

PORT AUTHORITY OF THE CITY OF SAINT PAUL
[3M Main Plant Campus – Structurally Substandard Building Findings]

WHEREAS, the Port Authority of the City of Saint Paul (the “Port Authority”) believes that there is a potential need for the establishment of a Redevelopment Tax Increment District that would likely include the Parcel of land on which the building commonly known as Building 20 (the “Building”); and

WHEREAS, for safety reasons, the Port Authority intends to demolish the Building, as soon as possible, and prior to a determination as to whether a tax increment district can or should be created; and

WHEREAS, because Minn. Stat. Section 469.174, Subd. 10, states that, when establishing a Redevelopment District, a parcel of land may be treated as though it is improved with a structurally substandard building if (among other things) (a) the parcel was occupied by a structurally substandard building within three years of the request for certification of the Redevelopment District, (b) the substandard building was demolished or removed by the Port Authority or the demolition or removal was financed by the Port Authority or was done by a developer under a development agreement with the Port Authority, and (c) the Port Authority finds by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building and that after demolition and clearance the Port Authority intends to include the parcel within a Redevelopment District, it is important for the Port Authority to make certain factual findings supporting the inclusion of the Parcel on which the Building is located (the “Parcel”) in a Redevelopment Tax Increment District should one be created; and

WHEREAS, the Port Authority Board has reviewed the TIF Eligibility Assessment prepared by Compass Rose Inc. (“Compass Rose”) and attached as Exhibit A (the “Assessment”) related to the Parcel; and

WHEREAS, the Port Authority Board has also reviewed the opinion of Leonard, Street and Deinard attached hereto as Exhibit B to the effect that the findings made in the Assessment are based on a correct interpretation of applicable law; and

WHEREAS, the Credit Committee has reviewed and approved this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Saint Paul as follows:

1. The Port Authority hereby finds that, on the basis of visual inspections by Port Authority personnel and the Assessment, the Building is “structurally substandard” as defined by Section 469.174, Subdivision 10 of Minnesota Statutes.

2. The Port Authority hereby finds that the Building constitutes a public nuisance and danger and should be demolished.

3. The Port Authority hereby declares its intention to include the Parcel on which the Building is located in a Redevelopment Tax Increment District, after demolition of the Building, should the creation of such district be determined to be necessary and appropriate, and Port Authority management together with its advisors and legal counsel, are authorized to make arrangements for and proceed with the demolition of the Building.

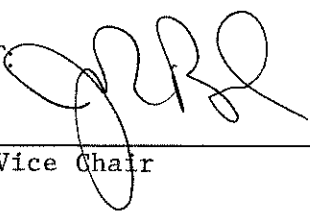
4. Port Authority management is hereby further authorized to provide for the advance of Port Authority or other funds, as needed, to pay costs that are necessary to complete demolition of the Building, and the remediation of the Parcel, and to provide for the repayment of any such advances, together with the amounts previously advanced for the acquisition of the Parcel and Building and related costs, from tax increment generated by any tax increment district that is created, or from other sources. In this regard, the Authority specifically authorizes an interfund loan of up to \$1,500,000, to be made at an interest rate of 50 basis points over the five year treasury rate, and to be repaid over a term not to exceed 25 years.

Adopted: April 24, 2012

PORT AUTHORITY OF THE CITY
OF SAINT PAUL

By Jean A. Gzywiniski
Its Chair

ATTEST



Vice Chair

Proposed Redevelopment

*Former St. Paul, MN 3M Campus
(Beacon Bluff Redevelopment)*

TIF Eligibility Assessment

Saint Paul Port Authority

Compass Rose No. STPPA003

April 6, 2012



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Proposed Redevelopment
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Appendix A Asset Detail Report on Building Condition (one per building)

Proposed Redevelopment

TIF Eligibility Assessment

Prepared for the Saint Paul Port Authority

1.0 Purpose

Compass Rose, Inc. (CR) was hired by the Saint Paul Port Authority to survey and evaluate a specific building within the former Saint Paul Campus of the 3M Corporation, now referred to as the Beacon Bluff Redevelopment project. The project was to document existing building conditions and to determine eligibility as it relates to current Minnesota Statutes for the establishment of a Redevelopment Tax Increment Financing (TIF) District.

Currently, the Saint Paul Port Authority has no defined TIF District boundary for the project area. The building assessed is located between Bush Ave, Forest St and Phalen Blvd at 881 Bush Ave.

The purpose of our work was to independently ascertain whether the building qualification tests for tax increment eligibility, as required under current Minnesota Statute, could be met.

The findings and conclusions drawn herein are solely for the purpose of tax increment eligibility for the buildings assessed and are not intended to be used outside the scope of this assessment.

2.0 Scope of Work

The assessment area consists of one Ramsey County property parcel currently occupied by the building. Our scope of work included the assessment of one of the buildings within the former Campus, commonly referred to as: Building 20.

The Building is classified primarily as mixed use and is comprised of Factory (F-1) and Storage (S-2).

3.0 Evaluations

Interior and exterior inspection was completed for the building within the Scope of Work.

4.0 Findings

Condition of Buildings Test – Our assessment work included the following building.

Building, Street Address	PIN	Percent of Code Deficiencies related to replacement costs
Bldg 20 Complex, 881 Bush Ave	28.29.22.33.0037	23.60%

The building met both the Conditions and Code tests to justify substantial renovation or clearance.

Please refer to the definition of “structurally substandard” as follows.

5.0 Conclusions- In our professional opinion, our surveying and evaluation of the building within the assessment area determined that **the building qualifies as an eligible structure** (structurally substandard) under the current statutory criteria and formulas for Redevelopment Tax Increment Financing District (State Statute 469.174 Subd. 10 (b) and (c)).

6.0 Supporting Documents Attached

- Site Occupied/Building Substandard Determination table
- Asset Detail Report on Building Condition (one per building)

7.0 Procedural Requirements

The properties were surveyed and evaluated in accordance with the following requirements under Minnesota Statute Section 469.174, Subdivision 10, clause (c) which states:

Interior Inspection – “The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

Exterior Inspection and Other Means – “An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property; and after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

Documentation – “Written documentation of the building findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1).”

8.0 Procedures to Follow to Meet Requirements

The Saint Paul Port Authority, as owners of the properties, provided access to the building within the assessment area. Compass Rose conducted the assessment on March 26, 2012. An interior and exterior inspection and evaluation was completed for the building within the Scope of Work.

For the subject building, we were provided copies of available building permit information on record for review by Compass Rose. These permits provide a basic description of type of work completed for each permit (Building, Electrical, or Plumbing, scope of work) and, in some cases, approximate value of work to be completed. Additionally, copies of police reports and building inspection reports were also provided for the building. Building data from these public records was combined with and reviewed against information gathered in the field Qualification Requirements.

The property was surveyed and evaluated to ascertain whether the qualification tests for tax increment eligibility for a redevelopment district, required under the following Minnesota Statutes, could be met.

Minnesota Statute Section 469.174, Subdivision 10, requires three tests for occupied parcels:

1. Coverage Test – “parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots or similar structures . . .”

Note: The coverage required by the parcel to be considered occupied is defined under Minnesota Statute Section 469.174, Subdivision 10, clause (e) which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.” .

For the purposes of this assessment, we were not contracted to complete the area coverage analysis of the Ramsey County property parcels. The Saint Paul Port Authority has, at this time, no defined TIF area boundary. It should

be noted that the parcel would meet the coverage requirements based on the building footprint (88,292 SF) compared to the parcel size (182,952 SF). This calculates to 48.25% exceeding the 15% coverage requirement.

2. Condition of Buildings Test – The term ‘structurally substandard’, as used in the preceding paragraph, is defined by a two-step test:

Conditions Test: Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, clause (b), a building is **structurally substandard** if it contains “defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

Code Test: Notwithstanding the foregoing, the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, clause (c) also provides that a building may not be considered structurally substandard if it: “. . . is in compliance with building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site.”

Based on the above requirements, the substandard determination of a particular building is a two-step process; therefore, the findings of each step are independent of each other and both steps must be satisfied in order for a building to be found structurally substandard. It is not sufficient to conclude that a building is structurally substandard solely because the Code Test is satisfied. It is theoretically possible for a building to require extensive renovation in order to meet current building codes but still not meet the main test of the Conditions Test.

Furthermore, deficiencies included in the Conditions Test may or may not include specific code deficiencies as listed in the Code Test. In many cases, specific building code deficiencies may well contribute to the data which supports satisfying the Conditions Test; conversely, it is certainly possible that identified hazards or other deficiencies which could be included in the Conditions Test do not necessarily constitute current building code deficiencies. By definition, the nature of the two steps is slightly different. The Conditions Test is more *subjective*, whereas the Code Test is an *objective* test. Conditions Test deficiencies are less technical and not necessarily measurable to the same extent of the code deficiencies in the Code Test. To the end that technical, measurable building code deficiencies support the satisfaction of the less technical Conditions Test, the following code requirements are defined in terms that go beyond the technical requirements of the code and demonstrate their relevance in terms of “. . . deficiencies in essential utilities and facilities, light and ventilation, etc. . .”

International Building Code (IBC): The purpose of the IBC is to provide minimum standards to safeguard public health, safety and general welfare through structural strength, means of egress facilities, stability, sanitation, adequate light and ventilation, energy conservation, and safety to life and property from fire and other hazards attributed to the built environment (IBC 101.3). A deficiency in the building code (insufficient number of building exits, insufficient door landing area, etc.) adversely affects one or more of the above standards to safeguard ‘public health . . .and safety to life’; therefore, a deficiency in the building code is considered a deficiency in one or more “essential utilities and facilities, light and ventilation, etc.”.

Minnesota Accessibility Code, Chapter 1341: This chapter sets the requirements for accessibility all building occupancies. The Minnesota Accessibility Code closely follows ANSI 117.1 (2003), which sets the guidelines for accessibility to places of public accommodations and commercial facilities as required by the Americans with Disabilities Act (ADA) of 1990. The ADA is a federal anti-discrimination statute designed to remove barriers that prevent qualified individuals with disabilities from enjoying the same opportunities that are available to persons without disabilities (ADA Handbook). Essentially, a deficiency in the accessibility code (lack of handrail extension at stairs or ramp, lack of clearance at a toilet fixture, etc.) results in a discrimination against disabled individuals; therefore, a deficiency in the accessibility code is considered a deficiency in “essential utilities and facilities”.

Minnesota Rules/Manufactured Homes, Chapter 1350: This chapter sets the requirements for manufactured homes and closely follows the Federal Manufactured Home Construction and Safety Standards. The standards provide additional safety requirements for residents in these structures. A deficiency in this code would consist of improper installation or lack of seals.

Minnesota Food Code, Chapter 4626: This chapter is enforced by the Minnesota Department of Health and is similar to the IBC in that it provides minimum standards to safeguard public health in areas of public/commercial food preparation. A deficiency in the food code (lack of non-absorbent wall or ceiling finishes, lack of hand sink, etc.) causes a condition for potential contamination of food; therefore, a deficiency in the food code is considered a deficiency in “essential utilities and facilities”.

National Electric Code (NEC): The purpose of the NEC is the practical safeguarding of persons and property from hazards arising from the use of electricity. The NEC contains provisions that are considered necessary for safety (NEC 90-1 (a) and (b)). A deficiency in the electric code (insufficient electrical service capacity, improper wiring, etc.) causes a hazard from the use of electricity; therefore, a deficiency in the electric code is considered a deficiency in “essential utilities and facilities”.

International Mechanical Code (IMC): The purpose of the IMC is to provide minimum standards to safeguard life or limb, health, property and public

welfare by regulating and controlling the design, construction, installation, quality of materials, location, operation, and maintenance or use of mechanical systems (IMC 101.3). The IMC sets specific requirements for building ventilation, exhaust, intake and relief. These requirements translate into a specified number of complete clean air exchanges for a building based on its occupancy type and occupant load. A deficiency in the mechanical code adversely affects the 'health . . . and public welfare' of a building's occupants; therefore, a deficiency in the mechanical code is considered a deficiency in "light and ventilation".

Note: The above list represents some of the more common potential code deficiencies considered in the assessment of the buildings in the proposed district. This list does not necessarily include every factor included in the data used to satisfy Step 1 for a particular building. Refer to individual building reports for specific findings.

Finally, the tax increment law provides that the municipality or authority may find that a building is not disqualified as structurally substandard under the Code Test on the basis of "reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. Items of evidence that support such a conclusion [that the building is structurally substandard] include recent fire or police inspections, on-site property appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

9.0 Measurements Against Technical Test Requirements

Condition of Building Test

Replacement Cost – the cost of constructing a new structure of the same size and type on site:

R. S. Means Square Foot Costs (2012) was used as the industry standard for base cost calculations. *R. S. Means* is a nationally published reference tool for construction cost data. Costs are updated yearly and establish a "national average" for materials and labor prices for all types of building construction. The base costs derived from *R. S. Means* were reviewed, and modified if applicable, against our professional judgment and experience.

A base cost was calculated by first establishing building type, building construction type, and construction quality level (residential construction) to obtain the appropriate Means cost per square foot. This cost was multiplied times the building square footage to obtain the total replacement cost for an individual building. Additionally, to account for regional/local pricing, a cost factor was added to the total cost according to *R.S. Means* tables. Using *R. S. Means*, consideration is made for building occupancy, building size, and construction type; therefore, the cost per square foot used to construct a new structure will vary accordingly.

Building Deficiencies: Conditions Test (Condition Deficiencies) – determining the combination of defects or deficiencies of sufficient total significance to justify substantial renovation or clearance.

On-Site evaluations - Evaluation of the building was made by reviewing available information from available records and making interior and/or exterior evaluations, as noted, sometimes limited to public spaces. Deficiencies in structural elements, essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, were noted by the evaluator. Condition Deficiencies may or may not include Code Deficiencies as defined below. Energy code compliance was not considered for the purposes of determining Condition Deficiencies. Deficiencies were combined and summarized for the building in order to determine their total significance.

Building Deficiencies: Code Test (Code Deficiencies) – determining technical conditions that are not in compliance with current building code applicable to new buildings and the cost to correct the deficiencies:

On-Site evaluations - Evaluation of the building was made by reviewing available information from available records and making interior and/or exterior evaluations, as noted, sometimes limited to public spaces. On-site evaluations were completed using a standard checklist format. The standard checklist was derived from several standard building code plan review checklists and was intended to address the most common, easily identifiable code deficiencies. Mechanical Engineers, Electrical Engineers, and Building Code Officials were also consulted in the development of the checklist.

Deficiencies are generally grouped into the following categories (category names are followed by its applicable building code):

- Building accessibility – Minnesota Accessibility Code
- Building egress, building construction – International Building Code
- Fire protection systems – International Building Code
- Food service – Minnesota Food Code
- HVAC (heating, ventilating, and air conditioning) – International Mechanical Code
- Electrical systems – National Electric Code and Minnesota Energy Code
- Energy code compliance – Minnesota Energy Code

For the purposes of determining the Code Test (Code Deficiencies), Energy code compliance is relevant because its criteria affect the design of integral parts of a majority of a building's systems. The intent of these criteria is to provide a means for assuring building durability, and permitting energy efficient operation (7676.0100). The energy code addresses general building construction (all forms of energy transmission in an exterior building envelope – walls, roofs, doors and windows, etc.) and energy usage by lighting and mechanical systems. A deficiency in the energy code (inadequate insulation, non-insulated window systems, improper air infiltration protection, etc.) reduces energy efficient operation and adversely affects building system durability; therefore, a deficiency in the energy code is considered to contribute to a condition requiring substantial renovation or clearance.

Office evaluations – Following the on-site evaluation, the building was then reviewed, based on on-site data, age of construction, building usage and occupancy, square footage, and known improvements (from building permit data), and an assessment was made regarding compliance with current mechanical, electrical, and energy codes. A basic code review was also completed regarding the potential need for additional egress (basement stairways, for example), sprinkler systems, or elevators.

Deficiency Cost – Costs to correct identified deficiencies were determined by using *R. S. Means Cost Data* and our professional judgment and experience. Our VFA partner Internet website has a real-time link to the *R. S. Means Cost Data*. In general, where several items of varying quality were available for selection to correct a deficiency, an item of average cost was used, as appropriate for typical commercial or residential applications. Actual construction costs are affected by many factors (bidding climate, size of project, etc.). Due to the nature of this assessment, we were only able to generalize the scope of work for each correction; that is to say that detailed plans, quantities, and qualities of materials were not possible to be known. Our approach to this matter was to determine a preliminary cost projection suitable to the level of detail that is known. This process was similar to our typical approach for a cost projection that may be given to an owner during a schematic design stage of a project.

Costs to correct deficiencies were computed for the building and compared to the building replacement cost to determine if the 15% requirement was met. Each individual Asset Summary Report contains the Requirements Index. The Requirements Index is the ratio of Requirements (Code Deficiencies) divided by current replacement value.

Technical Conditions Resources – the following list represents the current building codes applicable to new buildings used in the Building Deficiency review:

2007 Minnesota State Building Code
2006 International Building Code

2006 International Residential Code
MN 1341 – Minnesota Accessibility Code, Chapter 1341
(2007)
MN 1350 – Minnesota Rules/ Manufactured Homes, Chapter
1350 (2007)
2007 Minnesota Energy Code, Chapters 7672, 7674, or 7676
2005 National Electric Code
2000 International Mechanical Code

List of Tables
Site Occupied/Building Substandard Determination

SITE OCCUPIED/BUILDING SUBSTANDARD DETERMINATION
ST. PAUL PORT AUTHORITY
BEACON BLUFF REDEVELOPMENT
REDEVELOPMENT ELIGIBILITY ASSESSMENT

PARCEL NUMBER	TYPE OF OCCUPATION	TOTAL # BUILDINGS	# SUBSTANDARD
28.29.22.33.0037	FACTORY/STORAGE	1	1
TOTALS		1	1
PERCENTAGES			100.00%

Appendix A

Asset Detail Report on Building Condition (one per building)

Client: STPPA
 Project STPPA0003
 Number:

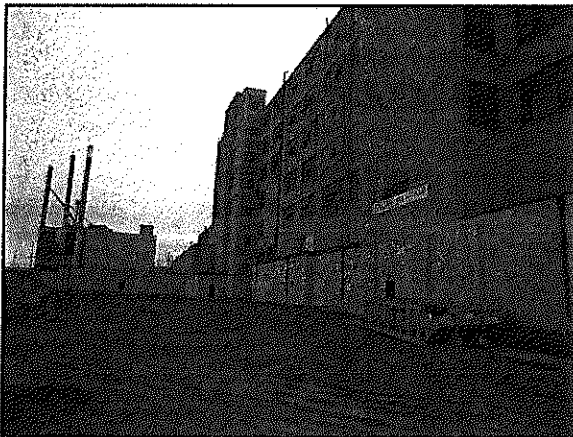
Asset Name: Bldg 20 Complex
 Asset Number: 1

STATISTICS

FCI Cost:	5,140,218	FCI:	0.10
Total Requirements Cost :	12,196,275	RI:	0.24

Current Replacement Value	51,664,139	Address 1	881 Bush Ave
Size	478,815 SF	Address 2	-
Year Constructed	1910	City	St Paul
Year Renovated	1937	State/Province/Region	MN
Commission Date	-	Zip/Postal Code	55106
Decommission Date	-	Architect	-
Ownership	-	Historical Category	-
Floors	7	Construction Type	IBC - Type 2B
Type	Building	Use	Manufacturing

PHOTO



Overview

ASSET DESCRIPTION

MAP ID # NA

PID # 28.29.22.33.0037

Parcel Name Bldg 20 Complex

Inspector CK

Inspection Date 3/26/2012

Survey Method INTERIOR/EXTERIOR

All costs in USD.



Bldg Occupancy FACTORY/STORAGE

Bldg Type F-1/S-2

Wall Construction BRICK/BLOCK

Roof Construction Steel/EPDM

Stories 6

Basement (Y/N) Y

Story-Height 12

Floor Area 88,292

Building Area 478,815

Year Built 1910

Sprinklered Y

Elevator N

Report on Building Condition

Building ID/Business Name/Address: 881 Bush Ave

Satisfies Conditions Test for Structurally Substandard Building: Y

Satisfies Code Test for Structurally Substandard Building: Y

Structurally Substandard Building (Y/N): Y

Conditions Test

Under the tax increment law, specifically, Minnesota Statutes, Section 469.174, Subdivision 10, a building is structurally substandard if it contains defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

The above building, based upon actual interior and exterior inspection and review of building permit records, exhibits the following deficiencies that contribute to justifying substantial renovation or clearance:

Structural Elements:

Defects in exterior building shell: Masonry foundation wall and brick show evidence of settlement cracks. Windows are broken and boarded. Height of structure is 2 stories higher than allowed by code.

Essential Utilities & Facilities:

Deficient in facilities for disabled: lack of maneuvering clearance and accessible features at stairs and entry, no passenger elevators, toilet and shower areas and not provided at every other floor.

Light & Ventilation

Deficient in meeting Mechanical code: for building construction prior to 1989, mechanical systems do not provide sufficient number of air exchanges;

Deficient in meeting Electrical code: receptacle locations, receptacle types, and wiring are non-compliant with current building code.

Fire Protection/Egress

All costs in USD.

Deficient interior enclosed stairway: rise/run dimensions, handrail height, grip, extensions and guardrails. Structure requires the addition of an enclosed stairway. Rated construction is inconsistent and no visual or audio alarms.

Layout/Condition of Interior Partitions

Chipped and/or damaged drywall in numerous locations. Flooring is damaged and inconsistent. Layout exhibits obsolescence.

Similar Factors

Defects in exterior building shell: Window frames need paint, sills are in various stages of rotting paint peeling; roof leakage problem exists; water-damaged ceiling areas need to be replaced; aged and damaged exterior doors. Asbestos and lead hazards have not been identified but may be present.

Code Test

Notwithstanding the foregoing, the tax increment law also provides that a building may not be considered structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the current building code at a cost of less than 15% of the cost of constructing a new building of the same square footage and type on the same site.

Estimated cost of new building of same size and type (Total Replacement Cost): \$51,664,139

Estimated cost of correction of code deficiencies (Total Deficiency Cost): \$12,196,275 Percentage of Code Deficiency to Replacement Cost: 23.60%

Refer to the following requirements for documentation of specific code deficiencies.

REQUIREMENTS

Requirement Name	Prime System	Category	Priority	Action Date	Cost
Access Ext - No exterior accessible route (that does not require use of stairs) from site access to building entrance - MN 1341.0422	-	Building Code	TIF Requirement	03/26/2013	3,902
Access Int - Building occupancy of floor (greater than 30 occupants) above or below level of access requires installation of an elevator - MN 1341.0405	-	Building Code	TIF Requirement	03/26/2013	261,632
Access Int - Door on an interior accessible route without lever handle or loop-style hardware - MN 1341.0442	-	Building Code	TIF Requirement	03/26/2013	6,012
Access Int - Drinking fountain without spout at 36" max. height and 27" min. knee clearance - MN 1341.0446	-	Building Code	TIF Requirement	03/26/2013	21,692

All costs in USD.

Requirement Name	Prime System	Category	Priority	Action Date	Cost
Access Int - Less than 5% of public/common use sales/service counter/window at 36" max. above the floor or 36" min. width - MN 1341.0720	-	Building Code	TIF Requirement	03/26/2013	7,100
Access Int - Public/common use room without sink at 34" max. height and 29" min. clear knee space below - MN 1341.0464	-	Building Code	TIF Requirement	03/26/2013	5,574
Access Int - Toilet room accessibility improvements due to noncompliant clearances at fixtures or doors, and heights of fixtures (minor remodeling)- MN 1341.0454	-	Building Code	TIF Requirement	03/26/2013	98,612
Access Int - Toilet room door without required maneuvering clearance at (interior) door approach - MN 1341.0442	-	Building Code	TIF Requirement	03/26/2013	6,131
Access Int - Toilet room without plumbing insulation/covering for lavatory - MN 1341.0454	-	Building Code	TIF Requirement	03/26/2013	1,442
Bldg Const - Building does not meet height and area requirements - IBC 503.1	-	Building Code	TIF Requirement	03/26/2013	951,848
Bldg Const - Building requires seperation of occupancies - IBC 302.3.3	-	Building Code	TIF Requirement	03/26/2013	31,488
Bldg Const - Glazing not tempered along walkway- IBC 2406.2	-	Building Code	TIF Requirement	03/26/2013	2,937
Egress - Building occupancy of basement or stories other than the first story requires installation of an additional egress stairway - IBC 1005.2.1	-	Life Safety	TIF Requirement	03/26/2013	311,107

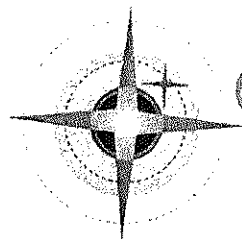
All costs in USD.

Requirement Name	Prime System	Category	Priority	Action Date	Cost
Egress - Door on an interior egress route without required fire rating - IBC 714.2.3	-	Building Code	TIF Requirement	03/26/2013	28,390
Egress - Flight of stairs with noncompliant rise/run (7" max. rise/11" min. run) (residential exception: 7.75" max. rise/10" min. run) - IBC 1003.3.3.3	-	Life Safety	TIF Requirement	03/26/2013	404,536
Egress - Steel grate flight of stairs with noncompliant rise/run (7" max. rise/11" min. run) (residential exception: 7.75" max. rise/10" min. run) - IBC 1003.3.3.3	-	Life Safety	TIF Requirement	03/26/2013	51,422
Egress - Stair flight or landing with noncompliant guardrail (42in min. height, 4in or 21in min. spacing between intermediate rails) (residential exception = 34in - 38in height) - IBC 1003.2.12	-	Building Code	TIF Requirement	03/26/2013	45,608
Elec Com - For building construction prior to 1980, existing lighting systems do not conform to maximum allowable energy use (lights consume too much energy in terms of watts/s.f.) - MN 7676	-	Energy	TIF Requirement	03/26/2013	2,647,847
Elec Com - Upgrade fire alarm system for UFC, NFPA and ADA requirements	-	Life Safety	TIF Requirement	03/26/2013	209,303
Elec Res - Upgrade egress and emergency lighting for NFPA Life Safety Code (NFPA 101)	-	Life Safety	TIF Requirement	03/26/2013	8,919
Energy - Total above grade wall area in square feet with insufficient R-value	-	Energy	TIF Requirement	03/26/2013	1,067,282
Energy - Total attic/roof area in square feet with insufficient R-value	-	Energy	TIF Requirement	03/26/2013	1,026,150

All costs in USD.

Requirement Name	Prime System	Category	Priority	Action Date	Cost
Energy - Total foundation wall area in square feet with insufficient R-value	-	Energy	TIF Requirement	03/26/2013	43,759
Energy - Window exceeds thermal transmittance standards (window glazing is non-insulated) - MN 7672.0800, MN 7676.0700	-	Energy	TIF Requirement	03/26/2013	2,271,019
HVAC Com - For building construction prior to 1989, building electrical systems are not sufficient to handle additional mechanical units associated with increased air exchanges	-	Building Code	TIF Requirement	03/26/2013	1,192,249
HVAC Com - For building construction prior to 1989, mechanical systems do not provide sufficient number of air exchanges	-	Building Code	TIF Requirement	03/26/2013	1,490,312
				Total	12,196,273

All costs in USD.



COMPASS**rose** inc.

Mapping a profitable, sustainable future

LEONARD
STREET
AND
DEINARD

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612-335-1657 FAX

Robyn Hansen
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April 17, 2012

Port Authority of the City of Saint Paul
1900 Landmark Towers
345 St. Peter Street
Saint Paul, MN 55102-1661

Re: TIF Eligibility Assessment for Beacon Bluff

The Port Authority of the City of Saint Paul (the "Port Authority") is proposing to create a Redevelopment Tax Increment District pursuant to Section 469.174, Subd. 10 of Minnesota Statutes. The proposed district will include the parcel generally located at 881 Bush Avenue in Saint Paul, Minnesota (the "Parcel"). The Parcel is currently occupied by a building commonly known as Building 20 (the "Building").

Before creating a Redevelopment Tax Increment District, the Port Authority must make the following factual findings:

- (1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures, and in order to be treated as occupied for this purpose, at least 15% of the area of the Parcel must contain buildings, streets, utilities, paved or gravel parking lots or other similar structures; and
- (2) more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

We will refer to the first finding as the "Coverage Test" and the second finding as the "Condition of Improvements Test." Based on our review of the TIF Eligibility Assessment prepared by Compass Rose, Inc. (the "Consultant") dated April 6, 2012, (the "Assessment"), we believe the Port Authority has a sound basis for determining the Parcel is occupied and that the Building is structurally substandard.

Coverage Test

Based on our discussions with you and on the Assessments and other information to be provided to the Port Authority Board, we understand that the following facts apply to the Parcel:

- (a) There is only one tax parcel.
- (b) More than 15% of the surface area of the Parcel located at 881 Bush Avenue contains improvements.

Based on these facts, the Port Authority has a sound basis for finding that the Parcel located at 881 Bush Avenue meets the statutory 15% coverage test. Once the Port Authority identifies the area to be included in a Redevelopment Tax Increment District, it will have to be shown that the tax parcels to be included in the District, and containing improvements, constitute more than 70% of the total area of the District.

Condition of Improvements Test

To create a redevelopment tax increment district, the Port Authority must find that more than 50% of the buildings located within the proposed district are “structurally substandard to a degree requiring substantial renovation or clearance.” *Minn. Stat. § 469.174, Subd. 10(a)(1)*. To be structurally substandard the building must contain “defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.” *Minn. Stat. § 469.174, Subd. 10(b)*. In addition, no building can be considered structurally substandard if it is in compliance with the building code applicable to new buildings or can be modified to satisfy such building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the site. *Minn. Stat. § 469.174, Subd. 10(c)*.

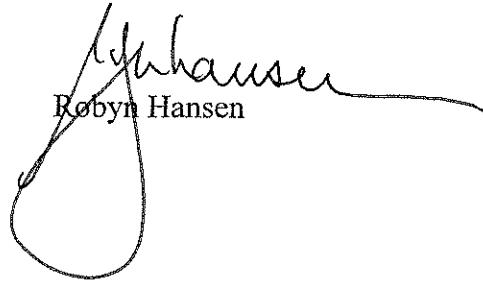
The Parcel contains only the Building identified above. In the Assessment, the Consultant has, concluded that the Building is structurally substandard in that it contains structural deficiencies and other deficiencies of the kind outlined in the statute which, in total, justify substantial renovation or clearance of such Building. In addition, the Consultant has determined that the Building does not comply with the building code applicable to new buildings and that the cost of modifying the Building to comply with code requirements would exceed 15% of the cost of constructing a new building. In reaching these conclusions Consultant has correctly stated the statutory requirements as interpreted by recent case law.

We believe the Assessment unambiguously supports the conclusion that the Building located on the Parcel is structurally substandard. We therefore believe that, based on the Assessment, the Port Authority has a sound basis for finding that the Parcel meets the Condition of Improvements Test.

Please let us know if we can be of any further assistance.

Very truly yours,

LEONARD, STREET AND DEINARD
Professional Association



Robyn Hansen