

POTENTIAL TYPES OF REAL ESTATE TRANSACTIONS AT 3M

SPPA BROWNFIELD-BUSINESS CENTER MODEL

DEMO AND NEW CONSTRUCTION

POTENTIAL FOR PARCELS: 1, 2, 3, 4, 5

LAND	<ul style="list-style-type: none"> Port is only a land developer, not leasing agents, property managers, or building investors, past managed properties were REOs (repossessed properties) Williams Hill & Westminster junction developed in this manner Public sector cleans up pollution to most marketable commercial/industrial levels and corrects geotechnical and infrastructure Port would re-plat (create smaller lots) from what we now call parcels Port would enact protective covenants that run with the land - related to design, construction & maintenance [Economic Development Criteria] Private business buys land lot for \$1
BUILDINGS	<ul style="list-style-type: none"> Business end-users likely are everything from green/high-tech mfg to medical office (see production matrix) Businesses agree to build at minimum of \$70/sf construction cost [Economic Development Criteria] Must build at least 35% building to buildable land coverage (high compared to suburban ind'l developments) [Economic Development Criteria]
JOBS	<ul style="list-style-type: none"> Must sign 10 year workforce agreement (WFA) [Economic Development Criteria] Current port wage policy is minimum \$11/hour + benefits [Economic Development Criteria] Current minimum is 1 job per 1,000 sf of bldg, historical average is around 1.7 jobs/1,000 sf [Economic Development Criteria] WFA must show also job creation over 10 years [Economic Development Criteria] WFA includes penalties of up to \$3,000 per job per year for non-compliance [Economic Development Criteria] Goal of 70% of new hires from City of Saint Paul, with double credit for neighborhood residents [Economic Development Criteria] Annual compliance reporting required (hires, location of hires, wages, good faith efforts, etc) [Economic Development Criteria]

LAND SALE TO PRIVATE/PUBLIC DEVELOPER

BUILDING REUSE

POTENTIAL FOR PARCELS: 2, 3

LAND	<ul style="list-style-type: none"> If a building is identified for reuse, Port Authority could sell that building for \$1 Site & building conveyed as-is Public sector improves infrastructure in public right-of-way
BUILDINGS	<ul style="list-style-type: none"> Port would enact protective covenants that run with the land - related to design, construction & maintenance Private developer responsible for financing abatement, retrofit and re-tenancing costs Private developer recoups those costs through market rents or unit sales (income versus expenses are detailed in a "pro forma") Or, a private business buys a building on same terms as above as alternative to spending on new building construction
JOBS	<ul style="list-style-type: none"> Economic development criteria (above) would be applied Workforce agreements, as above, would apply City/HRA compliance may apply (Vendor Outreach, Living Wage, Affirmative Action, etc.)

LAND SALE TO PRIVATE/PUBLIC DEVELOPER

NEW CONSTRUCTION

POTENTIAL FOR PARCELS: 1, 6, 7, 8, 9

LAND	<ul style="list-style-type: none"> Port authority sells land at market rate to private developer Proceeds from land sale used to offset Port project costs across entire site
BUILDINGS	<ul style="list-style-type: none"> Private developer would build new building Port would enact protective covenants that run with the land - related to design, construction & maintenance Could include the commercial, retail or housing uses shown on development concepts
JOBS	<ul style="list-style-type: none"> May include Port workforce agreement City/HRA compliance may apply (Vendor Outreach, Living Wage, Affirmative Action, etc.)

TYPICAL REDEVELOPMENT PROJECT COST TYPES

COST TYPE	ACTIVITY	FUNDING	ENTITY	ELIGIBLE SOURCES
Acquisition	Land purchase, due diligence, taxes, title work/insurance	Public	Port/City	Project bonds, TIF
Carry costs	Property taxes, interest on financing, maintenance (bldgs & landscape, fencing, security, etc)	Public	Port/City	Project bonds, TIF
Mothballing	Removal of flammables, changes to fire suppression, changes to hvac, security, etc	Public	Port/City	Project bonds, TIF
Demolition	Building demolition, parking lots/streets/utilities, interior demo	Renovation: Private	Developer	Bank financing/equity
		Demolition: Public	Port/City	Project bonds, TIF
Abatement	Asbestos abatement, removal of lead paint & other hazardous	Renovation: Private	Developer	Bank financing/equity
		Demolition: Public	Port/City	Project bonds, TIF
Environmental	Soil, groundwater, soil vapor, and other contamination cleanup, installation of vapor barriers & venting systems	Public (primary)	Port/City	EPA RLF, DEED contam cleanup, Project bonds, TIF
Geotechnical	Geo-piers, piling, excavate/recompact, and dynamic compaction	Public (primary)	Port/City	EPA RLF, DEED contam cleanup, Project bonds, TIF
Infrastructure	Roads, sidewalks, utilities, site improvements, streetscape elements/furniture	Public (primary)	Port/City	EPA RLF, DEED contam cleanup, Project bonds, TIF
Building retrofit	Multi-tenanting, access, parking, utilities, restrooms, elevators, tenant improvements/interior build out, etc	Reuse: Private	Developer	Bank financing/equity, historic tax credits
		Reuse: Private	Lessee	Bank financing/equity, historic tax credits
		Structured Parking: Public	Port/City	Project bonds, TIF
New construction	Building construction	Private	Developer/end-user	Bank financing/equity

* "Project bonds" refers to bonds issued by the Port Authority and backed by a general obligation of the City:
Total Amount = \$16,000,000 (additional bonding is not expected)

* Estimate of public sector Total Project Costs as of June 3, 2009 (not including Building Retrofit)
Scenario 5 = \$23,800,000 Scenario 6 = \$25,100,000

LAND SALE TO PRIVATE/PUBLIC DEVELOPER

BUILDING 14 & 20

REUSE AS PARKING RAMP

PARCEL 3 (SCENARIO 5)

YEARS 0-2

CURRENT ESTIMATES

COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUNDS
Acquisition	\$ 391,000	0	Port/City	Project bonds, TIF
Carry Costs	\$ 116,000	0	Port/City	Project bonds, TIF
Mothballing	\$ 100,000	0	Port/City	Project bonds, TIF
Demolition	0	0		
Abatement	\$ 146,000	0	Port/City	Project bonds, TIF
Environmental	0	0		
Geotechnical	0	0		
Infrastructure	\$ 494,000	0	Port/City	Project bonds, TIF
Building Retrofit	\$ 21,720,000	0	Port/City	Project bonds, TIF
Tenant Improvements	0	0		
New Construction	0	0		
Total Project Costs	\$ 22,967,000	0		

SPPA BROWNFIELD-BUSINESS CENTER MODEL

BUILDING 99

DEMO & NEW CONSTRUCTION

PARCEL 5 (SCENARIO 6)

CURRENT ESTIMATES

COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUNDS
Acquisition	\$ 1,085,000	0	Port/City	Project bonds, TIF
Carry Costs	\$ 91,000	0	Port/City	Project bonds, TIF
Mothballing	0	0	Port/City	Project bonds, TIF
Demolition	\$ 1,143,000	0	EPA, DEED	RLF, TBRA
Abatement	\$ 190,000	0	EPA, DEED	RLF, TBRA
Environmental	\$ 2,226,000	0	EPA, DEED	RLF, TBRA
Geotechnical	\$ 496,000	0	Port/City	Project bonds, TIF
Infrastructure	\$ 2,000,000	0	EDA, Port/City	Project bonds, TIF
Building Retrofit - Vanilla Shell	0	0		
Tenant Improvements	0	0		
New Construction	0	\$ 12,000,000		Bank fin./Equity
Total Project Costs	\$ 7,231,000	\$ 12,000,000		

LAND SALE TO PRIVATE/PUBLIC DEVELOPER

NEW CONSTRUCTION (VACANT LAND)

PARCEL 6 (SCENARIO 5)

CURRENT ESTIMATES

COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUNDS
Acquisition	\$ 323,000	0	Port/City	Project bonds, TIF
Carry Costs	\$ 50,000	0		
Mothballing	0	0		
Demolition	0	\$ 181,000	Developer	Bank fin./Equity
Abatement	0	0		
Environmental	0	\$ 316,000		Bank fin./Equity
Geotechnical	0	\$ 285,000		Bank fin./Equity
Infrastructure	0	\$ 97,000		Bank fin./Equity
Building Retrofit - Vanilla Shell	0	0		
Tenant Improvements	0	0		
New Construction	0	\$ 3,750,000		Bank fin./Equity
Total Project Costs				

REUSE

BUILDING 24

PARCEL 2

	COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUNDS
	Acquisition	\$ 1,155,000			3M Bonds
	Cary Costs	\$ 100,000			3M Bonds
	Mothballing	\$ 50,000			3M Bonds
	Demolition				
	Abatement		\$ 375,000	Developer	
	Environmental				
	Geotechnical				
	Infrastructure	??? LOUCKS	\$ 250,000	Developer	3M Bonds
	Building Retrofit - Vanilla Shell		\$ 13,250,000	Developer	Not eligible for historic tax credits, T
	Tenant Improvements		\$ 5,000,000	Tenant	
	New Construction				
	Total Project Costs	\$ 1,305,000	\$ 18,875,000		

DEMO AND NEW CONSTRUCTION

BUILDING 24

PARCEL 2

	COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUNDS
	Acquisition	\$ 1,155,000			3M Bonds
	Cary Costs	\$ 100,000			3M Bonds
	Mothballing	\$ 50,000			3M Bonds
	Demolition				
	Abatement		\$ 375,000	Developer	
	Environmental				
	Geotechnical				
	Infrastructure	??? LOUCKS	\$ 250,000	Developer	3M Bonds
	Building Retrofit - Vanilla Shell		\$ 13,250,000	Developer	Not eligible for historic tax credits,
	Tenant Improvements		\$ 5,000,000	Tenant	
	New Construction				
	Total Project Costs	\$ 1,305,000	\$ 18,875,000		

P2 / BLDG 24		REUSE SCENARIO (4) - YEAR 0-2			
COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUNDS	
ACQUISITION	\$ 1,155,000	\$ -		3M BONDS	
CARRY COSTS	\$ 100,000	\$ -		3M BONDS	
MOTHBALLING	\$ 50,000	\$ -		3M BONDS	
DEMOLITION	\$ -	\$ -			
ABATEMENT (reuse)	\$ -	\$ 375,000	DEVELOPER		
ENVIRONMENTAL	\$ -	\$ -			
GEOTECHNICAL	\$ -	\$ -			
INFRASTRUCTURE	??? LOUCKS	\$ 250,000	DEVELOPER	3M BONDS	
BUILDING RETROFIT ("VANILLA SHELL")	\$ -	\$ 13,250,000	DEVELOPER	NOT ELIGIBLE FOR HIST TAX CREDITS), TIF	
TENANT IMPROVEMENTS (T.I)	\$ -	\$ 5,000,000	TENANT		
NEW CONSTRUCTION	\$ -	\$ -			
TOTAL PROJECT COSTS	\$ 1,305,000	\$ 18,875,000			

P3 / BLDG 14+20		REUSE SCENARIO (PARKING RAMP) - YEAR 0-2			
COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUND	
ACQUISITION	\$ 680,000	\$ -			
CARRY COSTS	\$ 620,000	\$ -			
MOTHBALLING	\$ -	\$ -			
DEMOLITION	\$ -	\$ -			
ABATEMENT (reuse)	\$ 146,000	\$ -			
ENVIRONMENTAL	\$ -	\$ -			
GEOTECHNICAL	\$ -	\$ -			
INFRASTRUCTURE	??? (LOUCKS)	\$ -			
BUILDING RETROFIT ("VANILLA SHELL")	\$ 25,000,000	\$ -			
TENANT IMPROVEMENTS (T.I)	\$ -	\$ -			
NEW CONSTRUCTION	\$ -	\$ -			
TOTAL PROJECT COSTS	\$ 26,446,000	\$ -			

P2 / BLDG 24		DEMO & NEW CONSTRUCTION (LIGHT IND'L)			
COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUNDS	
ACQUISITION	\$ 1,155,000	\$ -		3M BONDS	
CARRY COSTS	\$ 100,000	\$ -		3M BONDS	
MOTHBALLING	\$ 50,000	\$ -		3M BONDS	
DEMOLITION	\$ -	\$ -			
ABATEMENT (reuse)	\$ -	\$ 375,000	DEVELOPER		
ENVIRONMENTAL	\$ -	\$ -			
GEOTECHNICAL	\$ -	\$ -			
INFRASTRUCTURE	??? LOUCKS	\$ 250,000	DEVELOPER	3M BONDS	
BUILDING RETROFIT ("VANILLA SHELL")	\$ -	\$ 13,250,000	DEVELOPER	NOT ELIGIBLE FOR HIST TAX CREDITS), TIF	
TENANT IMPROVEMENTS (T.I)	\$ -	\$ 5,000,000	TENANT		
NEW CONSTRUCTION	\$ -	\$ -			
TOTAL PROJECT COSTS	\$ 1,305,000	\$ 18,875,000			

P3 / BLDG 14/20		DEMO & NEW CONSTRUCTION (LIGHT IND'L)			
COST TYPE	PUBLIC COST	PRIVATE COST	SOURCE	ENTITY/FUND	
ACQUISITION	\$ 680,000	\$ -			
CARRY COSTS	\$ 100,000	\$ -			
MOTHBALLING	\$ -	\$ -			
DEMOLITION	\$ 2,900,000	\$ -			
ABATEMENT (DEMO)	\$ 136,000	\$ -			
ENVIRONMENTAL	\$ -	\$ -			
GEOTECHNICAL	\$ -	\$ -			
INFRASTRUCTURE	??? (LOUCKS)	\$ -			
BUILDING RETROFIT ("VANILLA SHELL")	\$ -	\$ -			
TENANT IMPROVEMENTS (T.I)	\$ -	\$ -			
NEW CONSTRUCTION	\$ -	\$ 3,600,000			
TOTAL PROJECT COSTS	\$ 3,816,000	\$ 3,600,000			