



Mike Abeln
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The Green Institute and its Board of Directors have made measurable progress in the execution of a plan to fulfill its financial obligations to the City of Minneapolis in a timely manner.

By the end of December 2008, the Green Institute will have, at a minimum, paid four of six installments of \$2,374.04 that are remaining on its delinquency loan to the City. This will include two payments made prior to December 1 and two made later that month. The remaining two installments for 2008 will be paid at the earliest that cash flow permits in the following month.

The Green Institute has secured signed contracts from two of its long-time tenants, Peace Coffee and the Energy Conservatory, to lease portions of the former ReUse Center space in order to accommodate the growth and expansion of their respective industries. The Green Institute can, in turn, confirm that, by January 1, 2009, the footprint of the ReUse Center will reduce by half (from 17,786 to 8,059 square feet). The increase in rentable area from this arrangement is projected to add \$122,000 in annual revenue and reduce the ReUse footprint within the building from 28% to 13%.

The Green Institute staff has surveyed thirteen properties for potential relocation of the ReUse Center. So far, the costs of nearby properties of comparable size and type were prohibitively high and/or without adequate provisions, i.e. loading dock and visibility from the street, for supporting the daily operations and ensuring the continued success of the ReUse Center. The Green Institute Board has directed staff to continue to explore for the appropriate solution for the remaining 8,059 SF of ReUse Center space.

The Green Institute's building, the Phillips Eco-Enterprise Center, is 100% occupied and stabilized. According to Krause-Anderson, the Green Institute can expect a market time to secure a buyer and/or investor within a maximum of 12 months at a cap rate in the range of 6.5% - 8.5%. Based on the capitalization of net operating income at 7.0%, including market rent and operating expenses/taxes from both the Green Institute and the ReUse Center, the asking price was set at \$6.17 million, though the market may dictate some adjustment. The property was listed with Krause-Anderson Realty on November 10, 2008. The intended use of proceeds from the sale of the Eco – Enterprise Center would be to payoff the City and Western Bank debts. A few of the details from the marketing strategy used by Krause-Anderson include:

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Sustaining the environment and our communities
through practical innovation.



- Building Signage (relevant to size/location of signage)
- Comprehensive marketing package: photos, aerials, bldg description/basic facts/highlights, asking price, operating info, tax info, etc
- Property Listings on the MN Commercial Association of Realtors Exchange (similar to the MLS but for commercial properties)
- Digital marketing information provided to all Twin Cities metro brokers making them aware of the opportunity
- Meetings with local real estate developers/owners
- Meeting with premier investment sales brokers (representing national and local investor groups)

Finally, Western Bank has confirmed that it would be willing to renegotiate the loan for the Green Institute in lieu of the balloon payment that is due on its mortgage February 1, 2009.

We are pleased that these efforts are underway. We are working hard to make good on our debt repayment to the City. We welcome your comments and questions.

Sincerely,

Jamie Heipel 11-13-08

Jamie Heipel