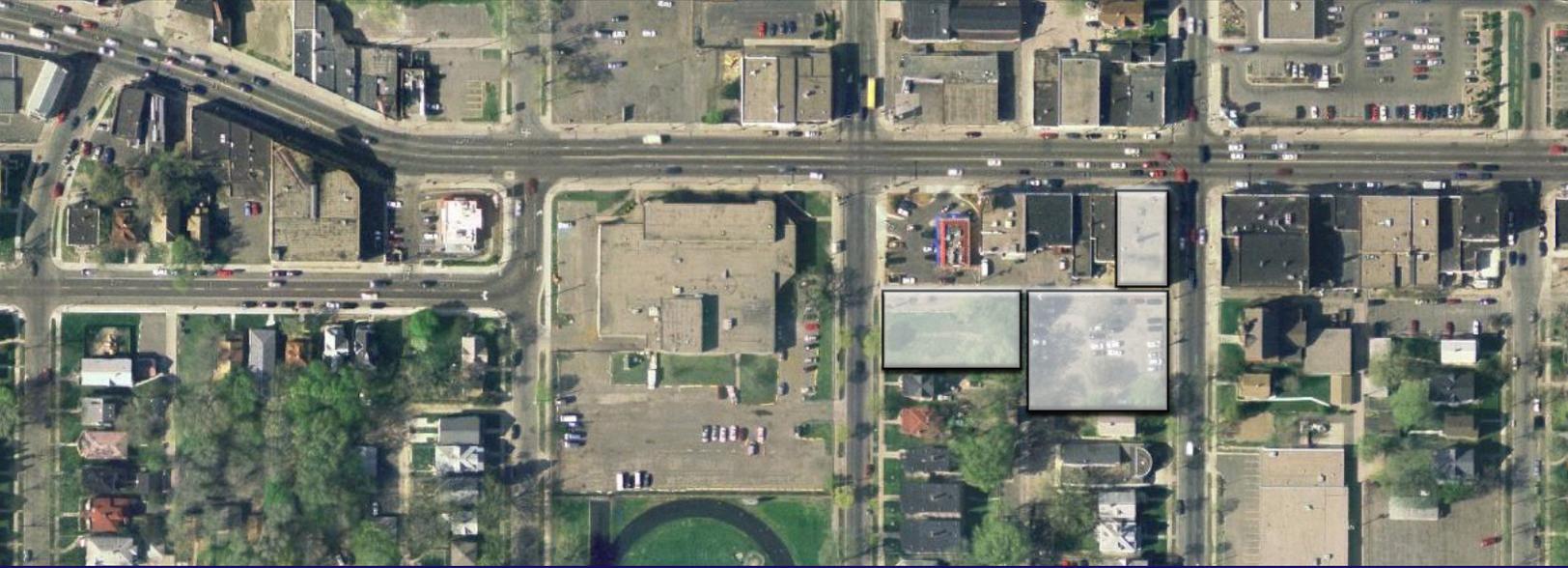


november 30, 2005

1101 west broadway redevelopment



THE **ACKERBERG** GROUP



WELSH
COMPANIES



THE ACKERBERG GROUP

LAKE CALHOUN CENTER

Suite 10
3033 Excelsior Boulevard
Minneapolis, Minnesota 55416

TEL 612.824.2100

FAX 612.924.6499

www.ackerberg.com

CREATING VIBRANT NEIGHBORHOODS

SENT VIA HAND DELIVERY

November 30, 2005

Mr. Erik Hansen
City of Minneapolis, CPED
105 5th Avenue South, Suite 200
Minneapolis, MN 55401

Dear Mr. Hansen:

Thank you for this opportunity to present our proposal for the 1101 West Broadway redevelopment project. We have assembled an innovative private/non-profit partnership which includes The Ackerberg Group, Pillsbury United Communities and Welsh Companies to work with the City and the neighborhood groups to deliver a successful project.

We propose to completely renovate the existing building, and to tenant the property with dynamic, economically proven and important service companies which will stimulate and support the community and the Avenue. City-County Federal Credit Union and a small coffee shop/deli will occupy the first floor and Pillsbury United Communities will bring its award winning workforce development programs and administrative offices to the second floor. Each of the major tenants will also play an ownership role, reflecting their dedication to West Broadway and to serving the community. Immediately, the property will be over 90% pre-leased to credit-worthy, economically proven tenants.

Our team is structured to address the unique concerns and variety of issues relevant to a project of this complexity without public funds and within a short period of time. We see this project as a catalyst for continued development along West Broadway. We look forward to working with the neighborhoods, WBAC, WBBA and the City of Minneapolis to create a dynamic project that brings additional value to this community.

Please don't hesitate to contact us if you wish to further discuss this proposal.

Sincerely,

 Stuart I. Ackerberg
Chief Executive Officer
612-924-6400

 Mary L. Armstrong
President
612-924-6504

 Margo D. Geffen
Development Coordinator
612-924-6415

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THE ACKERBERG GROUP



a. Developer's Name and Mailing Address

The Ackerberg Group (TAG)
3033 Excelsior Blvd, Suite 10
Minneapolis, MN 55416

Pillsbury United Communities (PUC)
1201 37th Avenue North
Minneapolis, MN 55412

Welsh Companies
7807 Creekridge Circle
Minneapolis, MN 55439

b. Current Legal Status

Private Corporation

Nonprofit

Private Corporation

c. Federal ID Number

95-423-0474

41-0916478

41-1863424

d. State ID Number

1309523

7077290

3648708

e Contact Person

Margo Geffen, Development Coordinator
Phone: 612-924-6504
Fax: 612-924-6499
mary@ackerberg.com

f Signature of Authorized Corporate Officer

Mary Armstrong, President

Michael Wynne, Vice President

Robert Long, Vice President

Mary L. Armstrong *Michael Wynne* *Robert C. Long*
The Ackerberg Group (TAG) Pillsbury United Communities (PUC) Welsh Companies



THE ACKERBERG GROUP



Leading Twin Cities developers, The Ackerberg Group (TAG) and Welsh Companies, have teamed up with Pillsbury United Communities (PUC), a mainstay non-profit based in North Minneapolis, and other key partners to redevelop the City-owned 1101 West Broadway. The team brings together an innovative mix of private, public and non-profit resources to create a unique project that will have a significant community impact.

A Center for Economic Growth

Our proposal creates a center for economic growth that will become a catalyst for job creation and a hub for community financial resources all to be housed in the building at 1101 West Broadway. The site's improvement is pivotal to the physical redevelopment of West Broadway and also creates an vital opportunity to convene partners that will enhance the economic and social stability of the area. Success on West Broadway means jobs for neighborhood residents and well-prepared workers for businesses, enriched opportunities for local entrepreneurs and business owners, the attraction of new investors, and a stronger tax base for the City and façade improvements along the Avenue. The building, when completed, will be a cornerstone of progress creating immediate commercial opportunities that invest in the community's human and economic capital and will spur other redevelopment.

The development team of TAG, Welsh and PUC has assembled building tenants that are expected to fully occupy the building upon completion. These tenant/partners are as follows:

First Floor: The ground level will be occupied by the City-County Federal Credit Union (CCFCU). The Credit Union will utilize approximately 5,000 sf of space. In addition, CCFCU would build and utilize four drive-thru lanes and complete the build-out of their first floor space. It is estimated that this will be a \$1 million contribution to the project. CCFCU has been actively seeking a North Minneapolis location in order to better serve the community. In this exciting partnership, CCFCU would be a tenant, an owner and may finance the project. CCFCU would lease first floor space for approximately \$12/sf net.

In addition, a small coffee shop/deli will operate in approximately 900 sf of the first floor space. TAG has had discussions with an up-and-coming coffee shop entrepreneur and plans will be solidified with the City's selection of this proposal. As the coffee shop is seen as an amenity to the neighborhood and to the surrounding businesses, rent for this space would be \$5 sf net.

Second Floor: Pillsbury United Communities (PUC) will bring its award winning workforce development programs and the administrative offices of its Community Employment and Economic Development unit to the site. These projects (with an annual budget of \$3.5 million) include a temporary-to-permanent staffing enterprise that employs 50 ongoing FTE employees who are dispatched to customer worksites; career skill training in office education, property maintenance; transportation services, and a cluster of other neighborhood jobs programs that serves approximately 2,000 neighborhood residents annually and the administrative offices of a community housing program. PUC would seek to occupy the entire second level, and may host other on-site partners seeking office space on the Avenue. PUC would also be both an owner and a tenant, leasing space for approximately \$11/ sf net.



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With private/non-profit partnerships comes a connection to the goals of the community as well as the ability to perform without additional public investment. Our proposed project is over 90% leased by tenants who are also owners (see tab 6). The remaining leasable space is being considered by a coffee shop/deli owner.

If selected, it is our goal to have the building fully renovated and in service in less than nine months from City Council approval.

Proposal Architectural Characteristics

The proposal anticipates a full restoration of the building shell and full renovation of the first and second floors for tenant usage, with renovation improvements for the basement area for common use and building support.

The building exterior is to be fully restored, consisting of the repairs identified in the City provided Structural Survey, encompassing new roofing, new windows, replacement of skylights for natural day lighting and brick restoration/reconstruction. The vision of the building exterior as indicated in the attached rendering includes restoring the building's original brick color and quality, reconstruction of storefront assemblies relating to new tenant uses. Improvements to the building exterior will include the construction of a new two-story glass atrium at the building's Emerson lobby to function as the primary entrance for the Pillsbury United Communities office space and to relate the building's interior functions to the street. Additionally, new brick detailing and construction will be provided at the ground level along Emerson and Broadway to include a new brick colonnade entry and exterior seating area for the coffee shop/deli tenant, new first-floor brick detailing to match original brick arch details prominent at second floor windows. As indicated in the attached rendering, exterior signage will be incorporated into the building facades at the lobby atrium, bay window/Broadway entry, coffee shop/deli entry at each street face and letter canopy mount signage. The drive-thru canopy serving the credit union will be setback from Emerson to maintain prominence of the 1101 West Broadway and will be designed in a "minimal" modern manner to assure aesthetic dominance of the brick massing and detailing of the original building design and in a manner compatible with the building lobby/atrium and corner coffee shop/deli entry. Building energy efficiency will be increased through the installation of energy efficient exterior window assemblies, energy efficient mechanical systems and increased roof insulation.



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Interior improvements to the 1101 West Broadway building will include a fully renovated and upgraded interior and full tenant improvements for each of the three uses included in this proposal. Building common areas are to be fully re-developed to meet contemporary codes, accessibility and functional demands and will include a new building entry and lobby off of Emerson, new code compliant elevator and shaft construction, new code compliant “ornamental” stair encircling the elevator shaft. Code and accessibility compliant restrooms will be provided on all floors as required by code officials, while all mechanical and electrical systems will be replaced with upgraded components and distribution systems. Interior finishes and construction of the tenant areas will meet contemporary office standards as well as the requirements of each of the individual tenant organizations, while interior finishes at building common areas are anticipated to include quarry tile at lobby, acoustic ceilings with soffit accents, wood or cork flooring at ornamental stair; rubber flooring at egress stair; and wood railings, trim and doors. Following the selection of our team as the developer for the project, additional sustainable design strategies will be investigated for implementation. Strategies anticipated include, use of low VOC containing materials, low E glazing, use of recycled content materials, waste reduction and management specifications, day-lighting strategies, water use reducing plumbing fixtures and sustainable landscape design strategies.

The site redevelopment, as depicted in the attached Site Plan concept drawing, includes 71 shared parking spaces with access to both Fremont and Emerson and proposed thru-site access. Site paving includes new asphalt parking and drive lanes, re-paved alley areas along Northern site boundary and where alley bisects proposed site, new concrete curb and gutters within parking lot and drive lane areas and new concrete sidewalks. Additionally, the credit union tenant will be served with a new drive-thru constructed to the South of the existing building and alleyway. The drive-thru design will provide for vehicular access from both Fremont and Emerson (through shared parking lot areas) to enhance accessibility and reduce traffic conflict potential. The design of the drive thru as proposed, provides an East-West orientation which minimizes visual impact to adjacent properties and streets while reducing required vehicular maneuvering space within the site (maximizing parking). Additional site improvements include streetscape enhancements along Fremont and Emerson with decorative fencing and landscaping developed along each street as well as the Southern property boundaries to provide for a pedestrian oriented street edge and auto screening as well as buffering to adjacent properties. In addition to the streetscape improvements, the site concept includes landscape areas along Western property line as well as “arbor-parking” landscaping within the parking areas to increase green space improvements and vehicular screening. The project team will work with the city, CCP/SAFE and the neighborhood to employ the best of the CPTED principals. These CPTED strategies are anticipated to include the placement of decorative lighting in the parking lot and additional exterior building lights. Finally, the site is provided with a new trash location adjacent to alleyway access and fully enclosed with screening and landscape buffer to be designed to meet or exceed City of Minneapolis requirements.



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Proposal Design Assumptions

The project team is excited about our re-use and restoration concept for the 1101 West Broadway site and its innovative development potential. The team is looking forward to an interactive design finalization process including the City of Minneapolis and the Near North Community neighborhoods. At this stage in the team's design process and vision development, the team has included an exploration into some traditional as well as some non-traditional site development strategies in an effort to creatively maximize the positive use of this important site. Through this process, the team has included a few assumptions/suggestions into the site concept design. The team understands that each of these assumptions/suggestions will require careful consideration and input from the neighborhoods and the City of Minneapolis and looks forward to fostering a discussion of these items as well as any others which may be offered to assure the best possible redevelopment scenario. The following are points which the project team looks forward to discussing with the neighborhood and City:

- Alley access and rights are maintained as currently configured along the North property boundary and bisecting the property from North to South. To improve access to all businesses along Broadway, as well as to maximize the quality and accessibility of parking from both Emerson and Fremont minimizing potential traffic impacts to the residential neighborhood to the South of the site, the project team is suggesting consideration of allowing commercial parking users travel across the alleyway. This shared usage of the alleyway at commercial areas, while not traditionally encouraged, is similar to access planned at a new Minneapolis development at Stevens and 26th Street (Corson's Corner) and would allow for unimpeded egress for the residential properties to the South while maximizing parking and landscape capacity for the property. The project team suggests signage be included in the site improvements which would clearly indicate alley access to any point beyond the Southern site boundary would be strictly prohibited by all commercial traffic.
- The building's egress and employee entry located in the Southwest corner is adjacent to the proposed drive-thru location. To provide adequate cover at the drive-thru location, needed drive-thru transfer "tube" connections and to provide protection from the weather for staff entering the building, the project team is proposing the drive-thru canopy be designed to extend from the South face of the 1101 West Broadway, over the alleyway to cover the drive thru locations. The project team understands that this concept would need an encroachment permit and the approval of the City of Minneapolis and anticipates working with the City and neighborhood on refinement of this concept to meet all requirements.



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Zoning Review

The project team will work closely with the City of Minneapolis CPED staff and surrounding neighborhood groups in order to meet all C2-Neighborhood Corridor Commercial District zoning requirements. The project team has conducted a preliminary zoning review of the proposed project to review the relevant zoning issues associated with this development. The building and site concept design comply with the City of Minneapolis zoning requirements for permitted uses for the C2-District, provisions for parking, parking setbacks and landscaped area. The proposed office uses and coffee shop/deli are permitted uses within the C2-District. The project provides 71 parking spaces, which not only fulfills the City requirement of 24 spaces for the 1101 West Broadway Avenue building, but also allows for 47 additional spaces for community use. Additionally, the parking setbacks on the site range from seven feet to 25 feet, exceeding the minimum required setback of five feet. The site design incorporates decorative fencing and landscape screening, to minimize the visual impacts of the surface parking.

The proposed development does not require a rezoning; however, in order to maintain a consistent zoning district for all parcels, we anticipate rezoning the R3 parcel to C2. The team plans to work with planning staff to apply for the necessary land use applications and does not anticipate needing any variances to the zoning ordinance for the successful completion of this project.

Following this preliminary review, the project team anticipates the following zoning/variance reviews may be required:

- Encroachment Permit at drive-thru canopy (please see Proposal Design Assumptions)
- Suggested Re-Zoning of R3 parcels to C2 for zoning consistency of entire project site

Opportunities to Leverage Development Investment

In developing this Re-Use proposal for the 1101 West Broadway building, the project team has recognized the significant advantages of the project's neighborhood, the strengths inherent in this location and the noteworthy opportunities available to the area through leveraging the investment and energy which these redevelopment activities will enhance. To that end, the project team is interested in fostering a dialogue with the neighborhood, adjacent property owners, area businesses and the City of Minneapolis to explore potential opportunities which may exist in concert with this redevelopment activity. To assist in framing this interactive dialogue, the project team has included the attached "Opportunity Potential Diagram". This diagram is not intended to represent a specific future phase of this development proposal – in fact, the development team is currently proposing only the redevelopment outlined in this proposal. Instead, the development team is looking forward to playing a part in the discussion identifying additional opportunities to reflect the strengths and qualities of this site and neighborhood and offers this diagram as an initial effort at starting that dialogue. Our team welcomes any opportunity to expand the dialogue which is beginning with this RFP in the future.



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West Broadway Avenue

development master plan
scale = 1:40



Pedestrian-scale lighting, decorative fencing, and landscape screening incorporated throughout entire development site

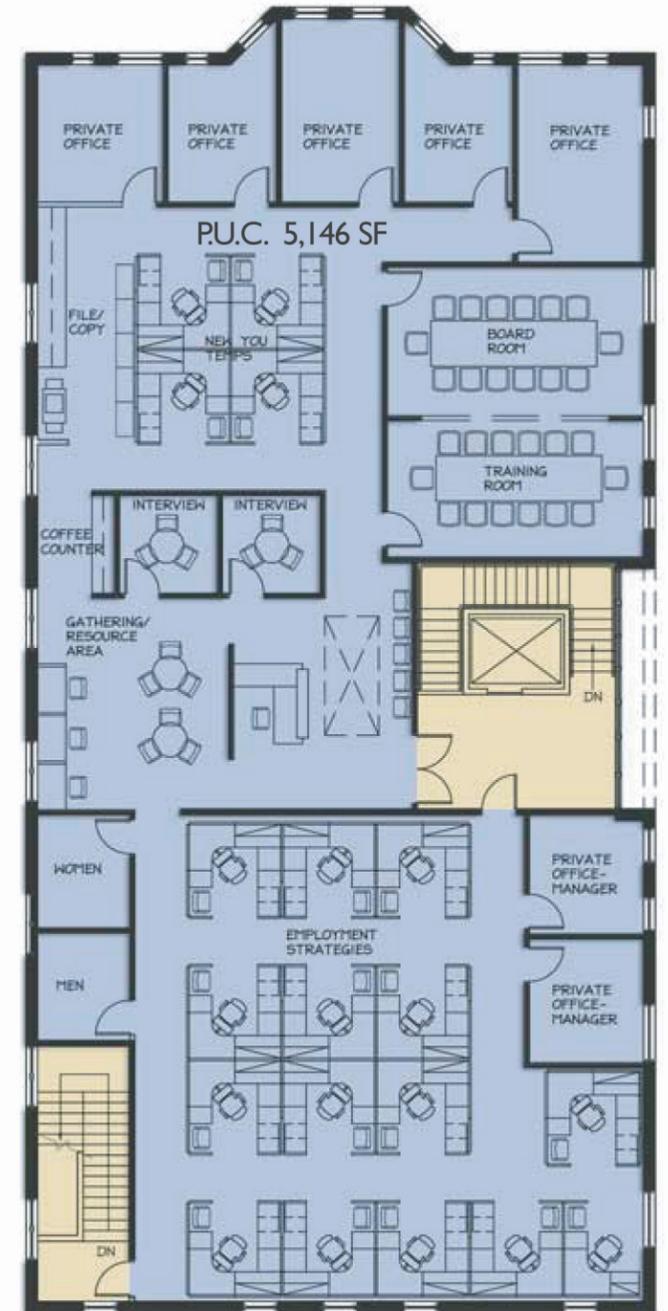
basement floor plan



first floor plan



second floor plan



scale: 1/16"=1'-0"



Opportunity Area A:

The redevelopment of the 1101 West Broadway Building and site may provide for further redevelopment opportunities along Emerson. The opportunities may provide for further streetscape improvements and continued improvement to a pedestrian friendly street frontage by exploring the potential of infill development along the street frontage. The residential property immediately to the south of the site and adjacent to the current property further south may provide an opportunity to include that property owner in discussions for re-development opportunities along Emerson.

Opportunities which may be explored with the neighborhood and adjacent property owners may include commercial / retail uses with 8,000 to 12,000 square feet of floor area or potentially mixed use including residential units.

Opportunity Area B:

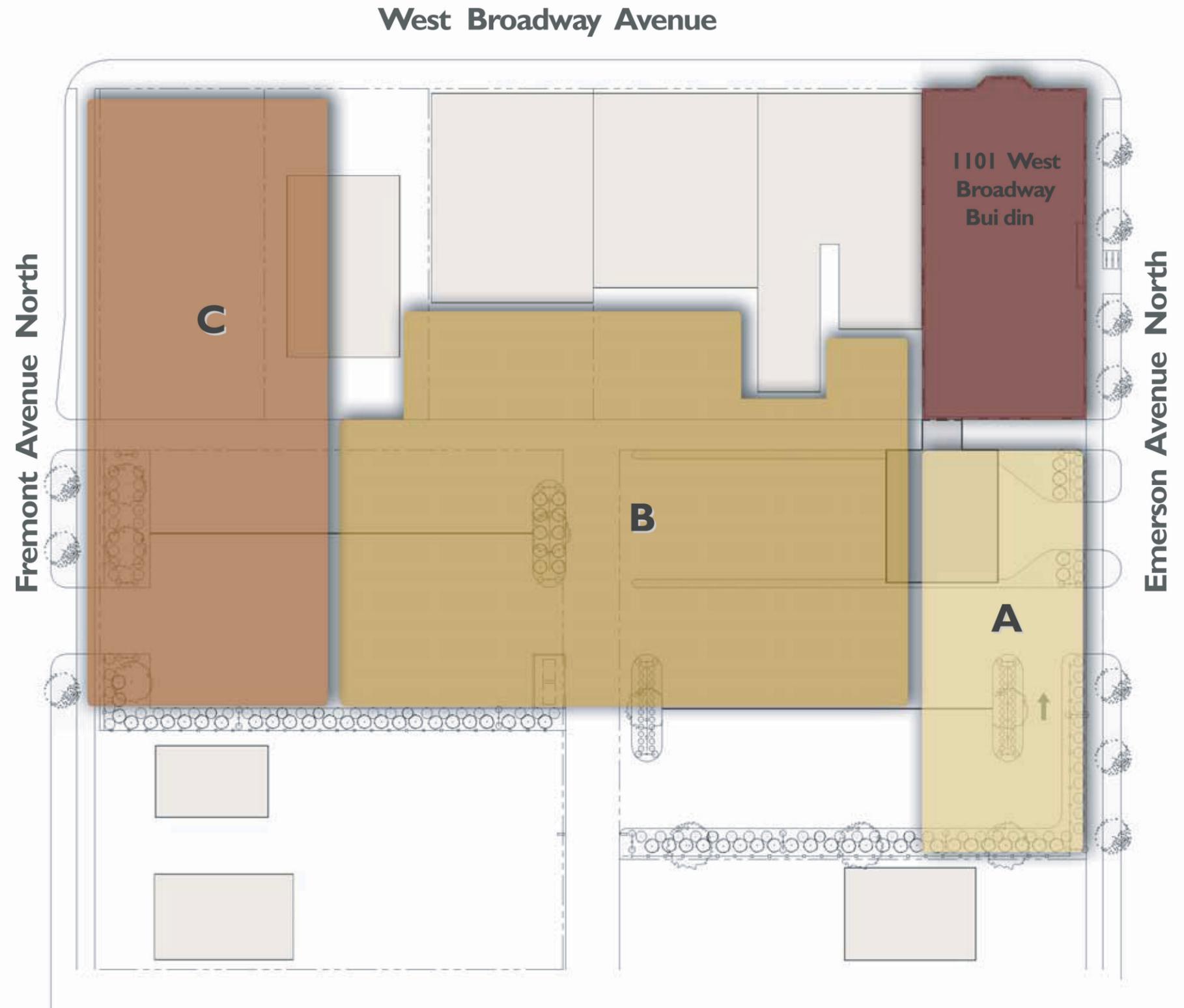
The redevelopment of the 1101 West Broadway Building and site provides for improved shared parking opportunities on the block between Emerson and Fremont. This shared parking may provide an opportunity to enhance pedestrian street level landscaping, plaza, and streetscape developments to serve all commercial properties facing West Broadway.

Opportunities which may be explored with the neighborhood and adjacent property owners may include the development of a pedestrian oriented shared plaza and landscape development serving all commercial uses on the block, and connecting the shared parking with each commercial use as well as West Broadway, establishing a stronger pedestrian amenity throughout the block.

Opportunity Area C:

As with Opportunity Area A, the re-development activities and enhanced shared parking potential of the 1101 West Broadway site may provide support for the investigation of additional re-development along Fremont. The opportunities may provide for further streetscape improvements and continued improvement to a "pedestrian friendly" street frontage by exploring the potential of infill development along the street frontage. The commercial property immediately to the north of the site may provide an opportunity to include that property owner in discussions for streetscape / re-development opportunities along Fremont.

Opportunities which may be explored with the neighborhood and adjacent property owners may include commercial / retail uses with 10,000 to 15,000 square feet of floor area, or potentially mixed use including residential units in a townhouse or condominium format.





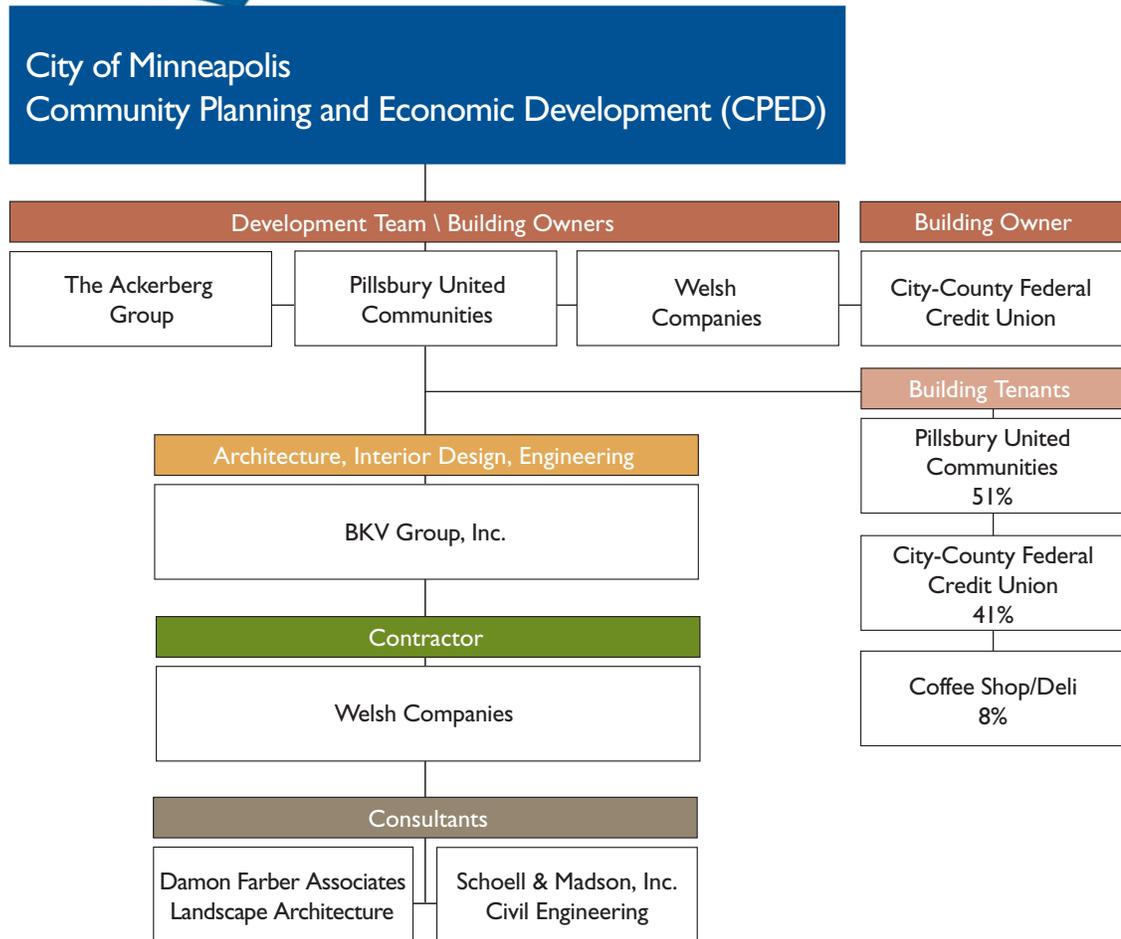
1101 West Broadway Redevelopment



The partners in this development have excellent working relationships. TAG, Welsh Companies and BKV Group have an extensive partnership history. The principal owners of TAG and Welsh Companies have been friends and business partners for approximately 20 years. Each organization has been involved in real-estate for more than 30 years, developing both ground-up and renovation of existing office, industrial, warehouse, educational, religious, retail and residential properties. In addition, both organizations are locally owned and operated and have a significant presence in the Twin Cities marketplace, specifically Minneapolis. While this is the first partnership for PUC and TAG, the two groups have already started to build additional connections.



TAG and BKV Group have collaborated on a number of projects from single family residential in the Cottage Park area of Jordan to a 10 story mixed-use building near Lake and Hennepin. Both firms share a passion for the innovative reuse of buildings, and the principals of good urban design and community development.



THE ACKERBERG GROUP





The Ackerberg Group (TAG)

TAG is a family-run business with its roots in North Minneapolis as its founder, Norman Ackerberg, was born and raised in North Minneapolis and attended North High School. His son, Stuart Ackerberg, also with roots in Minneapolis, continues, continues the legacy of urban development with a dedication to working in North Minneapolis. TAG will be an owner, lead developer and property manager in this important project.

TAG is a privately held organization of real estate related development, investment, and management activities. They have substantial experience in designing, constructing, renovating, financing, and operating commercial and residential projects. For over 40 years the company has developed, owned and/or renovated in excess of 4,000 apartments or condominium units and over 7 million sf of retail, office and industrial property.

TAG's foundation is rooted in supporting urban main streets such as West Broadway. They specialize in the re-use and renovation of dilapidated and underutilized buildings. It is their belief that the intrinsic beauty of these buildings can be restored through careful preservation and reconstruction. In addition, they believe that it is crucial to maintain the varied fabric of the Avenue.

TAG has successfully worked with neighbors and neighborhood organizations to develop high quality projects in urban areas. Because their commitments are long-standing, their work extends beyond the physical building; they work with communities to create spaces that enhance the existing infrastructure. They believe in supporting neighborhoods to create a livable, walkable community.





Pillsbury United Communities (PUC)

PUC is one Minneapolis' oldest and largest non-profit organizations, with a North Minneapolis history that dates back to 1892 (Unity House). Throughout its history it has maintained an essential presence in Minneapolis' central city neighborhoods promoting a range of community and economic development initiatives. PUC employs 151 FTE staff that operates out of 10 different North and South Minneapolis locations. PUC's \$11.5 million annual operating budget is supported by the United Way (\$2.7 million annually), 40+ local foundations, numerous city, county, state and federal government grants and contracts, and approximately 10% in earned income. Agency services are further leveraged with the support of over 700 volunteers and eight mostly culturally specific organizational affiliates (i.e. smaller, emerging organizations who utilize PUC's administrative and technical support capacity to build many unique local projects). PUC is governed by a 24-member board of directors that is a diverse body with strong representation from the Twin Cities corporate sector, small business, faith communities, education, and constituent communities served by the organization. The mission of PUC is to create, choice, change and connection.

PUC's Community Employment & Economic Development Unit, now operating under a newly branded entity, called *Emerge*, proposes to house/re-locate the following projects at 1101 West Broadway:

- Unity House Job Bank: Adult neighborhood placement and retention services funded by City of Minneapolis Close the Gap, Empowerment Zone, WIA and CDBG
- Minneapolis Family Investment Program: Welfare-to-work services
- Northside Job Connection: A highly recognized employment initiative sponsored by Mayor R.T. Rybak
- City Skills Training Programs: Career and life skills training in clerical, financial skills and property maintenance areas
- New U Temps: A temporary-to-permanent staffing enterprise
- West Broadway Area Coalition: A PUC affiliate organization dedicated to the redevelopment of the West Broadway corridor
- Father's & Children Together (FACT): Family housing program, administrative offices
- Emerge Center: Leadership offices

The Emerge Center, to be located on the 2nd floor of 1101 West Broadway, will include skill training classes, job searching, financial workshops (in conjunction with 1st floor tenant, City-County Federal Credit Union), temporary staffing services, and business and business development activities. Emerge Center will become a strong community asset seeking to have a major impact on the high levels of joblessness and underemployment in North Minneapolis by offering effective job counseling and training, job development and other community supports. Among its main objectives will be to place 700 individuals in gainful, living wage employment annually.



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New U Temps is a job creation enterprise that employs 350 North Minneapolis residents per year. It was recently selected as one of four programs nationally to receive a \$200,000, multi-year, Alternative Staffing demonstration grant from the Charles Stewart Mott Foundation to establish a new marketing presence throughout the Twin Cities. Through this new initiative, New U Temps fully anticipates a significant increase in job creation – now to be based on the West Broadway corridor.

PUC proposes to take the lead responsibility for administering the Empowerment Zone funds and ensuring that goals are effectively tracked and met. PUC's significant job creation activities through its own staff operations and in the job development and placement services offered will provide a major source of jobs for this project and the community as a whole.



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Welsh Companies

Founded in 1977 by George Welsh, Welsh Construction entered the Twin Cities market by developing and constructing buildings on a build-to-suit basis. Gradually, the business expanded into third-party management and leasing of commercial real estate which led to the formation of Welsh Companies.

Welsh Development, a subsidiary of Welsh Companies, provides a full range of development, project management and build-to-suit services for owners, tenants, investors and buyers.

They understand the critical importance of location in maximizing real estate objectives. Their experienced staff provides local, regional and national site selection services. As a market leader in the Twin Cities area, they also have a thorough knowledge of competitive projects planned or under construction.

Welsh strives to create projects that clearly reflect their clients' hopes and intentions, financial expectations, and short-term and long-term goals. From project inception to grand opening, their team is accountable for budget, schedule and quality requirements, to ensure that projects run smoothly.



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City-County Federal Credit Union (CCFCU)

CCFCU will build-out 4,750 sf of the first floor plus offer drive-thru services with three bays plus an ATM machine.



CCFCU is one of the largest and fastest growing credit unions in Minnesota serving more than 56,000 members and have assets of more than \$450 million. Over the years, the Credit Union has worked closely with Hennepin County and the City of Minneapolis to serve the thousands of people who are both Credit Union members and City or County employees. CCFCU has provided them with credit when many of them couldn't get loans elsewhere; given them the option of getting services such as checking free of charge when they'd have to pay sizable fees elsewhere; and most recently, aided both the City and the County in their efforts to establish a direct deposit program.

Like all credit unions, CCFCU is owned by its members and operates on a not-for-profit basis. CCFCU does not have a large group of stockholders to whom it must pay dividends. It returns everything earned over and above the cost of doing business to its members in the form of better interest rates, lower fees and special services.

CCFCU offers its members the following services:

- A variety of savings accounts including the money market accounts, IRAs and Share Certificates
- Several checking options designed to serve those who want free or low-cost checking, those who want money market checking, and those who have had problems in the past with checking accounts
- One of the most complete lists of consumer loan products anywhere including car loans, first and second mortgages, personal loans, various lines of credit and more
- Investment services through CU preferred investments
- Low-Cost Visa Credit Cards, MasterMoney (checking) Cards and City-County (ATM) Cash Cards
- Convenience services such as direct deposit, automatic bill payment, wire transfers, CALL-24 24-hour computerized transaction service and loan-by-phone lines
- Our unique User's Credit Program that gives members a cash bonus for using selected credit union services

CCFCU is governed by a volunteer board of directors, many of whom have been county employees. The board is chosen democratically from among the Credit Union's membership. This board helps to give Credit Union management a unique insight into the desires of its members and is one of the reasons why CCFCU stresses member service above all else.

CCFCU has seen tremendous growth over the last 20 years, opening branches across the metro, most recently on Franklin Avenue. Creating a West Broadway location to serve the Northside Community is a priority for CCFCU.



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Coffee Shop/Deli

The concept for 1101 West Broadway would be that of a small neighborhood coffee shop/deli that provides services to the tenants of the building, and the surrounding businesses and also to the neighborhood residences. The coffee shop/deli will build-out 900 sf of the first floor.



THE ACKERBERG GROUP



Boarman Kroos Vogel Group, Inc. (BKV Group)**Architecture Interior Design Engineering**

222 North 2nd Street—Minneapolis, MN 55401

Tel: 612.339.3752 Fax: 612.339.6212

A Minnesota Corporation since 1978



“Our commitment is to provide design solutions with the client always at the center of the process...”
— the staff of BKV Group

BKV Group, Inc. is an 85-person, multi-disciplinary firm providing architectural, interior design, engineering and construction administration services to development, government and corporate and clients for over 25 years. Our dedicated and talented professionals look forward to building new projects and new relationships.

Our designers are continually striving to create identifiable, livable communities with community spaces that respond functionally to the needs, but also enhance the user's spirit and enjoyment of their environment and their lives. Our goal is to create well-designed physical surroundings that support the individual as well as the community.

As dedicated and talented professionals, we encourage and promote diversity in our work through technical expertise, consensus building, innovation, collaboration and creativity. Through a variety of tools, we bring a unique approach to achieving an environment that is meaningful and supportive for our clients. BKV Group believes it is the client's values, attitude, needs and aspirations; design cues inherent in climate and region; and specific qualities in site and materials that define the resulting design. As seasoned professionals, we understand that our ultimate responsibility to our clients is to design and provide services that result in a “facility” that satisfies the needs of the program, schedule and budget. BKV Group's goal is to achieve a design solution that best meets our client's needs.

BKV Group has a fully integrated office staff including architects, interior designers, mechanical, electrical and structural engineers, construction administrators, account representatives, marketers and graphic designers. We effectively and efficiently deal with the broad coordination issues of residential facilities. We all work in one office, networked together on one computer system where communication and coordination occur on a minute-by-minute basis. We care about human and social implications of our designs. Our philosophy is to design within the cultural fabric of the community, using materials and systems that provide optimum value, functionality, flexibility, durability and timeless quality.

Our Mission

A team of creative design professionals whose mission is to engage clients in the process of creating enduring designs that enhance our environment



THE ACKERBERG GROUP



Comprehensive Capabilities

BKV Group is dedicated to working closely with clients to develop solutions that fit their organizational needs and culture while addressing concerns for quality, cost and service. The project delivery varies from traditional design-bid-build through turnkey or design build options. As a full-service architecture, interior design and engineering firm with over 25 years of experience, we have extensive capabilities with various sized projects.



Planning

- Feasibility Studies
- Facility Evaluation
- Project Budget/Schedule
- Program Development
- Space Programming
- Urban Design Studies
- Land Use and Zoning Analysis
- Site and Property Utilization
- Phased Property Planning

Architecture

- Site Planning
- Architectural Design
- Budgets and Schedules
- CSI Specifications
- Technical Documentation
- Computer Aided Design (CAD)
- Construction Administration
- Computer-based Project Scheduling
- Visioning Process
- Graphic Design

Interior Design

- Facility Evaluation
- Feasibility Studies
- Project Budget/Schedule
- Space Planning
- Interior Image Concepts
- Interior Graphic Systems
- Material Specifications
- Furnishing Specifications
- Furniture Installation
- Future Planning

Mechanical Engineering

- Building Commissioning
- Energy Use/Conservation Analysis
- HVAC System Design
- System Operations and Training
- Construction Phasing
- Fire Protection Systems

Electrical Engineering

- Existing Site Survey and Analysis
- Lighting Design with Photometric Data
- Power Distribution Design
- Communication and A/V System Design
- Security System Design
- Fire Alarm System Design
- Technology Data System Analysis/Design
- Construction Phasing and Coordination

Structural Engineering

- Structural Analysis and Design
- Structural System Comparisons
- Existing Structure Evaluations
- Dynamic Vibration Analysis

Construction Administration

- Contractor Selection Assistance
- Contract Management
- Cost Estimating
- Construction Scheduling
- Construction Observation
- Quality Control Management
- Lending Inspections
- Eleven-Month Warranty Walk-Through

Sustainable Design

- Enhanced Building Durability
- Enhanced Occupant Comfort
- Energy and Water Savings
- Reduced Maintenance Operating Costs
- Conservation of Natural Resources
- Minimization of Waste and Pollution
- Prepared for Future Legislation
- Limits Risk and Possible Litigation
- Positive Public Relations
- Revenue from Recycling



THE ACKERBERG GROUP



Damon Farber Associates

Landscape Architecture Consultant

923 Nicollet Mall—Minneapolis, MN 55402

Tel: 612.332.7522 Fax: 612.332.0936

A Minnesota Corporation since 1981



Damon Farber Associates, Inc was established in 1981 to provide quality services in the areas of landscape architecture, site planning and urban design. Their approach and philosophy are premised upon the concept that above all else, the design process and product must reflect professional expertise based upon aesthetic sensitivity, current technology, function, logic, and fiscal responsibility.

They have earned a reputation for imaginative and practical solutions to challenging exterior situations. Damon Farber Associates offers the full range of services associated with the site development and planning process. Their efforts concentrate on initial site analysis, programming and subsequent design through the preparation of cost estimates, construction documents, and site supervision.

The perception of the firm as experienced, enthusiastic and objective is a direct result of their approach to a client's needs. The Landscape Architectural partner with Damon Farber Associates acts as the principal-in-charge and remains involved with the project from beginning to end. He is responsible for organizing in-house progress and coordinating project reviews and public involvement; he acts as the client consultant liaison to communicate and oversee the contract's successful completion.

Registration

Professional Landscape Architect MN #12538



THE ACKERBERG GROUP



Schoell & Madson, Inc.

Civil Engineering Consultant

10580 Wayzata Boulevard, Suite #1, Minnetonka, MN 55305

Tel: 952.546.7601 Fax: 952.546.9065

A Minnesota Corporation since 1956



Schoell & Madson, Inc.

Schoell & Madson, Inc.'s objective is simple: meet their Client needs. That means understanding your issues, being responsive, communicating well and putting the right experience and skills to work, resulting in projects completed smoothly, on time and within budget. Schoell & Madson is a Minneapolis based full-service engineering firm serving Local, Federal and State Governments, Commercial and Residential Land Developers and Industrial Clients. They provide Clients with a sole source solution to satisfy their needs by offering a full range of services in civil engineering, surveying, planning, environmental and geophysics.

Client satisfaction is the desired result of every Schoell & Madson project. The steps for achieving this are unique for each Project and Client. Since 1956, they have been providing the right team of talented professionals, identifying and managing the critical steps to success and delivering a quality service. Their focus is to help Clients be more successful. They understand their Client's business, address what is important, promote the best use of their resources and help them avoid difficulty. Schoell & Madson provides engineering analysis and design within budgetary and scheduling constraints.

Their history of Client satisfaction and service is the result of their talented Professionals who have been on the front-line and delivered. Schoell & Madson's experienced team combines seasoned knowledge with progressive techniques, leading technology and insight. Small or large, Public or Private, Schoell & Madson delivers quality and cost-effective solutions. Experienced engineers, surveyors, scientists and support staff are available to provide hands-on guidance for your next project.

Schoell & Madson strives for successful projects completed on time and on budget, while achieving their Client's expectations. To consistently accomplish this, they utilize a project management driven system, detailed job cost accounting, state-of-the-art technology, innovative design and a continuous improvement philosophy. Their Professionals deliver quality, cost-effective solutions to their Clients.

Schoell & Madson has an outstanding record of Client satisfaction and retention: project after project, year after year, by doing what they do as well as it can be done. Their commitment to excellence in professionalism, new technologies and service, enable their tradition to work for you.

Registration

Professional Civil Engineer MN #16532



THE ACKERBERG GROUP



Minneapolis, MN

The Rainbow building, built in 1910, underwent major renovation in 1991. In 1980, the "Rainbow Shops" were built. In total, there is 36,340 sf of leasable retail/office space.

TAG owns and manages the buildings.

Total Development Cost: \$4.5 million

The Rainbow Building and Shops



Minneapolis, MN

Renovation of three buildings into 17,800 sf of professional office and retail space. Street level tenants include a restaurant, eyeglass shop, shoe shop, coffee shop, and photography specialist.

TAG owns and manages the property.

Total Development Cost: \$700,000

L a k e a n d L y n d a l e



Minneapolis, MN
Renovation of professional office and retail space. TAG has sold this property.

Total Development Cost: \$920,000

T h e R o m y B u i l d i n g



Minneapolis, MN
6000 sf renovation of a single story building.
Retail tenants: restaurant and a salon. TAG has sold this property.

Total Development Cost: \$845,000

L a k e a n d l r v i n g



Minneapolis, MN

This project included the demolition of a dilapidated building and the construction of a 15,000 sf office/retail building. TAG owns and manages this building.

Total Development Cost: \$2.6 million

I 3 0 0 - I 3 2 0 L a g o o n



Minneapolis, MN

TAG and Welsh Companies partnered with the Oasis of Love, Inc. to purchase and renovate the former Hennepin County Northstar Childcare center on West Broadway. After a 75 day turnaround time, the building is now home to the Agape Child Development Center, which provides much-needed 24-hour day care for 110 Northside children. TAG and Welsh own the building and TAG manages the property.

Total Development Cost: \$950,000

A g a p e C h i l d c a r e



Minneapolis, MN

The Lumen will be a five story, mixed-use project located in Uptown, Minneapolis. The project will consist of four stories of owner-occupied condominiums over one level office/commercial space and one level of underground parking. Construction will be complete December of 2006. TAG and Clark Gassen will develop and own the building.

Total Development Cost: \$13 million

L u m e n



Minneapolis, MN

BKV Group is working with the The Akerberg Group and Financial Freedom Development on a mixed-use project that integrates a twelve-story condominium building, five-story office building, restaurant, art gallery and expanded Lagoon Theater all centered on a 19,000 sf urban public plaza with 3 levels of below grade parking.

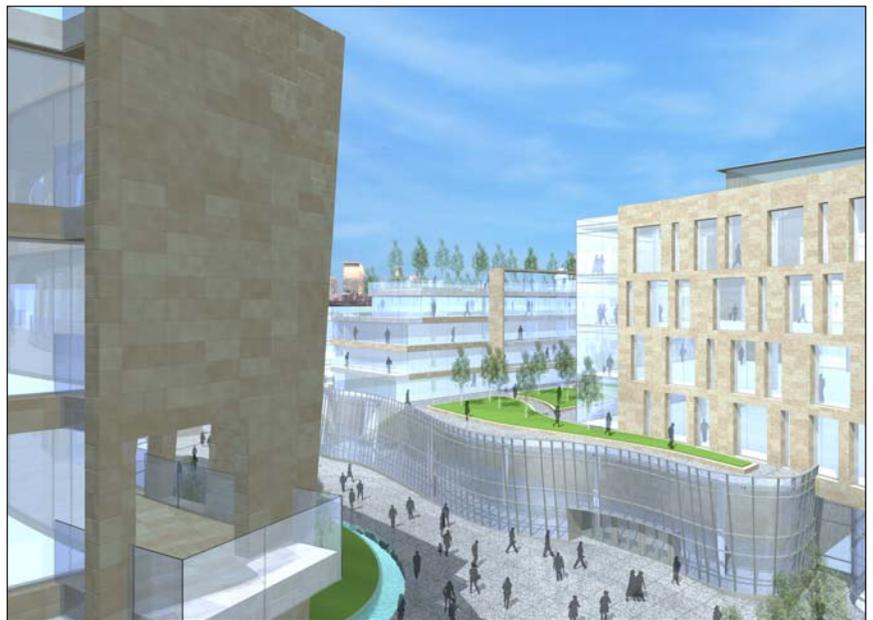
The community courtyard is a series of three rooms: a sun-dappled outdoor park; several restaurants with outdoor seating; and a neighborhood art gallery. The courtyard provides a safe and attractive image for the community as a social place, diverse and uniquely urban.

The restaurant and art gallery frame the plaza and contribute to the neighborhood's residential identity. With outdoor dining, the presentation of public art, performance, gallery openings and movie theaters, the plaza will contribute to Uptown's image as a cultural and entertainment center for the Twin Cities.

Composed of glass and stone, the office design is 5 stories and 76 feet tall, includes 100,000 sf of open, flexible space, and has the potential to create 400 new jobs. The office building steps back away from the Greenway, minimizing shadowing, offering roof gardens on various floor levels at north and south façades. The gardens help to soften the building's edge while establishing a dialogue between building and Greenway and offering views of uptown, downtown and surrounding lakes.

The 12-story 112 unit condominium maximize views of downtown, the lakes, and the Greenway. Each unit is designed to provide a spacious loft-style interior with open and flexible floor plans and outdoor terraces. The range of unit sizes allows for a wide variety of tenant types, creating a diverse community of neighbors.

L a g o o n D e v e l o p m e n t C o m p l e x



THE ACKERBERG GROUP

BKV
GROUP

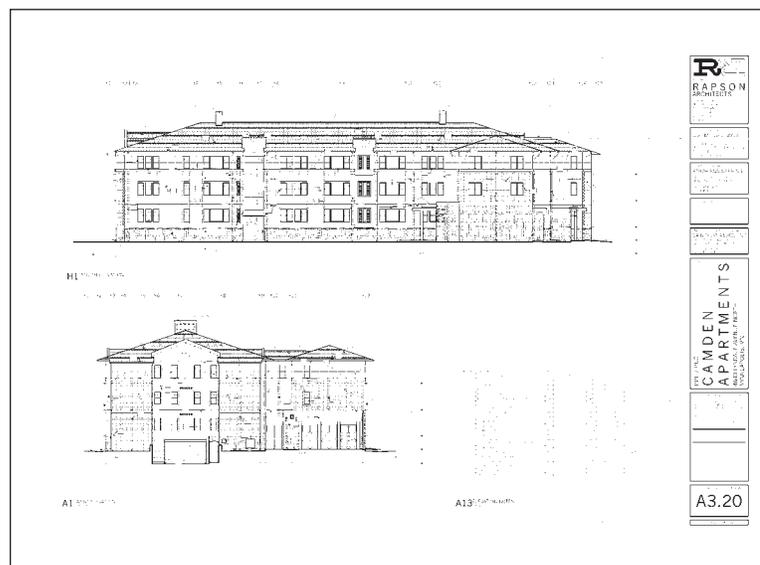
PUC's background as a developer and operator of community projects and facilities is extensive; including the creation of several community centers (new construction and rehabilitation) over the past two decades and in recent years as co-developer of family housing projects, including:

Camden Apartment

This \$6.5 million, 23-unit family housing development located in the Lind-Bohanon neighborhood of North Minneapolis, done in conjunction with Project for Pride in Living (PPL). Camden Apartments construction is scheduled to be completed in October of 2006.

Other PUC projects include:

- Co-operation, with PPL, of Collaborative Village, a 20-unit supportive housing facility in Phillips neighborhood.
- Co-ownership and management of Child Care Home Partnership, four units of rental housing designed to house resident-run, in-home day care services located in Hawthorne and Corcoran neighborhoods.
- The lead operation of 10 other neighborhood facilities throughout North and South Minneapolis.



Minneapolis, MN

The original East wing of the old St. Barnabas Hospital was constructed in the late 1930's and was in great need for upgrades including: new fire sprinkler system; new heating & cooling system; complete elevator replacement and modernization.

Conversion from a historic hospital to music building and student residence required first floor renovations consisting of a control/recording room, large group practice/recording room and four small group practice/recording rooms. The second floor renovation required five new classrooms, eight individual isolation practice rooms, faculty offices and new public restrooms. The third, fourth and fifth floors were converted from existing hospital rooms into dorm room suites, with remodel bathrooms, plus new kitchen and lounge areas on each floor; a new common shower and laundry room on each floor; new resident director apartment.

The total area of the 5-story renovation was 34,600 sf.

Total Development Cost: \$2,100,000

N o r t h C e n t r a l U n i v e r s i t y



Oakdale, MN

Square feet: 43,000 combined

Total Development Cost: \$1.3 million

B r e m e r F i n a n c i a l S e r v i c e s



Minneapolis, MN

Interior renovations to a 3-story culinary school in downtown Minneapolis.

Total Development Cost: \$850,000

The Art Institutes International Minnesota



Minneapolis, MN
Square feet: 45,000

Total Development Cost: \$3.3 million

F r a s e r C h i l d a n d F a m i l y C e n t e r



Minneapolis, MN
The project scope included the procurement of institutional sized convection ovens, deep fryers, grills and walk-in coolers.

Square feet: 7,850

Total Development Cost: \$1 million

S e c o n d H a r v e s t



Fergus Falls, MN

Originally built in 1915, the Hotel Kaddatz, which is listed on the National Register of Historic Places, was Fergus Falls' leading hotel. It featured a restaurant on the first floor, and during Prohibition a speakeasy flourished in the basement. In the 1950s, a department store took over the first floor. Standing vacant since 1975, it re-opened in 2004 in the heart of Fergus Falls' central business district bringing a new life to the downtown. Since the project was completed, a bistro has opened across the street and several businesses have moved downtown.

The Hotel Kaddatz project creates 10 units of mixed income housing, 4,200 sf of commercial space on the ground floor and 6,000 sf of community arts center space in the basement. The project has the strong support of the City of Fergus Falls, local employers, and philanthropic organizations.

The Kaddatz has six one-bedroom and four two-bedroom units. This mix has been chosen to meet the housing needs identified by a market survey of artist households in the Fergus Falls area. The project serves a mix of young and middle-age singles and couples. The two-bedroom units provide housing suitable for families with children. The project provides an elevator serving all levels of the building; all units will thus be accessible to persons with physical disabilities.

The project budget is \$2.3 million. Of this amount, about \$1.5 million was applied to residential rehabilitation of the structure. The remaining \$800,000 was allocated to non-residential uses, including restoration of the grand staircase that originally connected the main floor to the residential floors above and now will connect to community art center space on the lower level.

Awards

Associated Builders and Contractors, Inc. has honored Hotel Kaddatz with the "2005 Award of Excellence in Construction - Historical Restoration over \$1 million".

H o t e l K a d d a t z A r t i s t L o f t s



Minneapolis, MN

The Eitel Building City Apartments, a component of the mixed-use project in Loring Park, preserves the historic context of the existing Eitel Hospital. The structure will be fully integrated into a 7-story residential development, while possessing an architectural design that returns its original appearance and distinction within the neighborhood.

The majority of the building's newer additions will be demolished to make way for the new construction of contemporary, high-end apartments, lofts, and live/work units. The existing elevator core and surrounding floors immediately north of the Eitel Hospital building will be reused. The Eitel Hospital building will undergo an interior demolition and be converted to new contemporary loft-style apartments. The exterior of the historic Eitel Hospital building will be restored as close to its original appearance as is feasible, including constructing of a new cornice that will be sympathetic to the original design.

E i t e l C i t y A p a r t m e n t s

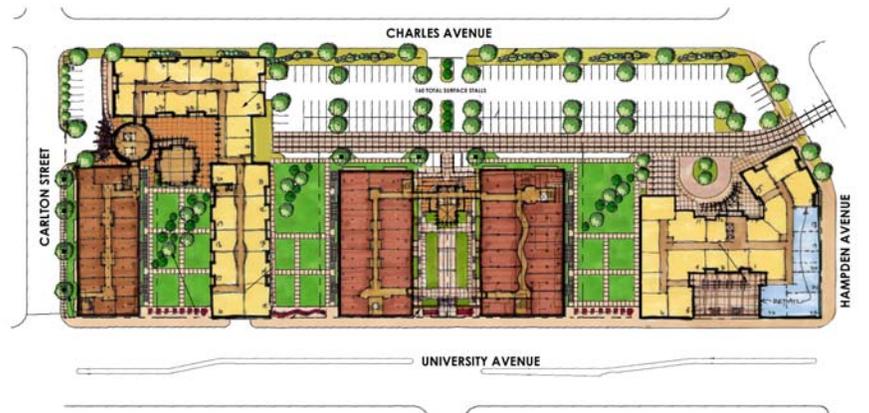
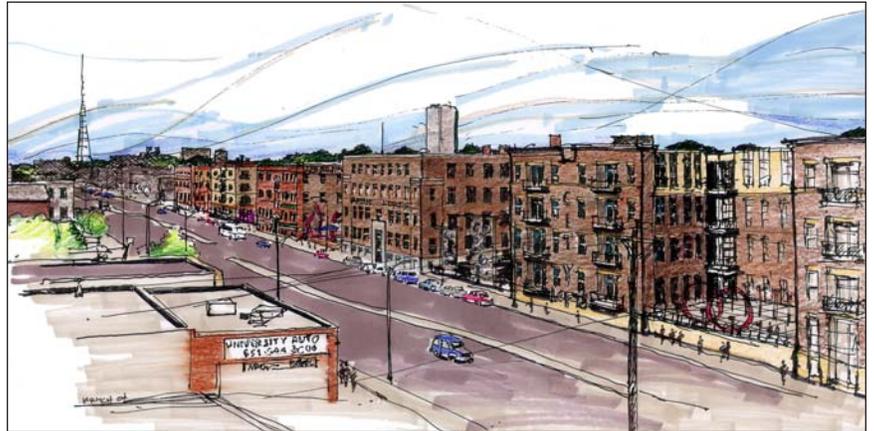
St. Paul, MN

Carleton Place Lofts is a multi-family residential project located at the northeast corner of University Avenue and Carleton Avenue in St. Paul. It is part of a newly created historical district in this part of St. Paul. The 6.2 acre site covers a two block area on the north side of University and terminates at Hampden Avenue on the east. There are three separate warehouse buildings that are three, four and five stories in height and of 1920 to 1930 vintage. They are being historically restored and converted into approximately 170 rental units. This conversion is phase one of a two phase master plan.

Phase two new multi-family housing projects are proposed in the future filling the areas between the existing three warehouse buildings. The easterly phase two building is planned to include a retail component on the main street level. The new buildings will have underground parking to service the residents.

Initial design began in early 2004 and construction is intended to begin in mid 2005 with completion slated for fall of 2006.

C a r l e t o n P l a c e L o f t s



The project is developed by University Carleton Redevelopment, LLC with the assistance of Dominion Development & Acquisition, LLC.

Worthington, MN

Central Elementary School was constructed in 1931 as a two story grade school, and expanded in 1948 to 68,000 sf on two levels with cafeteria and multi-purpose basement spaces. Recently vacated, Central Elementary remains one of several prominent Art Nouveau and Art Deco public buildings comprising the heart of Worthington's historic fabric.

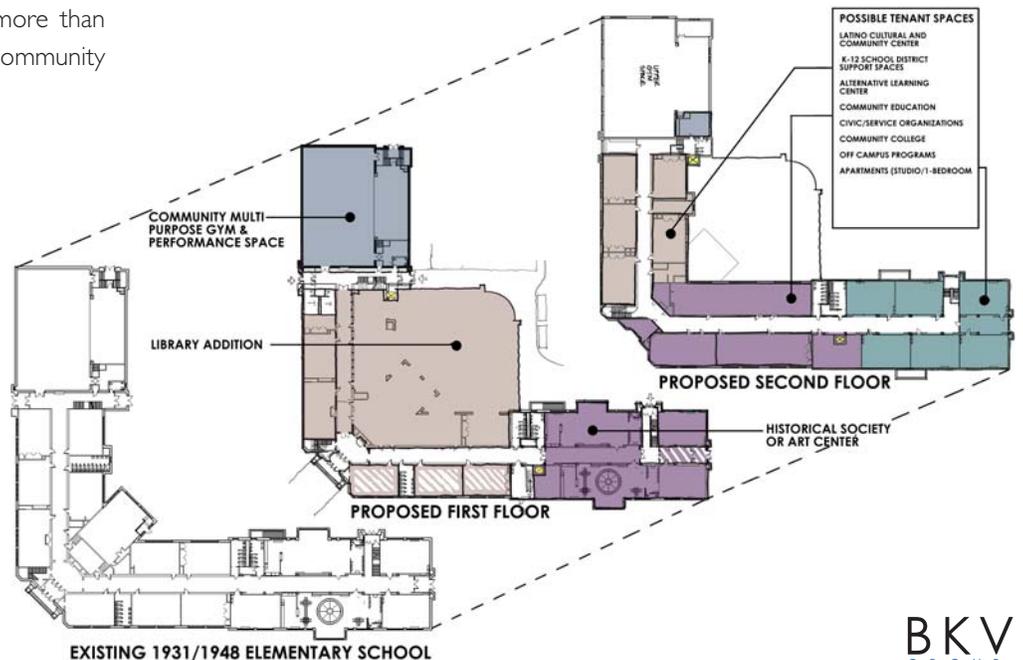
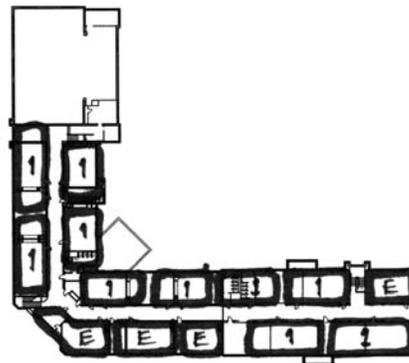
BKV Group performed a feasibility study for space utilization at Central Elementary School and the adjacent Nobles County War Memorial Building, currently housing the Nobles County Library. The purpose of the study, conducted for non-profit Community Heritage Development of Worthington, was to develop a suitable re-use concept that would build on the historic and community value of these fine public buildings.

The study identified potential space uses; determined remodeling and construction costs; and evaluated the overall feasibility of utilizing these buildings for library, historical society, art center, community center, multi-cultural center, school support or program space, affordable housing and commercial lease space. Several concept illustrations were presented in recognition that the planning must promote more than one vision – appealing to varied community interests.

Central Elementary Adaptive Re-Use Study



SECOND FLOOR HOUSING OPTION (14 UNITS)



Minneapolis, MN

A joint effort of the Whittier, Steven's Square and Loring Park neighborhoods, lead by the Nicollet Avenue Business Association, this plan represents a strategic revitalization of 17 blocks of Nicollet Avenue in Minneapolis. The BKV Group team developed the plan through a facilitative community process. Through community workshops, neighborhood consensus was established on major issues facing the area as well as desired or lacking land uses along the avenue. Through feasibility assessments by our team, uses were evaluated and prioritized.

Land values, uses and urban conditions were studied, while building characteristics and design guidelines were established. Specific development concepts were developed for over 12 individual sites. Each concept was reviewed for financial feasibility and design to meet the consensus issues of residents while building on existing strengths of the neighborhood.

The end product of the development plan is now being used to guide development and renewal along the avenue by private developers as well as neighborhood and community groups. Within four months of the completion of the development plan, five of the focus sites concepts were in the planning stages.

Nicollet Avenue Development Plan



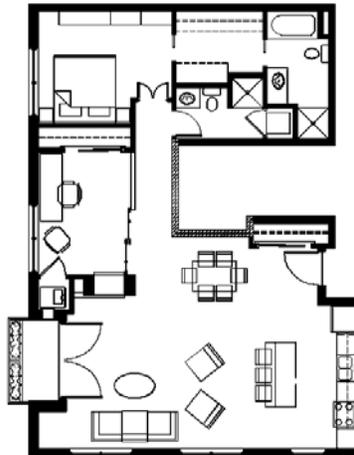
Minneapolis, MN

This project is a multi-use, four-story building including 27-units of market rate residential and ground floor retail and commercial space. The ground floor retail space has elevated outdoor plaza seating. The development concept is to create a living and working environment.

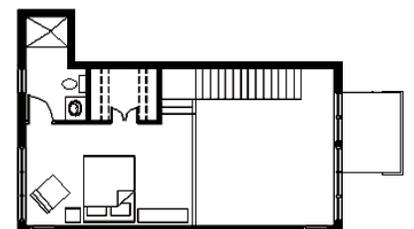
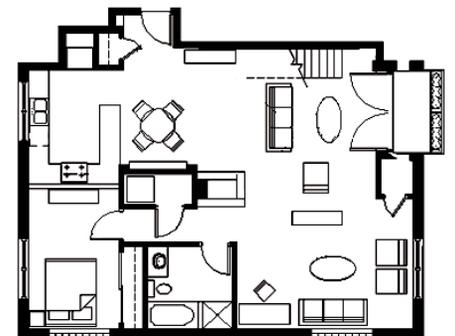
G r e e n l e a f L o f t s



SECOND FLOOR UNIT
1 BEDROOM + DEN



LOFT UNIT
2 BEDROOM + DEN



Minneapolis, MN

BKV Group is providing community based planning for a three block section of North Minneapolis. This planning effort includes an existing conditions audit, community visioning workshops and planning sessions with the neighborhood's community organization. The planning effort will result in a redevelopment vision based on community input and grounded in financial/market feasibility and will be immediately implemented by the City of Minneapolis.

Karamu (Plymouth Avenue) Redevelopment



OPTION C



OPTION D



OPTION E

Minneapolis, MN

BKV Group is working with the Northside Residents Redevelopment Council, the non-profit neighborhood representative organization for the City of Minneapolis, for the redevelopment of a three block area at the intersection on Penn and Plymouth Avenues in Minneapolis.

The master planning effort began with an assessment of existing conditions along Plymouth Avenue and throughout the neighborhood. Following this assessment, BKV Group lead a community outreach effort to develop a consensus of the neighborhoods concerns, goals and uses desired for this area.

The new mixed-use development would include approximately 23,490 sf of residential and retail/commercial use. The building would house 78 units ranging from one to two bedroom townhomes and condominiums.

Following this community outreach, BKV Group worked with the community organization to develop a master plan concept to guide current and future development activities.

K a r a m u E a s t R e d e v e l o p m e n t



Minneapolis, MN

Growing from the Karamu "a joyous place of gathering" master planning provided by BKV Group for the Northside Residents redevelopment Council for the intersection of Penn and Plymouth Avenues, the Karamu West development consists of 8,760 sf of commercial/retail space, built in bus shelter and 53 housing units.

The development concept is based on weaving the cultural and ethnic histories of the neighborhood together. The base of the building and sidewalk areas provide for tile mosaics based on scandinavian fabric patterns, while the lower levels incorporate bass relief stone sections of traditional hebrew script which represents the jewish immigrant influence on the neighborhood's development. Capping the upper levels of the building is a color panel pattern based on the traditional Kinte cloth of the African immigrants who have played a significant role in the continued cultural development of the area.

K a r a m u W e s t R e d e v e l o p m e n t



Minneapolis, MN

Heritage Landing represents a high-density, mixed-use, urban infill project in the heart of the historic Minneapolis Warehouse District.

The 229-unit rental complex combines flats, lofts and stacked two-story townhomes with 400 underground parking stalls and 7,500 sf of street-level retail. Our goal in the design was to combine contemporary living with an industrial aesthetic compatible to the historic neighborhood. The complex covers an entire city block and is positioned to create and maintain a strong urban edge along the street.

In addition to providing a variety of rental housing opportunities for area residents, the intent of this project was to promote the restoration of Minneapolis' Historic Warehouse District.

Heritage Landing Apartments and Townhomes





1201-37th Avenue North
Minneapolis, MN 55412
Phone: (612) 302-3400
Fax: (612) 302-3490
www.puc-mn.org

November 23, 2005

Mr. Erik Hansen
City of Minneapolis, Department of CPED
101 Fifth Avenue South
Minneapolis, MN 55401

Dear Mr. Hansen:

Pillsbury United Communities is very pleased to submit this letter of commitment to act as co-developer (subordinate role), co-owner and key tenant along with the Ackerberg Group, Welsh Companies and City County Federal Credit Union for a proposed new development at 1101 West Broadway in Near North neighborhood. To get here, PUC has played a pivotal role in forming this team which seeks to bring an important property back into use – in a dramatic fashion, well positioned to bring new economic resources and vitality to this critical node on The Avenue. PUC intends to invest a significant amount of its own resources by becoming the anchor tenant utilizing the entire second floor (via a ten year lease commitment) along with taking on a 30% ownership stake in the property.

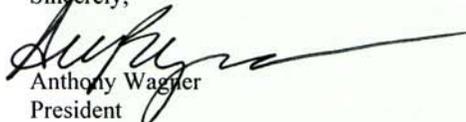
PUC intends to house its Emerge Employment Center, to a new concept that will convene the very best of what PUC is doing as a current and long-term City leader in community-based job training, placement, retention and financial literacy services. These services will greatly impact business vitality by providing a ready-made workforce development component to West Broadway businesses. PUC's leading work with new Broadway employers, such as CVS Pharmacy and Cub Foods, demonstrates the need for this new employment center to become a critical catalyst on West Broadway.

PUC's presence in the development will also bring a projected twenty-seven full-time staff positions and an anticipated 700 new job placements per year – with up to 50% going to Empowerment Zone residents. PUC's New U Temps staffing service enterprise alone projects to create 350 new jobs per year for Northside residents.

PUC has a long, rich history of doing important projects like this that positively impact the social and economic development of our neighborhoods. This project brings a powerful combination of private sector and not-for-profit resources to underpin a unique redevelopment for the 1101 building.

We look forward to your favorable response. If you should have any questions about PUC's role and commitment, please do not hesitate to call Mike Wynne, PUC Vice President, who is leading our effort at (612) 435-1529. Thank you.

Sincerely,


Anthony Wagner
President
Pillsbury United Communities

CITY-COUNTY FEDERAL
credit union

6160 Summit Drive, Brooklyn Center, MN 55430
Main Office: (763) 549-6000 Administrative Offices: (763) 549-6100

WE'RE HERE FOR YOU.

November 28, 2005

Mr. Erik Hansen
City of Minneapolis, CPED
105 5th Ave S, Suite 200
Minneapolis, MN 55401

Dear Mr. Hansen:

The City County Federal Credit Union (CCFCU) is pleased to play an integral part of the Ackerberg/Pillsbury United/Welsh Co. redevelopment proposal for the building at 1101 West Broadway. CCFCU is very interested in becoming an owner and a tenant in the building pending necessary board and regulatory approvals. As a tenant, we anticipate leasing 4,750 square feet of space on the first floor and approximately 1,600 square feet of basement space. In addition, CCFCU would invest nearly \$1 million dollars in the project through the construction of an exterior drive-thru facility and interior tenant improvements.

CCFCU is also very interested in financing the development costs of the building. We believe that the investment in the redevelopment of this building and the tenant mix proposed will be a catalyst for future development on West Broadway.

CCFCU is dedicated to serving the neighborhoods in North Minneapolis. We see the location of a branch on West Broadway as a critical component of this mission. We believe the services offered by CCFCU will be an asset to the community and look forward to continuing to form strong relationships on the Northside.

Sincerely,



Dean Nelson
President
dnelson@ccfcu.org

Dean\ltrs\Erik Hansen

**1101 West Broadway
Development Pro Forma
November 28, 2005**

Sources

First Mortgage Financing (70% TDC)	\$1,298,245
Developer Equity (1)	\$587,020
CCFCU TI	\$1,000,000
Total Sources:	\$2,885,265

Uses**Hard Costs**

Site Acquisition	\$50,000
Building Shell	\$679,395
Building Common Area	\$119,875
Basement	\$172,035
Site Improvements	\$99,180
Tenant Improvements	\$1,230,000
Contractor General Conditions (6.5%)	\$84,530
Contractor OH&P (5%)	\$76,175
Contingency (10%)	\$138,500
Total Hard Costs	\$2,649,690

Soft Costs

Finance Fee (1%)	\$12,980
Development Fee (5%)	\$82,485
Leasing Commission	\$17,365
Title Insurance	\$2,985
Mortgage Registration Tax	\$1,625
Misc Closing Costs	\$5,000
Legal	\$5,000
Environmental	\$7,500
Construction Period Interest	\$30,635
Architectural	\$70,000
Total Soft Costs	\$235,575

Total Uses	\$2,885,265
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(1) To the extent possible, Pillsbury United Communités would utilize the EZ funding of \$350,000 to be applied towards development costs, thereby reducing the Developer Equity to \$237,020.



**1101 West Broadway
20 Year Operating Pro Forma, Internal Rate of Return
November 28, 2005**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Net Operating Income (1)	\$126,130	\$128,022	\$129,942	\$131,891	\$133,870	\$135,878	\$137,916	\$139,985	\$142,085	\$144,216
Debt Service (2)	\$122,545	\$122,545	\$122,545	\$122,545	\$122,545	\$122,545	\$122,545	\$122,545	\$122,545	\$122,545
Cash Flow (3)	\$3,585	\$5,477	\$7,397	\$9,346	\$11,325	\$13,333	\$15,371	\$17,440	\$19,539	\$21,671
Cash-on-Cash Return Excluding EZ Funds (4)	0.61%	0.93%	1.26%	1.59%	1.93%	2.27%	2.62%	2.97%	3.33%	3.69%
Cash-on-Cash Return Including EZ Funds (5)	1.51%	2.31%	3.12%	3.94%	4.78%	5.63%	6.49%	7.36%	8.24%	9.14%

	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	YEAR 21
Net Operating Income	\$146,379	\$148,575	\$150,803	\$153,065	\$155,361	\$157,692	\$160,057	\$162,458	\$164,895	\$167,368	\$169,879
Debt Service	\$95,510	\$95,510	\$95,510	\$95,510	\$95,510	\$95,510	\$95,510	\$95,510	\$95,510	\$95,510	\$95,510
Cash Flow	\$50,869	\$53,065	\$55,293	\$57,555	\$59,851	\$62,182	\$64,547	\$66,948	\$69,385	\$71,858	
Cash-on-Cash Return Excluding EZ Funds	8.67%	9.04%	9.42%	9.80%	10.20%	10.59%	11.00%	11.40%	11.82%	12.24%	
Cash-on-Cash Return Including EZ Funds	21.46%	22.39%	23.33%	24.28%	25.25%	26.23%	27.23%	28.25%	29.27%	30.32%	

Assumptions:

- (1) Annual Increase of 1.5%
- (2) Debt Year 1, 20 yr amt, 10 year term, 7.0% Interest \$1,298,245
 Debt Year 11, 20 yr amt, 10 yr term, 9.0% Interest \$871,865
- (3) See Stabilized Pro Forma
- (4) Developer Equity is \$587,020
- (5) Developer Equity is \$237,020 (Assumes EZ Funds of \$350,000)

Internal Rate of Return

Sales value in Year 20 is the capitalization of Year 21's Net Operating Income @ 10%, less the then outstanding debt of \$622,425, less a 3% cost of sales, producing Net Sale Proceeds of \$1,115,930.

IRR Excluding EZ Funds = 6.73%
IRR Including EZ Funds = 13.15%

**1101 West Broadway
Stabilized Operating Pro Forma
November 28, 2005**

Tenant	S.F.	TOTAL S.F.	RENT/S.F.	NET RENT	TOTAL NET RENT
PUC	5,920		\$11.00	\$65,120	
PUC basement	1,088		\$5.00	\$5,440	
PUC TOTAL		7,008			\$70,560
CCFCU	4,750		\$12.00	\$57,000	
CCFCU basement	1,632		\$5.00	\$8,160	
CCFCU TOTAL		6,382			\$65,160
Coffee Shop		905	\$5.00		\$4,525
GROSS INCOME		14,295			\$140,245
Less: Vacancy 6.5 %					<\$9,115>
EFFECTIVE GROSS INCOME					\$131,130
Less: Reserves					<\$5,000>
NET OPERATING INCOME					\$126,130
Less: Debt Service					<\$122,545>
CASH FLOW					\$3,585

PUC = Pillsbury United Communitites

CCFCU = City County Federal Credit Union



We are excited to propose a 90%+ pre-leased building. The tenant mix is in direct response to the wishes of the community as stated in the community meeting held in August. We have found the proposed lease rates to be comparable to new development in the area and agreeable to the proposed tenants. Attached please find letters of interest.

In addition to neighborhood requests, we believe that this proposal is supported by the following sections of the Minneapolis Plan:

The Market in the City

- 2.2 Minneapolis will support the existing economic base by providing adequate land and infrastructure to make city sites attractive to businesses willing to invest in high job density.
- 2.5 Minneapolis will focus resources and efforts on building a skilled and employable work force in livable wage occupations.
- 2.6 Minneapolis will focus resources and efforts on connecting residents to living wage jobs.
- 2.9 Minneapolis will strengthen long-term confidence in the economy by building innovative public to private sector partnerships.

Marketplaces: Neighborhoods

- 4.1 Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods.
- 4.4 Minneapolis will continue to provide a wide range of goods and services for city residents, to encourage the use and adaptive reuse of existing commercial buildings and to maintain and improve the quality of surrounding areas.

Finally, because the Emerson and West Broadway intersection is within a block of proposed BRT stations, and has traffic counts of over 20,000 cars per day, it is a prime candidate for additional transit oriented development. By focusing development around transit facilities the City can improve accessibility, support community and regional goals of enhancing the quality of life, and support the financial success of urban development.



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We believe that the social meaning of redeveloping 1101 West Broadway is an important step to a sustainable future for the City of Minneapolis. By contributing to this vibrant mixed-use neighborhood with a range of complementary uses, our development team looks forward to promoting local economic development for the long term.

Public benefits and neighborhood stewardship that will result from the development includes:

INCREASE JOB OPPORTUNITIES/CREATION OF NEW JOBS

Pillsbury United Communities (PUC)

PUC expects to create significant employment opportunities at 1101 West Broadway by bringing twenty-seven (27) full-time equivalent jobs to the site. Approximately one-third of these are expected to be North Minneapolis Empowerment Zone residents. These jobs include:

Director-level (4.0)	\$50,000 - \$75,000
Manager-level (5.0)	\$35,000 - \$49,999
Program-level (15.0)	\$28,000 - \$34,999
Admin/Support-level (3.0)	\$22,000 - \$32,000

PUC also anticipates that it will place a minimum of 700 North Minneapolis adults in jobs per year. At least 33% of these annual placements (233) will be Empowerment Zone residents. The job placements anticipated are 350 placements in long term or short term temporary positions via New U Temps, with wages ranging from \$7.00 – \$15.00 per hour; with projected average wages of 10.00 per hour. An additional 350 direct job placements will range from \$6.50 – \$20.00 with a projected average wage of \$10.50 per hour. These activities are supported by City of Minneapolis, Hennepin County, McKnight Foundation, State of Minnesota, Star Tribune, Graco, Prudential, Ameriprise, US Department of Housing and Urban Development (HUD).

City-County Federal Credit Union (CCFCU)

CCFCU expects to create a probable 7-8 employment positions with growth for additional 5-6 employees in the future. CCFCU has two shifts for all staff positions. Hours are Drive-up 7:30 - 6pm M-F, office 8am to 6pm M-F.

Branch Manager/Lender (1.0)	\$45,000
MSR (7.0)	\$27,000 - \$39,000
Receptionist (2.0)	\$22,000 - \$29,000
Lenders (4.0)	\$32,000 - \$46,000



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Coffee Shop/Deli

The coffee shop/deli plans on hiring four people comprised of three part-time and one full-time position.

Full-time (1.0)	\$14 per hour
Part-time (3.0)	\$8 per hour

Construction

Welsh estimates that there will be 13,000 hours of labor required for the project. Salary ranges will be from \$25,000 to \$72,000 depending on the trade (\$12 to \$35 per hour). Welsh Construction has an affirmative action registered in the state on MN and would be more than willing to define a specific plan with the City of Minneapolis on this project. Welsh is willing to target minority and women owned subcontractors on this project through the National Association of Minority Contractors of the Upper Midwest, and they are open to any additional suggestions or relationships made by the City of Minneapolis.

Invigorated Commercial and Business Center

Our team is committed to the West Broadway neighborhood and will make it a priority to hire from within the community.

Tax Base Enhancements

In addition to the economic development this project will bring to the area, the City Assessor estimates the taxable value of the property upon completion of the project will be approximately \$866,212. As these properties were previously owned by a government entity and therefore not generating property tax revenue, the sale of these properties to a private entity will enhance the tax base of the city by \$32,000 annually in property taxes.

Provisions of Retail Goods and Services

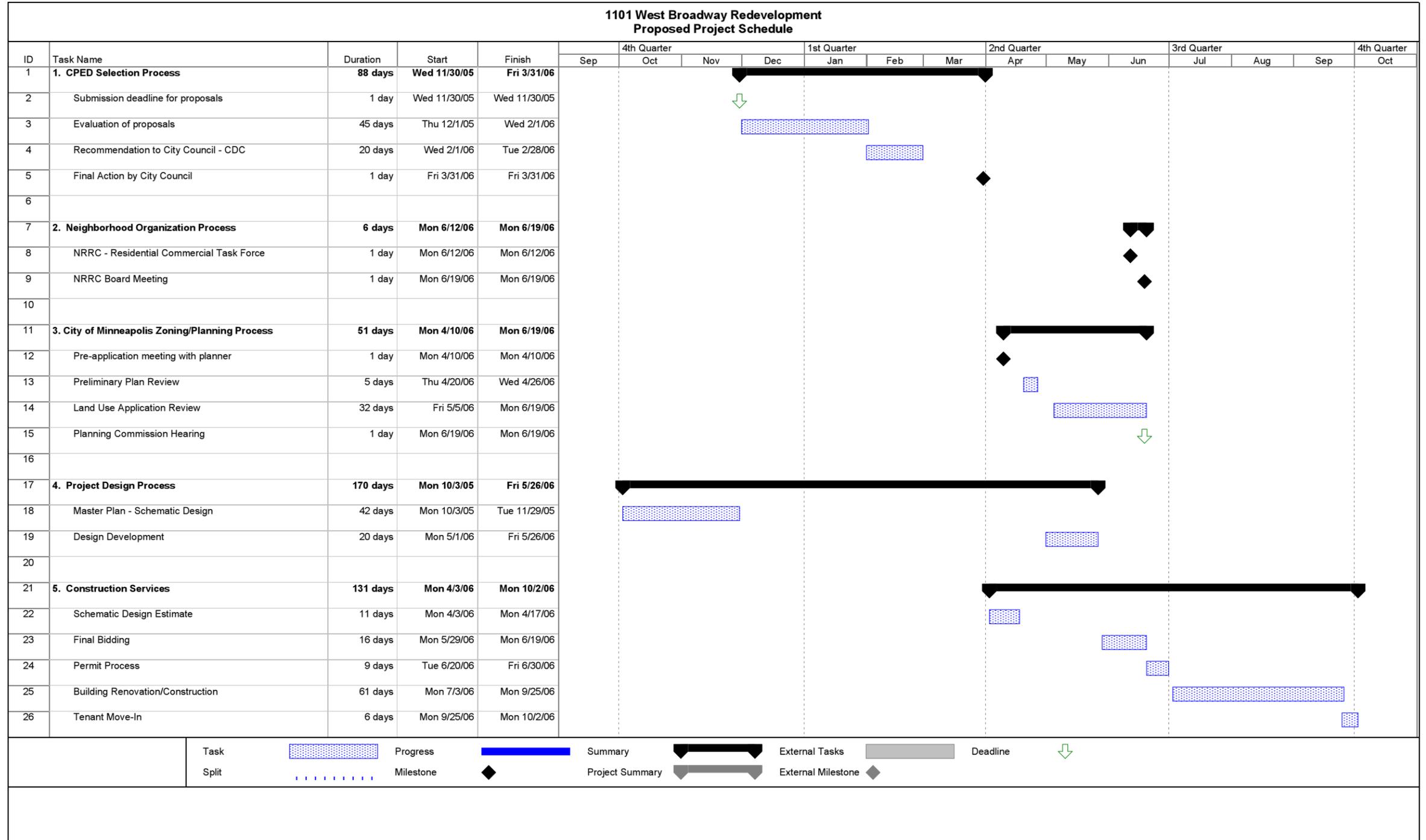
The proposed plan is expected to bring significant benefits to the community's commercial viability. When completed, the building will be returned to its original beauty, with an important new functionality. Its redevelopment will spur additional commercial and housing redevelopment on the avenue. The tenants will bring direct benefits to the community through the provision of community-focused financial services offered by the credit union, workforce services to develop and train employment-ready community residents and the social and economic benefits associated with housing a coffee shop/deli. The completed, fully-occupied building will increase the eyes on the street, improve the amount of lighting and help to foster a walkable neighborhood. Building tenants are expected to spend significant dollars on the avenue to support existing and future businesses. The selected tenants intend to be very active members of the community and are expected to be major contributors to neighborhood goals and objectives.



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Our team has the capacity to move quickly and thoroughly on this project of this scope and size. We will create an LLC, finalize construction numbers, and have financing in place within 60 days of final approval. Our team will work with you to move the project forward along an efficient and smooth critical path schedule to meet your timeline. Our linear design process is clearly defined with time for reflection, questioning and decision making.



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Attachment 3
Form of Consent for Release of Response Data

November 30, 2005

City of Minneapolis
Department of Community Planning and Economic Development
105 5th Avenue S.
Minneapolis, MN 55401

Re: 1101 West Broadway Request for Proposals
Consent for Release of Response Data

Mary Armstrong, on behalf of The Ackerberg Group, hereby consents to the release of its development proposal in response to the 1101 West Broadway Request for Proposals and waives any claims it may have under Minnesota Statutes Section 13.08 against the City of Minneapolis for making such information public. The foregoing consent and waiver does not extend to financial statements submitted under separate confidential cover.



Mary Armstrong, President



THE ACKERBERG GROUP

