary due diligence, underwriting and approvals.

Upon you selection of the first planned facility in the Minnesota or Wisconsin, we are prepared to move quickly once we are notified that we are in a position to move forward. At which time, we could provide you with a formal agreement related to the specific terms and conditions of our investment, construction and lease terms.

Sincerely,

Jan Petrenko
Managing Director
National Standard Finance, LLC

July 17, 2009

City of Minneapolis

To whom it may concern,

In mid May 2009, the city of Minneapolis informed me that the public works department was going to require the successful purchaser of 1215 Marshall Street, Minneapolis, to upgrade the storm water system. The estimated costs to upgrade the storm water system are between $300,000.00 and $400,000.00. The project then became economically impossible to make the numbers work and I informed the city of Minneapolis that I was no longer interested in pursuing the purchase.

After the third Request For Proposal was released, my attorney, John Herman, informed me that the city of Minneapolis had located an adequate storm system and only a hook up was required. With this new information, I informed the city I had renewed my interest in the purchase. My architect, Dean Dovolis, and I scrambled to hire and rehire engineers, environmental agencies, etc. to give us costs estimates for the rehabilitation to 1215 Marshall Street. We had to estimate costs on many of the environmental and engineering services for the R.F.P. This week I have come to learn, that due to the extent of the water infiltration, the cost to fix this problem is three times what I estimated. In addition, the actual costs of engineering and the rebuilding of the window wells on the south side of the building will be almost double what I projected in my most recent R.F.P. With this and that, I cannot be certain that I would be awarded grant money thru the Met council; it makes the restoration and rehabilitation of this building financially impossible. I think the right thing to do is withdraw my request while the City still has an opportunity with another interested party.

I also want it known that I think Lisa Goodman's actions at the city council meeting was the right thing to do, and in the best interest to the public. It's only fair that everyone should get an opportunity to purchase the property. I believe she represents the city of Minneapolis very well. I would like to thank Diane Hofstead and Robert Lilligren for their support. I feel they understood my commitment during the last three years in trying to purchase this property.

Thank you Chuck Lutz, for all your help, but most of all thank you Judy Cedars, the city of Minneapolis should consider you a huge asset. You went above and beyond in representing the city of Minneapolis and helping me every step of the way. I cannot thank you enough Judy.

Thank you and best of luck with the property.

Kristi Oman