

March 2, 2007

Kevin Carroll  
Minneapolis Department of Community Planning and Economic Development  
105 Fifth Avenue South, Suite 200  
Minneapolis, MN 55401

Dear Mr. Carroll,

I am writing to request an extension for the closing date on the 1300 N. 2<sup>nd</sup> Street property being sold by the City of Minneapolis to Master Development Group. The closing date is requested to change from April 1, 2007 to December 28, 2007.

The request for the extension stems from two major issues that have affected the development timeline for this project. The first is the environmental condition of the site. The second is the City's courting of Coloplast.

*Environmental Condition*

Master's due diligence of the site has indicated that the environmental contamination of the property is more extensive than first understood. Over the last few months, Master has been able to acquire the majority of documentation from the City that pertains to the current environmental condition of the site and the previous remediation that has been completed. Master engaged 3<sup>rd</sup> party environmental consultants to review the material and provide a report on any remaining risk/liability associated with the property. Their reports indicate that there may be substantial risk/liability still remaining with the property.

In order to develop this parcel of land, it is Master's opinion that further testing and remediation must be performed and a "No Association" letter from the MPCA must be acquired. To do this, additional time will be necessary to conduct the necessary testing, develop the submittal for the "No Association" letter, develop the grant application for environmental remediation funding, and allow for the proper time for due process through the City.

The amount of time required to perform the testing, develop the MPCA submittal, and ascertain the outcome of the MPCA submittal is estimated to be 90 days. Upon award of a "No Association" letter, Master would proceed with developing the grant application.

The timeline for the necessary environmental testing and the MPCA decision extends beyond the spring environmental grant submittal deadline of May 1, 2007. Thus, Master expects to submit the grant application for consideration in the fall process (November 1, 2007) and receive a response from the Grantor's Staff/Committee by December 28, 2007.

If the grant funds are recommended for approval by the Grantor's Staff/Committee, Master would be able to close and begin construction shortly thereafter. The expectation is that the grantor's staff/committee approval would translate into full Grantor approval that would be awarded in mid January.

*City's Courting of Coloplast*

In an effort to assist the City in courting Coloplast to locate its headquarters in Minneapolis, Master attained an approval from City Council for the closing date to extend to April 1, 2007. The extended time was intended to help facilitate further discussions between Coloplast and Minneapolis Washer to relocate Mpls Washer to the 1300 N. 2<sup>nd</sup> Street site and provide the necessary additional space for the new Coloplast campus. To that end, Master has been involved in several discussions with Coloplast, Minneapolis Washer, and the City. The first meeting occurred January 16, 2007. As of today, the discussions have taken longer than expected and have not reached any sort of conclusion.

Master is committed to the North side area and assisting in the facilitation of the Coloplast initiative. Over the past five months, we have foregone other development opportunities so that options could be kept available for this Coloplast initiative. Master has even been willing to entertain other ideas from Coloplast that involve other North side companies besides Minneapolis Washer. However, in order to continue the discussion between Coloplast, the City, Minneapolis Washer, and other possible parties, more time is needed to allow resolution of the Coloplast issue in a manner that provides the best outcome for all parties.

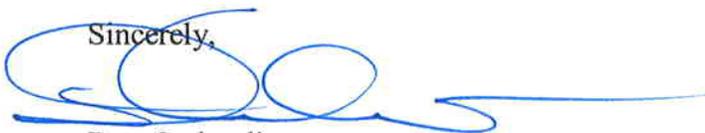
*Summary*

An extension for the closing date from April 1, 2007 to December 28, 2007, would enable Master to obtain the environmental documentation and funds necessary to develop the site. In addition, this extension would allow a specific amount of additional time for continued discussions regarding the Coloplast initiative.

Master is committed to the area and is a friend and partner of the City of Minneapolis and the Coloplast initiative. We are an advocate to the positive changes in the North side area and we look forward to working with all parties to make this area the future business corridor we have all envisioned over the years. This extension would allow the time to do all of this and help ensure a successful development.

Please call me if you have any questions.

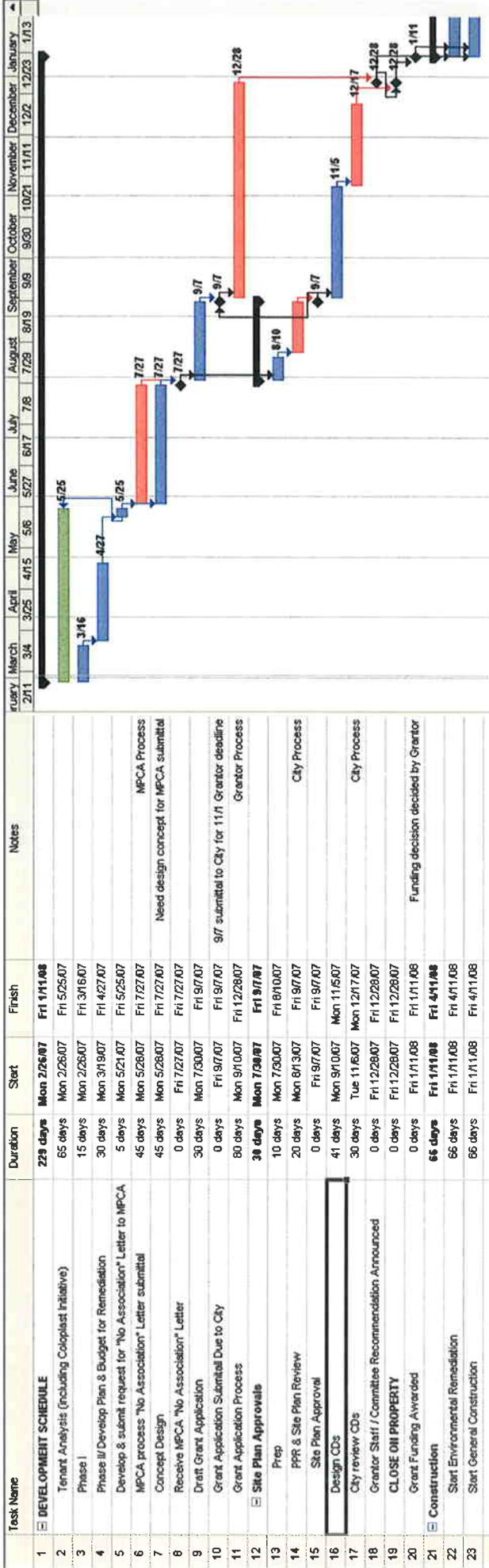
Sincerely,



Don Gerberding  
CEO



Michael Tobin  
Development Manager



**Legend**

- Variable timeframe maximized to RED tasks as limiting factors
- Inflexible timeframe
- Other timeframe