

October 12, 2007

Hickory Hurie
City of Madison
Community Development Office
Room 280, Madison Municipal Building
215 Martin Luther King, Jr. Blvd.
Madison, WI 53701

Dear Hickory:

Please find enclosed our Application for Neighborhood and Community Development Funds for our acquisition and rehabilitation of Nob Hill Apartments.

We are excited about the project and feel strongly that it is a needed investment in south central Madison.

Please feel free to contact me with any questions at (612) 332-3000.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Charles R. Burdick".

Chuck Burdick
Associate Project Manager

Enclosures:

1. Application for Neighborhood and Community Development Funds
2. Project Overview
3. Sherman Associates Developer Profile

Application for Neighborhood and Community Development Funds

Submit original and 27 complete copies of this application to the CD Office by 4:30 p.m. by the 15th of the month, to be reviewed by the CDBG Commission on the first Thursday of the following month.

Program Title: Rental Housing Amount Requested: \$ 720,000
Agency: Community Development Office
Address: 1108 Moorland Road, Madison, WI 53713
Contact Person: Chuck Burdick Telephone: 612-332-3000
Email: cburdick@sherman-associates.com Fax: 612-332-8119

1. **Program Abstract:** Provide an overview of the project. Identify the community need to be addressed. Summarize the program's major purpose in terms of need to be addressed, the goals, procedures to be utilized, and the expected outcomes. Limit response to 150 words.

The proposed project will help meet the Common Council's goal of providing additional well-managed affordable housing. The project will rehabilitate Nob Hill Apartments, a 35-year old property with 272 deteriorating apartment units. After acquiring the property, Sherman Associates will make significant investments so that the outcome will be the drastically improved "Moorland Place," which will comply with all applicable codes, be well-managed, and be affordable. Sherman Associates' ability to successfully undertake such a rehabilitation project is best demonstrated by the company's track record of having developed or rehabilitated more than 6,000 housing units, currently managing a portfolio of approximately 4,000 housing units, and having received numerous awards for outstanding management.

The proposed project will be financed by tax-exempt bonds, 4% non-competitive Low Income Housing Tax Credits, and Neighborhood and Community Development Funds. All of these funding sources must be invested in the project in order to make it financially feasible.

2. **Target Population:** Identify the projected target population for this program in terms of age, residency, race, income eligibility criteria, and other unique characteristics or sub-groups.

The target population is the Madison area workforce, many of whom already reside at Nob Hill Apartments. Sherman Associates performed an audit of the tenant files and believes that most if not all of the current tenants will fit the mixed-income parameters proposed.

In particular, 40 units will have no income qualification requirements. 203 units will be targeted to 60% or less AMI (\$30,960 annually for a 1-person household). 26 units will be targeted to 50% or less AMI (\$25,800 annually for a 1-person household). 3 units will be targeted to 30% or less AMI (\$15,450 annually for a 1-person household).

The proposed project does not give preference based on age, residency, or race criteria. All residents will be required to complete a standard application and pass tenant screening including reference checks.

272 # unduplicated individuals estimated to be served by this project.
272 # unduplicated households estimated to be served by this project.

3. **Program Objectives:** The 5-Year Plan lists 9 project objectives (A through N). Circle the one most applicable to your proposal and describe how this project addresses that objective.

- | | |
|--|--------------------------------|
| A. Housing – Existing Owner-Occupied | G. Neighborhood Civic Places |
| B. Housing – For Buyers | K. Community-based Facilities |
| C. <u>Housing – Rental Housing</u> | L. Neighborhood Revitalization |
| E. Economic Dev. – Business Creating Jobs | N. Access to Housing Resources |
| F. Economic Dev. – Micro-enterprise | |

The proposed project addresses Objective C: Rental Housing. The existing 35-year-old housing at Nob Hill Apartments is aging and is visibly in need of reinvestment. The proposed project would dramatically improve the quality of housing provided while preserving the affordable rent levels. The proposed project will be well-managed by an experienced developer who currently manages approximately 4,000 apartment units, including luxury, market-rate, workforce, and low income housing.

4. **Fund Objectives:** Check the fund program objective which this project meets. (Check all for which you seek funding.)

- | | | | |
|-----------------------|---|----------|---|
| Acquisition/
Rehab | <input type="checkbox"/> New Construction, Acquisition,
Expansion of Existing Building | Futures | <input type="checkbox"/> Prototype |
| | <input type="checkbox"/> Accessibility | | <input type="checkbox"/> Feasibility Study |
| | <input checked="" type="checkbox"/> Maintenance/Rehab | | <input type="checkbox"/> Revitalization Opportunity |
| | <input type="checkbox"/> Other | | <input type="checkbox"/> New Method or Approach |
| Housing | <input checked="" type="checkbox"/> Rental Housing | Homeless | <input type="checkbox"/> Housing |
| | <input type="checkbox"/> Housing For Buyers | | <input type="checkbox"/> Services |

5. **Budget:** Summarize your project budget by estimated costs, revenue, and fund source.

EXPENDITURES	TOTAL PROJECT COSTS	AMOUNT OF CD REVENUES	AMOUNT OF NON-CD REVENUES	SOURCE OF NON-CD FUNDED PORTION
A. Personnel Costs				
1. Salaries/Wages (attach detail)				
2. Fringe Benefits				
3. Payroll Taxes				
B. Non-Personnel Costs				
1. Office Supplies/Postage				
2. Telephone				
3. Rent/Utilities				
4. Professional Fees & Contract Services				
5. Work Supplies and Tools				
6. Other:				
C. Capital Budget Expenditures (Detail in attachment C)				
1. Capital Cost of Assistance to Individuals (Loans)				
2. Other Capital Costs:	19,345,000	720,000	18,625,000	Tax Credit Equity, 4% Bonds / 1st Mortgage
D. TOTAL (A+B+C)	19,345,000	720,000	18,625,000	

Estimated Month of Completion
(If applicable)

6. **Action Plan/Timetable**

Describe the major actors and activities, sequence, and service location, days and hours which will be used to achieve the outcomes listed in # 1.

Use the following format:
(Who) will do (what) to (whom and how many) (when) (where) (how often). A flowchart may be helpful.

Close on property and on financing	Dec 2007
Begin construction / rehabilitation	Jan 2008
Complete construction / rehabilitation	Dec 2008
Fully stabilized	Dec 2009

7. What was the response of the alderperson of the district to the project?

Sherman Associates met with Alder Tim Breuer on October 9, 2007. During the extensive meeting, Alder Breuer discussed his philosophy for the direction of the district as well as his concerns about the existing property condition and the need for rehabilitation. We agreed to provide a written project summary and meet again with Alder Breuer the week of October 22 to discuss further.

8. Does agency seek funds for property acquisition and/or rehab? [If applicable, describe the amount of funds committed or proposed to be used to meet the 25% match requirements (HOME or ESG) with its qualifications.]

☐ No Complete Attachment A

☒ Yes Complete Attachment B and C and one of the following:

☐ D Facilities

☐ E Housing for Buyers

☒ F Rental Housing and Proforma

9. Do you qualify as a Community Housing Development Organization (CHDO)? (See attachment G for qualifications.)

☒ No

☐ Yes - Complete Attachment G

10. Do you seek Scattered Site Acquisition Funds for acquisition of service-enriched housing?

☒ No

☐ Yes - Complete Attachment B, C, F, and H

11. Do you seek ESG funds for services to homeless persons?

☒ No

☐ Yes - Complete Attachment I

12. This proposal is hereby submitted with the approval of the Board of Directors/Department Head and with the knowledge of the agency executive director, and includes the following:

☐ Future Fund (Attachment A)

☒ Property Description (Attachment B)

☒ Capital Budget (Attachment C)

☐ Community Service Facility (Attachment D)

☐ Housing for Resale (Attachment E)

☒ Rental Housing and Proforma (Attachment F)

☐ CHDO (Attachment G)


☐ Scattered Site Funds Addendum (Attachment H)

☐ ESG Funding Addendum (Attachment I)

13. Affirmative Action: If funded, applicant hereby agrees to comply with City of Madison Ordinance 3.58(9) and file either an exemption or an affirmative action plan with the Department of Civil Rights. A Model Affirmative Action Plan and instructions are available at: <http://www.cityofmadison.com/dcr/aaForms.cfm>.

14. Non-Discrimination Based on Disability: Applicant shall comply with Section 39.05, Madison General Ordinances, Nondiscrimination Based on Disability in City-Assisted Programs and Activities. Under section 39.05(7) of the Madison General Ordinances, no City financial assistance shall be granted unless an Assurance of Compliance with Sec. 39.05 is provided by the applicant or recipient, prior to the granting of the City financial assistance. Applicant hereby makes the following assurances: Applicant assures and certifies that it will comply with section 39.05 of the Madison General Ordinances, entitled "Nondiscrimination Based on Disability in City Facilities and City-Assisted Programs and Activities," and agrees to ensure that any subcontractor who performs any part of this agreement complies with sec. 39.05, where applicable, including all actions prohibited under section 39.05(4), MGO." <http://www.cityofmadison.com/dcr/aaForms.cfm>

Signature:  Date: _____
President ~~Board of Directors/Department Head~~

Signature:  Date: _____
Executive Director

For additional information or assistance in completing this application, please contact the CD Office at 267-0740.

Attachment B

COMPLETE IF PROJECT INVOLVES PURCHASE, REHAB, OR CONSTRUCTION OF ANY REAL PROPERTY:

INFORMATION CONCERNING PROPOSALS INVOLVING REAL PROPERTY

ADDRESS	ACTIVITY (Circle Each Applicable Phase)	NUMBER OF UNITS		Number of Units Currently Occupied	Number of Tenants To Be Displaced?	APPRAISED VALUE:		PURCHASE PRICE (If Applicable)	ACCESSIBLE TO INDIVIDUALS WITH PHYSICAL HANDICAPS?		PRIOR USE OF CD FUNDS IN BUILDING?
		Prior to Purchase	After Project			Current	After Rehab/Construction		Currently?	Post-project?	
1008 Moorland Road	<u>Purchase</u> <u>Rehab</u> Construct	272	272	249	NONE	N/A	\$15,495,000	\$12,950,000	0	0	NONE
	Purchase Rehab Construct										
	Purchase Rehab Construct										

Attachment C

CAPITAL BUDGET

TOTAL PROJECT/CAPITAL BUDGET (include all fund sources)						
Amount and Source of Funding: ***	TOTAL	Amount	Source/Terms**	Amount	Source/Terms**	Amount
Acquisition Costs:						
Acquisition	12,950,000	720,000	CDBG	950,000	Tax Credit Equity	11,280,000
Title Insurance and Recording	50,000					50,000
Appraisal	10,000					10,000
*Predvlpmt/feasibility/market study	25,000					25,000
Survey	20,000					20,000
*Marketing/Affirmative Marketing	5,000					5,000
Relocation	150,000					150,000
Other:	15,000					15,000
Construction:						
Construction Costs	2,095,000			2,095,000	Tax Credit Equity	
Soils/site preparation						
Construction management						
Landscaping, play lots, sign						
Const interest	900,000	600,000	Year 1 Net Operating Income			300,000
Permits; print plans/specs						
Other: Construction Contingency	250,000					250,000
Fees:						
Architect	130,000					130,000
Engineering						
*Accounting						
*Legal	130,000					130,000
*Development Fee	1,460,000			1,460,000	Tax Credit Equity	
*Leasing Fee						
Other: Orig/Compl/Tax Credit Fees	485,000					485,000
Project Contingency:	40,000					40,000
Furnishings:	50,000					50,000
Reserves Funded from Capital:						
Operating Reserve	230,000			230,000	Tax Credit Equity	
Replacement Reserve						
Maintenance Reserve						
Vacancy Reserve	225,000			15,000	Tax Credit Equity	210,000
Lease Up Reserve	125,000			125,000	Tax Credit Equity	
Other (specify):						
Other (specify):						
TOTAL COSTS:	19,345,000	1,320,000		4,875,000		13,150,000

* If CDBG funds are used for items with an **, the total cost of these items may not exceed 15% of the CDBG amount.

** Note: Each amount for each source must be listed separately, i.e. Acquisition: \$30,000 HOME, \$125,000 CRF.

*** Identify if grant or loan and terms.

Sherman Associates

Nob Hill 272 unit

Madison, Wisconsin

10/12/2007

SOURCES

		Total	% of TDC	Rate	Term
100	Sales Proceeds or First Mortgage	1.24 \$ 13,150,000	68%	5.80%	30
101	TIF	#DIV/0! \$ -	0%	7.20%	30
102	Enviromental - Met Council Grant	\$ -	0%		
103	Enviromental - DEET Grant	\$ -	0%		
104	Developer Equity	\$ -	0%		
105	Net Operating Income	\$ 600,000	3%		
106	Home / CDBG	\$ 720,000	4%		
107	Deferred Developers Fee	\$ -	0%		
108	Limited Partner Equity -State Credits	\$ -	0%		
109	Limited Partner Equity - LIHTC	0.96 \$ 4,873,111	25%		
110	Historic Credit Proceeds				
	TOTAL FINANCING	\$ 19,343,111	100%		
	SURPLUS/(DEFICIT)	\$ (1,889)			

USES

		Total	100.00% Residential	0.00% Commercial	Depreciable	Other	Per Unit
200	Acquisition						3,876
201	Land	1,000,000	1,000,000	0	0	1,000,000	43,934
202	Building	11,950,000	11,950,000	0	11,950,000	0	0
203	Relocation	0	0	0	0	0	0
204	Earnest/Option Payment	0	0	0	0	0	0
250	Other	0	0	0	0	0	0
300	Construction Costs						0
301	Site Improvements	0	0	0	0	0	184
302	Furnishing & Equipment	50,000	50,000	0	50,000	0	368
303	Low Voltage	100,000	100,000	0	100,000	0	551
304	Construction Costs: Relocate	150,000	150,000	0	150,000	0	6,011
305	Construction Costs: Rehab	1,635,000	1,635,000	0	1,635,000	0	1,324
306	Construction Costs: Other	360,000	360,000	0	260,000	100,000	919
307	Construction Contingency	##### 250,000	250,000	0	250,000	0	0
308	General Conditions	##### 0	0	0	0	0	0
309	Overhead/Profit	##### 0	0	0	0	0	0
310	Environmental Remediation	0	0	0	0	0	0
311	Construction Utilities	0	0	0	0	0	0
312	SAC/WAC	0	0	0	0	0	0
313	Building Permit	0	0	0	0	0	0
400	Professional Fees (Construction-Related)						368
401	Architect: Design	##### 100,000	100,000	0	100,000	0	55
402	Architect: Supervision	##### 15,000	15,000	0	15,000	0	55
403	Architect: Reimbursement	15,000	15,000	0	15,000	0	0
404	Construction Manager	0	0	0	0	0	74
405	Engineer/Survey	20,000	20,000	0	20,000	0	0
406	Permits/Impact Fees	0	0	0	0	0	0
450	Other	0	0	0	0	0	0
500	Finance - Construction						0
501	Property Taxes	0	0	0	0	0	0
502	Payment/Performance Bond	0	0	0	0	0	0
503	Letter of Credit Fee	0	0	0	0	0	0
504	Construction Loan Origination	140,000	140,000	0	140,000	0	515
505	Construction Period Interest	900,000	900,000	0	500,000	400,000	3,309
506	Bridge Loan Fee	0%	0	0	0	0	0
507	Bridge Loan Interest	100,000	100,000	0	100,000	0	368
508	Credit Enhancement	0	0	0	0	0	0
509	Inspection Fee - Lender	20,000	20,000	0	20,000	0	74
510	Negative Arbitrage Escrow	0	0	0	0	0	0
550	Other	0	0	0	0	0	0
600	Finance - Permanent						0
601	Financing Fees	0	0	0	0	0	0
602	Application Fee	0	0	0	0	0	0
603	Origination Fee	0	0	0	0	0	0
604	Exam Fee	0	0	0	0	0	0
605	Cost of Issuance	65,000	65,000	0	65,000	0	239
606	Credit Enhancement	65,000	65,000	0	65,000	0	239
607	FHA MIP	0	0	0	0	0	0
608	Title and Recording	50,000	50,000	0	50,000	0	184
609	Tax Credit Fees	25,000	25,000	0	25,000	0	92
610	Survey - Final	0	0	0	0	0	0
650	Other	0	0	0	0	0	0
700	Soft Costs						0
701	Soft Cost Contingency	40,000	40,000	0	40,000	0	0
702	Builders Risk Insurance	10,000	10,000	0	15,000	0	37
703	C N A	10,000	10,000	0	10,000	0	55
705	Market Study	15,000	15,000	0	15,000	0	55
707	Environmental Study	15,000	15,000	0	15,000	0	55
708	Compliance Fees	15,000	15,000	0	0	15,000	37
710	Appraisal	10,000	10,000	0	10,000	0	74
711	Cost Certificate	20,000	20,000	0	0	20,000	0
712	Security	0	0	0	0	0	0
750	Other	0	0	0	0	0	0
800	Bond Cost						0
801	Bond Application Fee	0	0	0	0	0	0

802	Trustee Fee		0	0	0	0	0	0
803	Issuer Fee	25,000	25,000	0	25,000	0	92	0
804	Moody's Rating Agency	0	0	0	0	0	0	0
805	Underwriter's Discount / Expense	0	0	0	0	0	0	0
806	Printing	0	0	0	0	0	0	0
807	B Bond Cost	0	0	0	0	0	0	0
808	Bond Council - Legal	0	0	0	0	0	0	0
809	Deposit to Bond Fund	0	0	0	0	0	0	0
900	Development Cost		0	0	0	0	0	0
901	Overhead		0	0	0	0	0	5,368
902	Development Fee	8.2% 1,460,000	1,460,000	0	1,460,000	0	0	0
903	Consultant	0	0	0	0	0	0	0
950	Other	0	0	0	0	0	0	0
1000	Legal		0	0	0	0	0	0
1001	Organization Legal	15,000	15,000	0	0	15,000	55	0
1002	Permanent Finance Legal	35,000	35,000	0	0	35,000	129	0
1003	Construction Legal	45,000	45,000	0	45,000	0	165	0
1004	Real Estate Legal	35,000	35,000	0	35,000	0	129	0
1005	Syndication Legal	0	0	0	0	0	0	0
1100	Reserves		0	0	0	0	0	0
1101	Lease Up Reserves Relocation	125,000	125,000	0	125,000	0	460	0
1102	Operating Reserve	230,000	230,000	0	0	230,000	846	0
1103	Debit Service Reserve	225,000	225,000	0	0	225,000	827	0
1104	Working Capital Reserve	0	0	0	0	0	0	0
1150	Other	0	0	0	0	0	0	0
1200	Sales & Marketing		0	0	0	0	0	0
1201	Advertising	5,000	5,000	0	5,000	0	18	0
1202	Sales Trailer	0	0	0	0	0	0	0
1203	Model Unit	0	0	0	0	0	0	0
1204	Signage	0	0	0	0	0	0	0
1205	Website	0	0	0	0	0	0	0
1206	Marketing Material	0	0	0	0	0	0	0
1207	Commissions	0	0	0	0	0	0	0
1208	Events	0	0	0	0	0	0	0
1250	Other	0	0	0	0	0	0	0
1300	Commercial Leasing		0	0	0	0	0	0
1301	Broker Commissions	0	0	0	0	0	0	0
1302	Marketing Material	0	0	0	0	0	0	0
1303	Tenant Allowence	0	0	0	0	0	0	0
1304	Landlord Work	0	0	0	0	0	0	0
1305	Overhead	0	0	0	0	0	0	0
1350	Other	0	0	0	0	0	0	0
1400	TOTAL DEVELOPMENT COSTS	19,345,000	19,350,000	0	17,310,000	2,040,000	70,938	0

Attachment F

RESIDENTIAL RENTAL PROPERTY**A. Provide the following information for rental properties:**

Table A: RENTAL						
Site 1			Site 2		Site 3	
Unit #	# of Bedrooms	Amount of CD \$	Use of CD Funds*	Monthly Unit Rent	Includes Utilities?	Household Income Category
16	1	\$24,828/unit	Acquisition	\$608	Heat, water	50% AMI
10	2	\$24,828/unit	Acquisition	\$750	Heat, water	50% AMI
3	1	\$24,828/unit	Acquisition	\$364	Heat, water	30% AMI
28	Studio	0		\$525	Heat, water	*
85	1	0		\$620	Heat, water	*
130	2	0		\$820	Heat, water	*

* 85% of the remaining units will be targeted to 60% AMI. The remaining 15% of the units will be market rate.

B. Indicate how the project will demonstrate that the housing units will meet housing and code standards.

Sherman Associates will work with a Wisconsin-based architectural firm to provide drawings and specifications that meet the Madison housing and code standards. By using a local architectural firm and ensuring that plans will be reviewed and permitted by the City of Madison, Sherman Associates can ensure code compliance.

Sherman Associates has over 25 years of experience developing apartment projects and manages over 4,000 apartment units. This housing experience requires close attention to local standards of construction practice, safety, accessibility, and property management.

C. Describe briefly your tenant selection criteria and process.

Sherman Associates has a thorough and careful tenant selection process.

1. Potential tenant meets with property manager, looks at available apartments, and receives a brochure outlining the current rates and the Section 42 program.
2. Interested tenants complete an application.
3. Sherman Associates performs a credit check and background check. Tenants must not have bankruptcies in the last 7 years, delinquent utility or rent accounts, judgments for rent due, or evictions on their records. Tenants must not have felonies or misdemeanor crimes against persons. Tenants must prove a source of income sufficient to afford rent.
4. Approved market rate tenants schedule a move-in date. Approved Section 42 tenants set an appointment with the property manager to complete the income verification paperwork and enroll them in the program.

D. Does the project include plans to provide support services to assisted residents or to link assisted residents to appropriate services? If yes, describe.

No.

Sherman Associates: Nob Hill 272 unit - Madison, Wisconsin

Projected Cashflows

10/12/2007 11:46

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Expense Inflation Factor	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
rent Inflation Factor	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
vacancy/Bad Debt Factor	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Income															
Residential Rental Income	\$2,307,840	\$2,377,075	\$2,448,387	\$2,521,839	\$2,597,494	\$2,675,419	\$2,755,682	\$2,838,352	\$2,923,503	\$3,011,208	\$3,101,544	\$3,194,590	\$3,290,428	\$3,389,141	\$3,490,815
Other Income	\$ 76,920	\$79,228	\$81,604	\$84,053	\$86,574	\$89,171	\$91,847	\$94,602	\$97,440	\$100,363	\$103,374	\$106,475	\$109,670	\$112,960	\$116,348
Residential Vacancy	(\$238,476)	(\$245,630)	(\$252,999)	(\$260,589)	(\$268,407)	(\$276,459)	(\$284,753)	(\$293,295)	(\$302,094)	(\$311,157)	(\$320,492)	(\$330,107)	(\$340,010)	(\$350,210)	(\$360,716)
Commercial Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial Vacancy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Operating Reserves	\$8,050	\$8,292	\$8,540	\$8,796	\$9,060	\$9,332	\$9,612	\$9,900	\$10,197	\$10,503	\$10,819	\$11,143	\$11,477	\$11,822	\$12,176
Effective Gross Income	\$2,154,334	\$2,218,964	\$2,285,533	\$2,354,099	\$2,424,722	\$2,497,464	\$2,572,387	\$2,649,559	\$2,729,046	\$2,810,917	\$2,895,245	\$2,982,102	\$3,071,565	\$3,163,712	\$3,258,623

Expenses															
Residential Expenses (less RE taxes)	\$675,000	\$702,000	\$730,080	\$759,283	\$789,655	\$821,241	\$854,090	\$888,254	\$923,784	\$960,735	\$999,165	\$1,039,131	\$1,080,697	\$1,123,925	\$1,168,882
Real Estate Taxes	\$250,000	\$260,000	\$270,400	\$281,216	\$292,465	\$304,163	\$316,330	\$328,983	\$342,142	\$355,828	\$370,061	\$384,864	\$400,258	\$416,268	\$432,919
Asset Management Fee	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Limited Partner Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Reserves	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000
Expenses and Reserves	\$999,500	\$1,036,500	\$1,074,980	\$1,114,999	\$1,156,619	\$1,199,904	\$1,244,920	\$1,291,737	\$1,340,426	\$1,391,063	\$1,443,726	\$1,498,495	\$1,555,455	\$1,614,693	\$1,676,301

Net Operating Income	\$1,154,834	\$1,182,464	\$1,210,553	\$1,239,100	\$1,268,103	\$1,297,560	\$1,327,467	\$1,357,822	\$1,388,619	\$1,419,854	\$1,451,519	\$1,483,607	\$1,516,110	\$1,549,019	\$1,582,323
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First Mortgage Debt Service	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125
Second Mortgage Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125	\$931,125

First Mortgage Debt Coverage	1.240256679	1.269930482	1.30009713	1.330755515	1.361903857	1.393539663	1.425669678	1.458259834	1.491335197	1.524879909	1.558887137	1.593349002	1.62825652	1.663599533	1.699366635
1st & 2nd Mortgage Debt Coverage	1.24	1.27	1.30	1.33	1.36	1.39	1.43	1.46	1.49	1.52	1.56	1.59	1.63	1.66	1.70

Project Cash Flow	\$223,709	\$251,339	\$279,428	\$307,975	\$336,978	\$366,435	\$396,342	\$426,697	\$457,494	\$488,729	\$520,394	\$552,482	\$584,985	\$617,894	\$651,198
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Taxable Loss Projection															
Net Operating Income	\$1,154,834	\$1,182,464	\$1,210,553	\$1,239,100	\$1,268,103	\$1,297,560	\$1,327,467	\$1,357,822	\$1,388,619	\$1,419,854	\$1,451,519	\$1,483,607	\$1,516,110	\$1,549,019	\$1,582,323
Less Interest (tax-exempt bonds)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Interest (taxable bonds)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Depreciation (Depreciable Life):	40	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750	\$432,750
Taxable Income (Loss)	\$722,084	\$749,714	\$777,803	\$806,350	\$835,353	\$864,810	\$894,717	\$925,072	\$955,869	\$987,104	\$1,018,769	\$1,050,857	\$1,083,360	\$1,116,269	\$1,149,573

Note: Calculation of Taxable Loss makes the following assumptions:

- 1) 40 Year depreciation period associated with mixed use project
- 2) Interest rate structure for subordinated (and perhaps deferred) loans has not yet been established. No deduction for interest expense for subordinated debt is included within this package.



Moorland Place (Nob Hill) Project Summary

Nob Hill Apartments is a complex of seven apartment buildings totaling 272 apartments in south-central Madison, WI. The 22-acre site is in a residential area on Moorland Road near single-family houses and other apartments.

Sherman Associates intends to use tax-exempt bonds and 4% non-competitive Low Income Housing Tax Credits to acquire and rehabilitate the apartments. In addition, Sherman Associates will request City of Madison Neighborhood and Community Development funds. This will preserve the affordability and raise the quality standard of the housing stock in the area for the current residents.

Once acquired, Sherman Associates will rename the complex to "Moorland Place." The name change, combined with the improvements described below will signal reinvestment and quality to the neighborhood and potential tenants.

The seven apartment buildings were constructed in 1972 and are 40 units each and two stories. The buildings have identical floorplans. Some of the original 280 units have been combined or converted to amenities, yielding the current unit count of 272. As part of the renovation, some of these units will be restored to their original layouts.

The scope of rehabilitation work can be briefly described as:

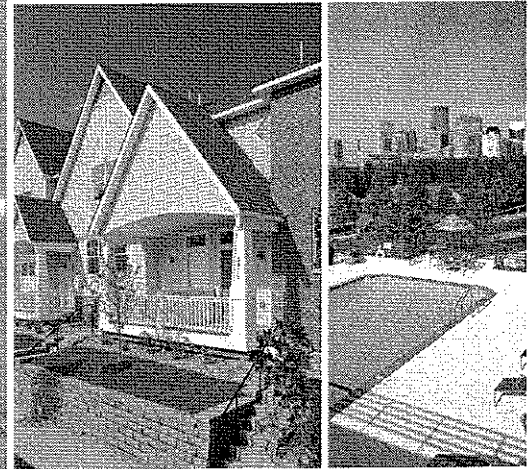
- New construction of a freestanding management office and community room
- Repainted exterior
- Repairs to siding, soffits, balconies, and other exterior deterioration
- Updated landscaping and repairs to sidewalks and parking areas
- New integrated fire alarm system
- New cabinets, countertops, and windows in each unit (some work already completed)
- New carpet, lighting, fixtures, and paint in each unit (some work already completed)
- New and brighter common area lighting
- New air handling and air exchange systems in the common areas

Sherman Associates is an award-winning firm specializing in design, construction and financing of quality housing and commercial properties in California, Iowa, Minnesota, Missouri, and Wisconsin.

Having earned a strong reputation for quality and follow-through, cities around the country have turned to Sherman Associates to pioneer redevelopment in their highest priority urban neighborhoods.

In the process, Sherman Associates has become an industry leader in tax credit, affordable housing, and tax increment financing projects. Such developments have been successful for the participating cities, investors, residents, and businesses.

DEVELOPER PROFILE



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DEVELOPER PROFILE

Sherman Associates

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Sherman Associates has developed approximately 600,000 square feet of commercial property and 6,000 multifamily, townhouse, and single-family homes.

Selected Awards

2007 Affordable Housing Finance Magazine: Best Historic Rehabilitation:

Midtown Exchange and The Chicago Lofts

2006 National Trust/HUD Secretary's Award for Excellence in Historic Preservation:

Midtown Exchange and The Chicago Lofts

2006 Project of the Year: Adaptive Reuse by Multifamily Executive Magazine:

Midtown Exchange and The Chicago Lofts

2005 Best in American Living by Professional Builder Magazine:

Midtown Exchange and The Chicago Lofts

2005 Trillium Award by Builders Association of the Twin Cities:

Midtown Exchange and The Chicago Lofts

2004 Best in Real Estate: Best Overall by Minneapolis / St. Paul Business Journal:

Midtown Exchange and The Chicago Lofts

2003 Best in Real Estate by Minneapolis/St. Paul Business Journal:

Falcon Heights Town Square

2002 Best in Real Estate by Minneapolis/St. Paul Business Journal:

Burnsville Heart of the City

2001 Best in Real Estate by Minneapolis/St. Paul Business Journal:

Wacouta Commons

SELECTED EXPERIENCE

Sherman Associates' experience also includes construction of new retail, office, hotel, and office warehouse buildings. With over 25 years of development and construction experience, Sherman Associates is able to offer a diverse range of services in the commercial, single-family, and multifamily markets. They encompass:

- Development Services
- Design-Build Services
- Financial Analysis/Feasibility
- Federal, State and Local Housing Programs
- Property Management Services
- Construction
- Site Analysis
- Marketing Programs/Feasibility
- Equity and Debt Funding

Sherman Associates has established an impressive and prolific track record. Its current pipeline consists of \$200 million to \$250 million a year in new developments, both commercial and residential.

A few key projects are profiled here to illustrate the quality, complexity, and variety of the firm's experience:

- Assembling financing from a variety of public and private sources
- Creating strong public-private partnerships
- Catalyzing neighborhood renaissance
- Completing mixed-use and mixed-income projects
- Ensuring thoughtful design and quality construction
- Creating tangible community impact

Selected Experience:

- Midtown Exchange Apartments and The Chicago Lofts in Minneapolis, Minnesota
- Greysolon Plaza, Sheraton Duluth Hotel and 311 Superior in Duluth, Minnesota
- Syndicate Trust Building in St. Louis, Missouri
- Vine Street Lofts and Water Street Brownstones in Des Moines, Iowa
- Wacouta Commons in Saint Paul, Minnesota
- Burnsville Heart of the City in Burnsville, Minnesota

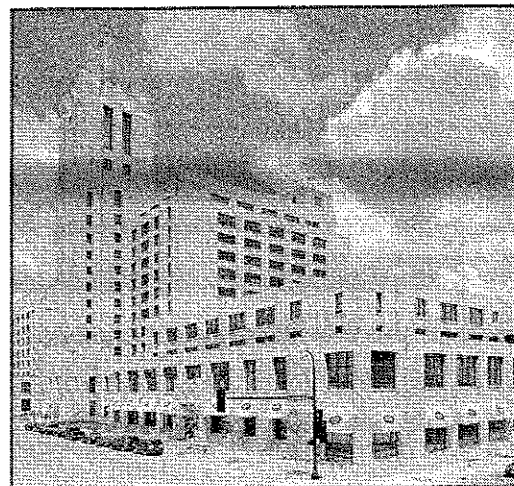
SELECTED EXPERIENCE

Midtown Exchange Apartments and The Chicago Lofts

Minneapolis, MN

In 2004, a collaboration between housing developer Sherman Associates and commercial developer Ryan Companies transformed the mammoth 1.2 million-square-foot historic Sears, Roebuck building in South Minneapolis into a mixed-use masterpiece featuring 88 loft and penthouse condo units, 219 rental units (including affordable units), the headquarters of Allina Health Systems and a global food market. The food market features small businesses started by local entrepreneurs.

- Historic Rehabilitation and Mixed-Use Conversion Development
- 41 market-rate apartments
- 178 affordable apartments
- 88 condominiums
- Project Value: \$77 Million
- Financing: 4% LIH Tax Credits, Federal Historic Tax Credits, US Bank first mortgage (Housing Revenue Bonds), Minnesota Housing Finance Agency, City of Minneapolis, Hennepin County, Tax Increment, Metropolitan Council



Role: Developer, General Partner, Property Manager

Completed: December 2005

Selected Awards:

- 2007 Affordable Housing Finance Magazine: Best Historic Rehabilitation
- 2006 National Trust/HUD Secretary's Award for Excellence In Historic Preservation
- 2006 Project of the Year: Adaptive Reuse by Multifamily Executive Magazine
- 2005 Best in American Living by Professional Builder Magazine
- 2005 Trillium Award by Builders Association of the Twin Cities
- 2004 Best in Real Estate: Best-Overall by Minneapolis / St. Paul Business Journal

SELECTED EXPERIENCE

Greysolon Plaza, Sheraton Duluth Hotel and 311 Superior

Duluth, Minnesota

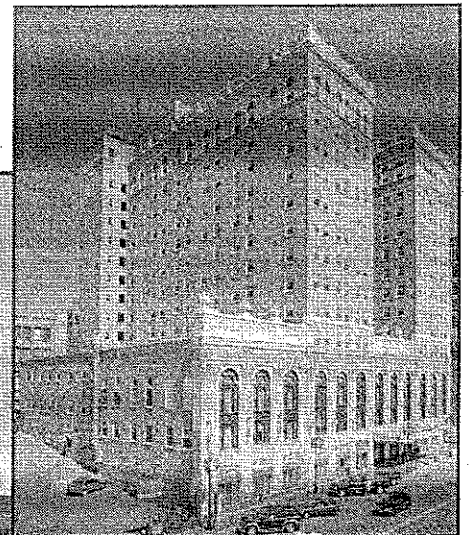
In 2006, Sherman Associates acquired and rehabilitated the historic Greysolon Plaza building in downtown Duluth, Minnesota. Built in 1910 as the Hotel Duluth, Greysolon Plaza's guests have included several former US Presidents. The building was converted to affordable senior housing in the 1990's. As part of the redevelopment plan, Sherman Associates will preserve the affordable housing.

Across the street, Sherman Associates is building a new building that will include a Sheraton hotel connected the historic ballroom of the Greysolon Plaza by skyway. Five floors of luxury condominiums are being constructed on top of the six-story hotel. The renovation and construction of the two buildings are part of a multi-project redevelopment of the historic "Old Downtown" area of Duluth.

- Historic acquisition and rehabilitation
- 150 affordable senior apartments
- 155-room hotel
- 33 condominiums
- Project Value: \$55 Million
- Financing: Federal Historic Tax Credits, 4% LIH Tax Credits, Minnesota Housing Finance Agency Soft Debt, Section 8, New Market Tax Credits, Tax Increment Financing

Role: Developer, General Partner, Owner

Completed: Summer 2007



SELECTED EXPERIENCE

Syndicate Trust Building

Saint Paul, Minnesota

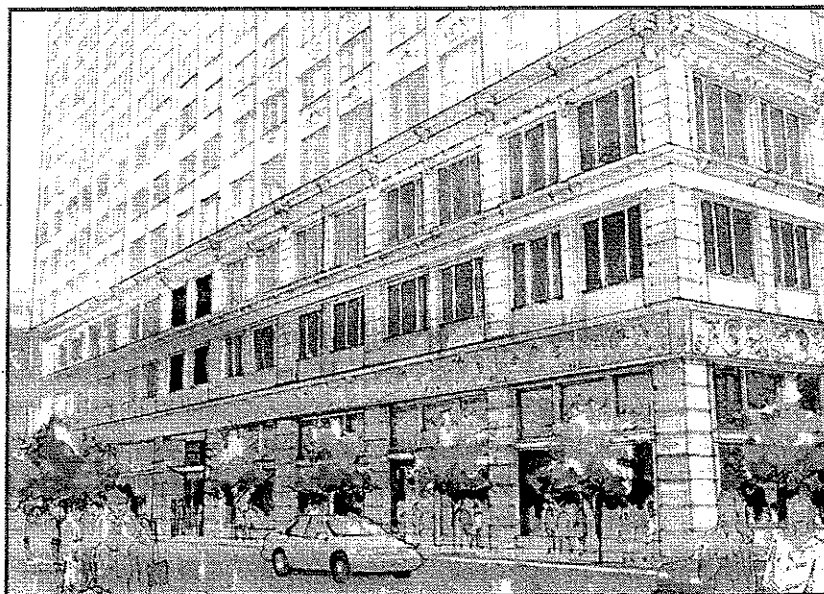
The Syndicate Trust Building is a prominent historic property located at 10th and Olive Streets in the heart of downtown St. Louis. Built in 1907, the 16-story building is comprised of approximately 450,000 square feet and originally was used for office and retail space. The building is listed in the National Register of Historic Places because of its notable architecture.

Retail will return to the Syndicate Trust Building with top-rate national and local retailers located in the street level space. Loft condominiums, located on floors 9 through 16, and rental apartments located on floors 4 through 8 will provide residents with the convenience, features and amenities associated with urban living.

- 20,000 square feet retail - Ground Floor
- 28 affordable apartments - Floors 4-5
- 42 market-rate apartments - Floors 6-8
- 102 condominiums - Floors 9-17
- Project Value: \$81 Million
- Financing: City of St. Louis, 4% LIH Tax Credits, New Markets Tax Credits, Federal Historic Tax Credits, Missouri State Historic Tax Credits, Missouri State LIH Tax Credits, Brownfield Redevelopment Grant

Role: Developer, General Partner

Completed: In Progress



SELECTED EXPERIENCE

Vine Street Lofts and Water Street Brownstones

Des Moines, Iowa

Completed in 2004, Vine Street Lofts and its sister condominium project, Water Street Brownstones, were the first significant new construction residential project in Des Moines in over 20 years. Located on a prime site overlooking the Des Moines River, the parcel had been a surface parking lot for decades. Selected through a competitive request for proposal project, Sherman Associates and partner Lander Urban Development introduced a model that was untried in Des Moines-high end home-ownership opportunities, market-rate rental units and affordable rental units on the same block sharing the same underground parking system. The completed project is a resounding success and is considered the project that jumpstarted the downtown housing market.

- 65 market-rate apartments
- 44 affordable apartments
- 32 condominiums
- Project Value: \$15 Million
- Financing: HUD, Fannie Mae, City of Des Moines, Polk County Housing Trust Fund, Neighborhood Finance Corporation, Tax Credit, Tax Abatement

Role: Developer, General Partner, Property Manager

Completed: September 2004



SELECTED EXPERIENCE

Wacouta Commons

Saint Paul, Minnesota

Multiphase redevelopment of blighted industrial space and surface parking lots including mixed-income rental and ownership housing along with ground floor rental space revitalizing the northeast quadrant of downtown Saint Paul.

Development Components:

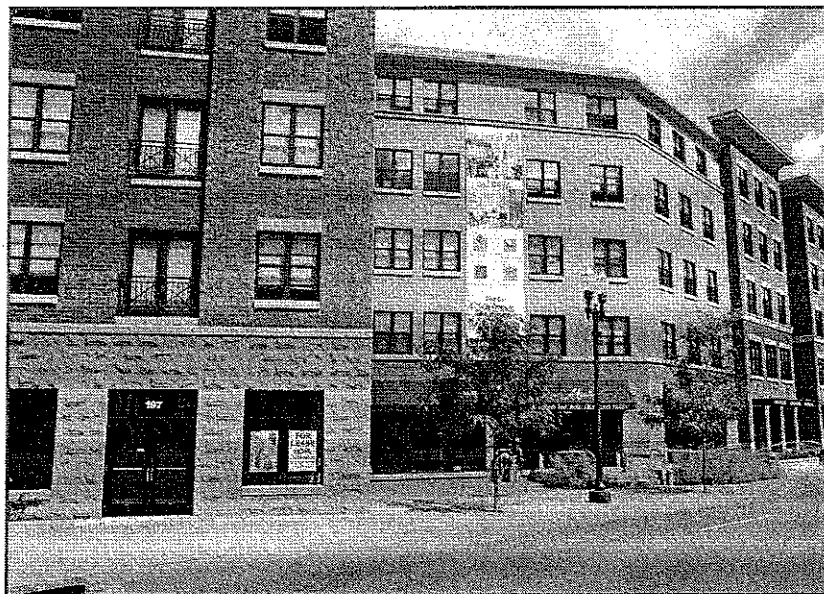
- Retail Space / Approximately 14,000 sq ft
- Dakota on the Park / 38 Units
- Essex on the Park / 38 Units
- Sibley Park Apartments / 113 Units
- Sibley Court Apartments / 121 Units
- 9th Street Lofts / 49 Units
- Printer's Row / 48 Units

Project Value: \$96.2 million

Role: Developer, General Partner, Property Manager

Selected Awards:

- 2001 Best in Real Estate by Minneapolis / St. Paul Business Journal



SELECTED EXPERIENCE

Burnsville Heart of the City

Burnsville, Minnesota

In 1999, the City of Burnsville adopted the 54-acre "Heart of the City" framework to create a mixed-use, pedestrian-friendly downtown area and developers implemented the vision over several years. Sherman Associates led the way with Grande Market Place and Grande Market Square, a comprehensive mixed-use and mixed-income town square center.

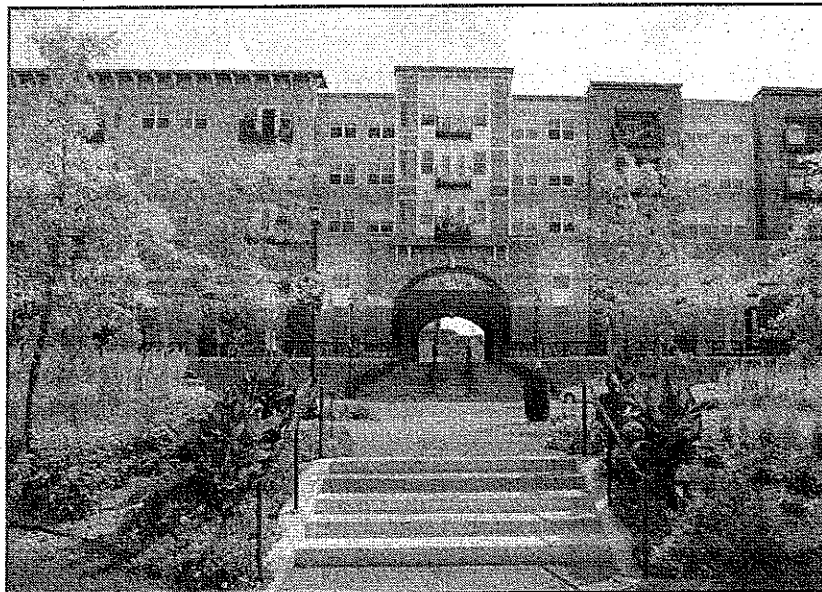
- 113 affordable apartments
- 45,000 square feet retail and commercial space
- Project Value: \$37 Million
- Financing: HUD, Minnesota Housing Finance Agency, City of Burnsville, Family Housing Fund, Dakota County, Tax Increment, 4% LIH Tax Credits

Role: Developer, General Partner, Property Manager

Completed: 2004

Selected Awards:

- 2002 Best in Real Estate by Minneapolis / St. Paul Business Journal



COMPLETED PROJECTS

Rental Projects

Project Name	City	State	Completed	# Homes	Project Type	Value (\$ mil)	HUD	Sec 8	LIHTC	HTC	TIF	State	County	City
Central Avenue Lofts	Minneapolis	MN	2007	66	New Construction	13.8			9%					
Boulevard Apartments	Milwaukee	WI	2007	235	Rehabilitation	13.7			4%					
Autumn Ridge	Brooklyn Park	MN	2007	366	Rehabilitation	31.8			4%					
The Greysolon	Duluth	MN	2006	150	Rehabilitation	15.0			4%					
Phalen Senior Lofts	St. Paul	MN	2006	73	New Construction	10.0			4%					
Midtown Exchange	Minneapolis	MN	2005	219	Adaptive Reuse	48.0			4%					
Lyons Court*	St. Paul	MN	2005	60	New Construction	7.8			4%					
Blaine Town Square Senior Apartments	Blaine	MN	2005	87	New Construction	10.0								
River Run Apartments	Minneapolis	MN	2005	74	New Construction	12.0			4%					
Vine Street Lofts*	Des Moines	IA	2004	110	New Construction	14.7			9%					
Falcon Heights Senior Apartments	Falcon Heights	MN	2004	55	New Construction	6.0								
Falcon Heights Multifamily	Falcon Heights	MN	2004	119	New Construction	30.0			9%					
East Phillips Commons	Minneapolis	MN	2004	34	New Construction	6.0			4%					
Merritt School	Duluth	MN	2004	20	Adaptive Reuse	1.2								
The Lodge at Little Canada	Little Canada	MN	2003	78	New Construction	1.5								
Bottineau Commons Apartments	Minneapolis	MN	2003	119	New Construction	18.0			4%					
Grande Market Place	Burnsville	MN	2003	113	New Construction	20.0			4%					
The Straus Apartments	St. Paul	MN	2003	48	Rehabilitation	11.0			4%					
Bottineau Lofts	Minneapolis	MN	2003	34	Rehabilitation	6.0								
Sibley Court Apartments*	St. Paul	MN	2003	122	New Construction	15.0			9%					
The Shores	Shoreview	MN	2002	68	New Construction	10.0			4%					
Guardian Angels of Hastings	Hastings	MN	2002	30	New Construction	4.5			9%					
Le Sueur Meadows Apartments	Le Sueur	MN	2002	40	New Construction	2.7								
West Gate Townhomes	Duluth	MN	2001	28	New Construction	3.0			9%					
Farmington Townhomes	Farmington	MN	2001	16	New Construction	2.0			9%					
Sibley Park Apartments*	St. Paul	MN	2001	114	New Construction	17.0			9%					
Highland Chateau	Duluth	MN	1999	60	Rehabilitation	2.5								
Community Plaza	St. Paul	MN	1999	40	Rehabilitation	3.0			9%					
Sunrise Townhomes	Rochester	MN	1998	24	New Construction	2.5			9%					
Cromwell Commons	Minneapolis	MN	1996	18	Rehabilitation	1.0								
Buffalo Ridge Townhomes	Minneapolis	MN	1995	20	New Construction	1.5								
Stradford Flats	Minneapolis	MN	1994	62	Rehabilitation	1.6			9%					
Gateway Terrace	Grand Forks	ND	1994	229	New Construction	5.0								
3100 Fourth Avenue	Minneapolis	MN	1992	10	Rehabilitation	1.5								
Browns Meadow	Coon Rapids	MN	1992	148	New Construction	8.0								
3100 Clinton	Minneapolis	MN	1990	12	Rehabilitation	1.5								
Riverside Plaza	Minneapolis	MN	1989	1,303	Rehabilitation	50.0								
4,404														

* Lander-Sherman Development

■ Metropolitan Council

COMPLETED PROJECTS

For Sale Projects

Project Name	City	State	Completed	# Homes	Project Type	Housing Type	Value (\$ mil)
The Syndicate	St. Louis	MO	2007	102	Adaptive Reuse	Condominiums	50.0
311 Superior	Duluth	MN	2007	33	New Construction	Condominiums	16.0
Vista San Jacinto	San Jacinto	CA	2007	34	New Construction	Townhomes	15.0
Homes of Emerson Hill	West St. Paul	MN	2007	35	New Construction	Townhomes	7.5
Groveland Terrace	Minneapolis	MN	2007	128	Adaptive Reuse	Condominiums	38.0
The Villas of Little Canada	Little Canada	MN	2007	45	New Construction	Townhomes	14.0
The Brownstones at River Run	Minneapolis	MN	2007	10	New Construction	Townhomes	2.5
The Bridges of Blaine	Blaine	MN	2006	12	New Construction	Townhomes	18.0
The Chicago	Minneapolis	MN	2006	88	Adaptive Reuse	Condominiums	24.0
Printer's Row*	St. Paul	MN	2006	42	New Construction	Condominiums	30.0
Midtown Lofts*	Minneapolis	MN	2005	72	New Construction	Condominiums	24.0
Keane Creek Townhomes	Hermantown	MN	2005	44	New Construction	Townhomes	9.0
9th Street Lofts*	St. Paul	MN	2005	49	Adaptive Reuse	Condominiums	15.0
Water Street Brownstones*	Des Moines	IA	2004	37	New Construction	Condominiums	9.6
Bottineau Commons Townhomes	Minneapolis	MN	2003	27	New Construction	Townhomes	3.6
The Dakota*	St. Paul	MN	2003	32	New Construction	Condominiums	9.5
Capital Heights City Homes	St. Paul	MN	2003	25	New Construction	Townhomes	5.5
Landings at Sawmill Run	Minneapolis	MN	2003	58	New Construction	Townhomes	36.0
The Shores	Shoreview	MN	2003	15	New Construction	Townhomes	3.2
The Essex*	St. Paul	MN	2002	38	New Construction	Condominiums	9.7
City Homes on Park Avenue	Minneapolis	MN	2000	29	New Construction	Mix	6.0
3100 Fourth Avenue	Minneapolis	MN	1992	9	New Construction	Single Family	1.5
3100 Clinton	Minneapolis	MN	1990	8	New Construction	Single Family	1.5
Parkway Terrace	Maplewood	MN	1990	90	New Construction	Single Family	14.0
Highland Terrace	Minneapolis	MN	1990	22	New Construction	Single Family	2.5
Kenwood Isles	Minneapolis	MN	1988	40	New Construction	Townhomes	20.0
Lakes Citihomes	Minneapolis	MN	1985	83	New Construction	Townhomes	8.0
Boardwalk and Park Place Townhomes	Minneapolis	MN	1982	63	New Construction	Townhomes	4.2
				1,270			

* Lander-Sherman Development

COMPLETED PROJECTS

Commercial Projects

Project Name	City	State	Completed	Size	Project Type	Role	Value (\$ mil)
Sheraton Duluth Hotel	Duluth	MN	2007	147 rooms	Hotel	New Construction	23.0
Syndicate Trust Building	St. Louis	MO	2007	20,000 square feet	Retail	Rehabilitation	2.8
Wentworth Commons	West St. Paul	MN	2007	13,000 square feet	Retail	New Construction	2.3
Blaine Town Square	Blaine	MN	2005	50,000 square feet	Retail	New Construction	7.0
Robert Street Retail	St. Paul	MN	2005	4,400 square feet	Retail	New Construction	1.0
Garfield Business Park	Duluth	MN	2005	50,000 square feet	Office / Warehouse	New Construction	3.0
Grande Market Square	Burnsville	MN	2004	30,000 square feet	Office	New Construction	4.5
Village of Little Canada	Little Canada	MN	2004	20,000 square feet	Retail / Office	New Construction	3.0
Grande Market Place	Burnsville	MN	2004	14,000 square feet	Retail	New Construction	1.7
The Lodge at Little Canada	Little Canada	MN	2004	12,000 square feet	Retail	New Construction	1.4
Deephaven Court	Deephaven	MN	2003	18,200 square feet	Office	Owner / Operator	2.0
Sibley Park Place*	St. Paul	MN	2003	12,000 square feet	Retail	New Construction	1.5
The Straus Building	St. Paul	MN	2003	10,000 square feet	Retail	Rehabilitation	1.2
233 Park	Minneapolis	MN	2001	60,000 square feet	Retail / Office	Owner / Operator	4.0
Deephaven Square	Deephaven	MN	1999	25,000 square feet	Office	Owner / Operator	1.3
Canal Park Square	Duluth	MN	1998	60,000 square feet	Retail	Rehabilitation	4.0
Hawthorne Crossings	Minneapolis	MN	1997	50,000 square feet	Retail	New Construction	4.0
Camden Center	Minneapolis	MN	1997	15,000 square feet	Retail	New Construction	1.6

* Lander-Sherman Development

COMPANY BIOGRAPHIES

George Sherman / President and Principal Developer

George Sherman has been involved in multi-family and single-family housing for 25 years. He has been the principal involved in the development of over 5,000 multi-family rental units and he has developed over 1,000 for sale housing units for a total development value in excess of \$1 billion dollars. Presently, Mr. Sherman is the President and Principal Developer of Sherman Associates, Inc. Mr. Sherman is a graduate of the University of Minnesota where he earned a BS in Biochemistry in 1976 and completed MBA studies in 1977.

Susan Fauver / General Counsel

As General Counsel for Sherman Associates, Susan Fauver focuses on real estate development with an emphasis on affordable housing finance, including low-income housing tax credit transactions. Ms. Fauver is currently a Minnesota State Chair of the American Bar Association's Forum on Affordable Housing and Community Development Law. Ms. Fauver's experience includes practicing in the United States Senate Office of the Legislative Counsel, where she worked closely with the Senate Finance Committee. Most recently she was a partner at Faegre & Benson LLP in Minneapolis. She received her law degree from Northwestern University School of Law in 1988.

Paula Beck / Associate General Counsel

Paula Beck joined the legal team at Sherman Associates in 2004, where she focuses on residential real estate development and affordable housing issues. Her previous experience includes five years as an Assistant Attorney General representing the Minnesota Housing Finance Agency in all aspects of affordable housing finance. Ms. Beck has also studied and written about housing law and policy, including an article in the Harvard Civil Rights-Civil Liberties Law Review entitled "Fighting Section 8 Discrimination: The Fair Housing Act's New Frontier". She received a BA from Swarthmore College in 1990 and her law degree from Harvard Law School in 1995.

Loren Brueggemann / Vice President of Development

Loren Brueggemann has 30 years of development and construction management experience. He has worked in multiple states developing multi-family and single family housing. In addition, his background includes the development of commercial (office, retail and industrial), hospitals and military housing and government work. The total development value of such work is in excess of \$400 million dollars. Mr. Brueggemann holds a Bachelor of Science Degree in Architectural Engineering and Building Construction Technology from the Milwaukee School of Engineering and a Masters Degree in Business Administration from the University of Minnesota Carlson School of Management.

COMPANY BIOGRAPHIES

Richard Kiemen / Vice President of Sherman Associates and Vice President of Craftsman Construction
Rich Kiemen joined Sherman Associates in March 2005. He has over 25 years of experience in general contracting/project management. Mr. Kiemen has been involved with multi-family projects, residential, public and private construction projects throughout the Midwest area. He received a Bachelors degree in Architectural Engineering from Milwaukee School of Engineering. He holds a residential contractor's license in the state of Minnesota.

Brian Gorecki / Vice President

Brian Gorecki joined Sherman Associates in August 2004. He brings 12 years of residential development experience in the area of affordable housing. He previously worked as a community organizer and housing specialist for a Minneapolis community development corporation. Prior to joining Sherman Associates, he was the Director of Real Estate Development for Artspace Projects, a national non-profit developer of live/work space for artists. Mr. Gorecki studied at the University of Minnesota with a concentration in history and political science.

Brad Goering / Sales and Marketing Manager

Brad Goering joined Sherman Associates in May 2006 to manage the firm's residential sales and marketing component. Mr. Goering's previous experience includes over 20 years of sales/marketing and division management to three of Minnesota's largest residential real estate development companies. In addition to a MN Real Estate license and numerous industry designations, Mr. Goering graduated from a 4-year building trade's apprenticeship program in 1984.

Rob Kost / Commercial Leasing Manager / Commercial Project Manager

Throughout his 22 year career in commercial real estate, Rob Kost has leased and/or sold more than 3.0 million square feet of office, medical and retail space and has been involved in a variety of consulting, property management and corporate real estate services assignments. Prior to joining Sherman Associates, Mr. Kost was with United Properties for 10 years and Frauenshuh Companies for 10 years. He has served on numerous committees and boards – both business and civic related. Mr. Kost is currently a board member of the CCIM Minnesota-Dakotas Chapter and the St. Joseph's School of Music. Mr. Kost earned a BA in Business Administration from St. John's University. He is a licensed broker in Minnesota/Wisconsin and is a Certified Commercial Investment Member (CCIM).

Kristen Raduenz / Senior Commercial Property Manager

Kristen Raduenz joined Sherman Associates in June 2006. She has 11 years of commercial property management and leasing experience. Ms. Raduenz earned her Bachelor of Science degree in Real Estate from St. Cloud State University in 1995. Ms. Raduenz is a licensed salesperson in the state of Minnesota, a Certified Commercial Investment Member (CCIM) and a Certified Property Manager (CPM).

COMPANY BIOGRAPHIES

Staci Ford / Realtor, Commercial Property Manager

Staci Ford, a property management professional, worked as the Senior Lease Administrator for Video Update prior to joining Sherman Associates. Ms. Ford's previous expertise includes positions as a Residential Real Estate Agent for three years and in commercial insurance, specializing in marketing non-profit directors and officer's liability, fiduciary liability, workers compensation, retrospective workers compensation plans and excess liability.

Jackie Nickolaus / Project Manager

Jackie Nickolaus joined Sherman Associates in July 2005. She brings 10 years of experience in the area of downtown redevelopment, including long-term planning and project implementation. Prior to joining Sherman Associates, she was an economic development coordinator for the City of Des Moines. Ms. Nickolaus earned a Bachelor of Arts Degree from the University of Iowa and a Master of Arts from Humphrey Institute of Public Affairs, University of Minnesota.

Ryan Sailer / Project Manager

Ryan Sailer joined Sherman Associates in January 2006. Prior to joining Sherman Associates, he served as the Real Estate Manager for a large national general contractor/developer based in the Twin Cities. He brings with him experience in project finance, site acquisition, site development, and project management. Mr. Sailer has a Bachelor of Science degree from the University of Minnesota's Carlson School of Management.

Bernadette Hornig / Project Manager

Bernadette Hornig joined Sherman Associates in January 2006. She has previous experience in housing finance, development and planning. Prior to joining Sherman Associates, Ms. Hornig worked as a Senior Project Coordinator specializing in multifamily housing projects for the City of Minneapolis' Department of Community Planning and Economic Development (CPED). Ms. Hornig received a Bachelor of Arts from Wellesley College and a Masters in City Planning from the Massachusetts Institute of Technology (MIT), with a focus on housing development and finance. She was accepted as a member of the American Institute of Certified Planners (AICP) in 2005.

Chuck Burdick / Associate Project Manager

Chuck Burdick joined Sherman Associates in April 2006. He brings experience in residential development and historic renovations from his prior work with Monument Realty in Washington, D.C. and Empire Properties in Raleigh, NC. Mr. Burdick holds an MBA with concentrations in Real Estate and Sustainable Enterprise from the University of North Carolina and a BA from Macalester College. He is a LEED Accredited Professional (LEED AP) and an active member of the Urban Land Institute.

COMPANY BIOGRAPHIES

Bjorn Strommen / Assistant Project Manager

Bjorn Strommen joined Sherman Associates in March 2007. He brings experience from US Bank where he worked as an analyst in the Corporate Banking group. Mr. Strommen holds an MBA with concentrations in Finance and Economics from the University of St. Thomas and a BA from Gustavus Adolphus College. He is a member of the Urban Land Institute where he is actively involved in the Young Leaders Group.

Marilyn Soltis / Paralegal

Marilyn Soltis joined Sherman Associates in April 2005. She graduated from the Minnesota Paralegal Institute in November 2001. Since graduation, her work has focused on residential real estate.

Lisa Merk / Paralegal

Joining Sherman Associates in June 2006, Lisa Merk brings with her 18 years of commercial, asset-based leasing and lending experience. Ms. Merk's previous work history includes Vice President of Administration for Allegiance Financial Group, Inc. in St. Paul, MN and Portfolio Manager for the Technology Group of Cargill Leasing Corporation in Minnetonka, MN.

Wanda Jensen / Executive Assistant / Office Administrator / HR Coordinator

Wanda Jensen has been with Sherman Associates since 1989. She is Mr. Sherman's Executive Assistant and is also the Coordinator of Human Resources and Office Management. Ms. Jensen earned an Associate Degree from Wisconsin Indianhead Technical Institute - Rice Lake, Wisconsin, in 1984.

Suzan Myslicki / Receptionist/Administrative Assistant

Suzan Myslicki joined Sherman Associates in May 2004. She brings with her over 20 years of reception experience. Ms. Myslicki works closely with our legal staff and project managers to organize documents and keep things in order.

Larry Kelly / Controller

Larry Kelly has over 20 years experience in real estate development and property management. Prior to joining Sherman Associates, he was the Controller for John B. Goodman Limited Partnership, a developer of senior housing projects. Mr. Kelly earned a double major in Accounting and Economics from the University of Toronto and is a member of the Canadian Institute of Certified General Accountants.

Erik Jothén / Development Accountant

Erik Jothén joined Sherman Associates in January 2006. After a 20-year career in the IT industry (the last 10 as a Project Manager), Mr. Jothén made a career change and started in the accounting field. He has a Bachelors degree in Economics from St. Olaf College and an AAS degree in Accounting from Dakota County Technical College. He is the Development Accountant for Sherman Associates as well as the head Accountant for Craftsman Construction.

COMPANY BIOGRAPHIES

Wendy Knauff / Development Accountant

Wendy Knauff brings over 25 years of accounting experience to her position as Development Accountant which she began in August 2007. For the five years prior to joining Sherman Associates, Ms. Knauff was the assistant controller at one of Minnesota's largest residential builders and developers. Ms. Knauff studied accounting at Hennepin Technical School and the University of Minnesota.

Larry Mitchell / Vice President of Property Management

Larry Mitchell has 26 years in all aspects of property management experience, both commercial and residential. He has received numerous awards, including recognition from the U.S. Department of Housing and Urban Development, and has been recognized as a leader of quality affordable housing in the Twin Cities metro area. Mr. Mitchell holds a Minnesota Real Estate Agent Sales License and a Minnesota State Teaching License. He is a former St. Louis Park city council member and a graduate of the University of Florida.

Debra Godtland / Director of Residential Property Management

Debra Godtland has worked in the property management industry since 1979 and has been employed with Sherman Associates since 1993. She is a Certified Occupancy Manager in Section 8 and Section 42 housing. Additionally, Ms. Godtland has held the designation of Registered Apartment Manager Dean through the National Association of Home Builders and has a Minnesota Real Estate Agent Sales License.

PRESS

Recent articles that highlight Sherman Associates' accomplishments.

- Gilyard, Burl. "A Quiet Approach," *Finance and Commerce*, May 25, 2006.
- Amundsen, Lucie B. "Sears tower returns to life," *Minneapolis Star Tribune*, March 11, 2006.
- Gilyard, Burl. "Minneapolis-Based Sherman Associates lands contract in St. Louis," *Finance and Commerce*, April 14, 2005.
- Blanchette, Aimee "Developer of former Sears building wins award," *Minneapolis Star Tribune*, November 18, 2006.

A quiet approach

By Burl Gilyard, F&C Real Estate Writer

May 25, 2006



Thousands of people drive by the headquarters of Sherman Associate every day without even knowing it. That's just fine with George Sherman, president of the Minneapolis-based multi-family housing developer and owner.

Even as he has built his company into large player in local development circles and beyond, Sherman prefers to stay behind the scenes, below the radar. You won't see Sherman rubbing elbows or slapping back at local real estate trade

association meetings. That's not his style. Sherman figures that his track record is his calling card.

"Do a good job, let your product speak for itself and let your reputation speak for itself," Sherman said in a recent interview in his office.

Sherman says Sherman Associates develops \$250 million to \$300 million in projects every year, including 400 to 500 units of for-sale housing and 400 to 500 rental units. Sherman Associates owns 5,000 apartment units in the upper Midwest; Sherman developed approximately half of those units. The firm employs 130 people, including 20 who work in development. Sherman, 52, is the sole owner of the company.

Sherman's track record is increasingly prolific. His firm has no shortage of work in the pipeline, with 25 projects in various stages of development.

"We do everything from affordable housing to million-dollar, for-sale condos," Sherman said. "Our projects are all different. None of them are cookie-cutter."

Locally, the list includes the Zenith condominium project near the new Guthrie Theater, which will combine 150 to 160 condo units with a new 150-room hotel. Near Uptown, Sherman has plans to redevelop a portion of the Bennett Lumber site for 150 to 170 condo units.

In New Brighton, Sherman will build 200 condos and executive townhomes as part of The Landings at Long Lake in New Brighton, where Sherman is the co-developer with the Rottlund Co. The planned Central Avenue Lofts at 24th Street and Central Avenue in northeast Minneapolis will combine a new U.S. Bank branch and other commercial space with 70 apartments, both market-rate and affordable units.

At the former Sears site in south Minneapolis - now known as Midtown Exchange - Sherman Associates recently completed 221 apartments and 88 condominium units as part of the mixed-use project.

"That's been a tremendously successful project for everyone involved," Sherman said.

A formal grand opening for the project is scheduled for Saturday, June 3.

In recent years, Sherman has branched beyond the Twin Cities. The firm has current development projects in Milwaukee, St. Louis, Kansas City, Des Moines, Duluth, La Crosse, Wis., and Palm Springs, Calif.

In St. Louis, the firm has partnered with a St. Louis firm on the \$85 million redevelopment of the historic Syndicate Trust Building into 175 units of for-sale condos and rental apartments. In Duluth, Sherman Associates is developing 311 Superior, which combines a 147-room Sheraton hotel with 33 luxury condominium units. In Kansas City, Sherman is part of a development team that will redevelop a 12-block area, adding nearly 1,200 housing units.

Not bad for a guy with a biochemistry degree from the University of Minnesota. Sherman worked as a biochemist for a few years after college, until he heeded the advice of a college friend to pursue real estate.

At first blush, there would appear to be no natural connection between the discipline of biochemistry and the intricacies of the real estate business, but Sherman notes that both require attention to numbers and detail.

"Real estate, at least in my world, is a lot of numerical, financial analysis. Biochemistry includes a strong understanding of mathematics," said Sherman, adding that both fields also require an ability to track numerous elements simultaneously. "In biochemistry you may have 10 or 20 things going on at once. I think you have to be able to keep track of numerous components at one time."

Sherman believes that one of his firm's fortes is its knack for working through complex financial deals that involve myriad sources of public and private financing. He cites the Sears project and the St. Louis redevelopment as two examples.

"It involves very, very complicated tax credit and tax increment financing. I think it's one of the things that sets us apart," Sherman said. "Every development company has to have some sort of a niche. You do what you can do."

Sherman began his real estate career quietly.

In 1978, he bought a 14-unit apartment building at 27th Street and Humboldt Avenue South near Uptown in south Minneapolis. A year and a half later, Sherman converted the building into condos.

"It was kind of the heyday of the first condominium rush in the Twin Cities," Sherman recalled. "Back then, condominiums were selling for \$35,000 to \$40,000. Back in those days, I was doing the work myself."

The units sold, and Sherman found himself with a new career.

"We were always involved in urban development," Sherman said, recalling his earliest work in the Lake of the Isles area and on the north side of Minneapolis.

Since he first got into the business, Sherman says that construction costs have tripled.

"We could actually build a townhome in the '80s for \$70,000 and make a little bit of money," Sherman said.

Throughout the 1980s, Sherman and partner Nick Boosalis ran the firm Sherman-Boosalis. They parted ways and Sherman launched Sherman Associates in 1991.

"I think we wanted to go in different directions," Sherman said. "Partnerships are not the easiest things. You either have to agree on everything or nothing."

In the apartment business, Sherman hasn't sold a building since the mid-1980s, taking a long-term view of the market. He sees the rental market rebounding after several years in the doldrums. But even in recent years, Sherman kept up the pace of developing about 500 rental units annually.

"It tends to be counter-cyclical to the for-sale market," Sherman said.
"It's improving."

Through a joint venture with Minneapolis-based Lander Group - Lander Sherman Urban Development - Sherman has developed the Midtown Lofts in Minneapolis and more than 450 units in various projects such as Printer's Row in the emerging Wacouta Commons area of St. Paul.

"I think it's kind of winding down," Sherman said of the joint venture. "It's always been on a case-by-case basis."

Michael Lander, president of the Lander Group, says the joint venture has been a good fit.

"It's gone great, it's a tremendous partnership," Lander said. "I think that the market is changing here. We are separate companies. As we made a plan at Lander Group about where we're going, I do imagine we'll be doing a lot less things with them."

Lander says Sherman has a knack for the financial intricacies of complex deals.

"His forte is in the nexus of public-private development. He's willing to go into development situations that require public support," Lander said. "He's taught multiple cities how to do this stuff and use the various tools. He goes where others will not."

Sherman's aforementioned headquarters? The firm is based on the second floor of the building best known as home to The Old Spaghetti Factory restaurant at 233 Park Ave. S. The building sits within blocks of the new Guthrie Theater and an explosion of new condominium development, including his firm's own Zenith project.

Sherman bought the 55,000-square-foot building, which dates to 1906, in 2001 for \$1.95 million and later bought the adjacent parking lot.

"It was a very classic building, and our staff very much wanted to be downtown," Sherman said. Sherman praises his staff as talented and hard-working. "This is not a golfing crowd," Sherman said.

Sherman Associates owns more than 500,000 square feet of commercial buildings.

"It's less than 10 percent of our business," said Sherman, but he predicts doing more commercial property in the future.

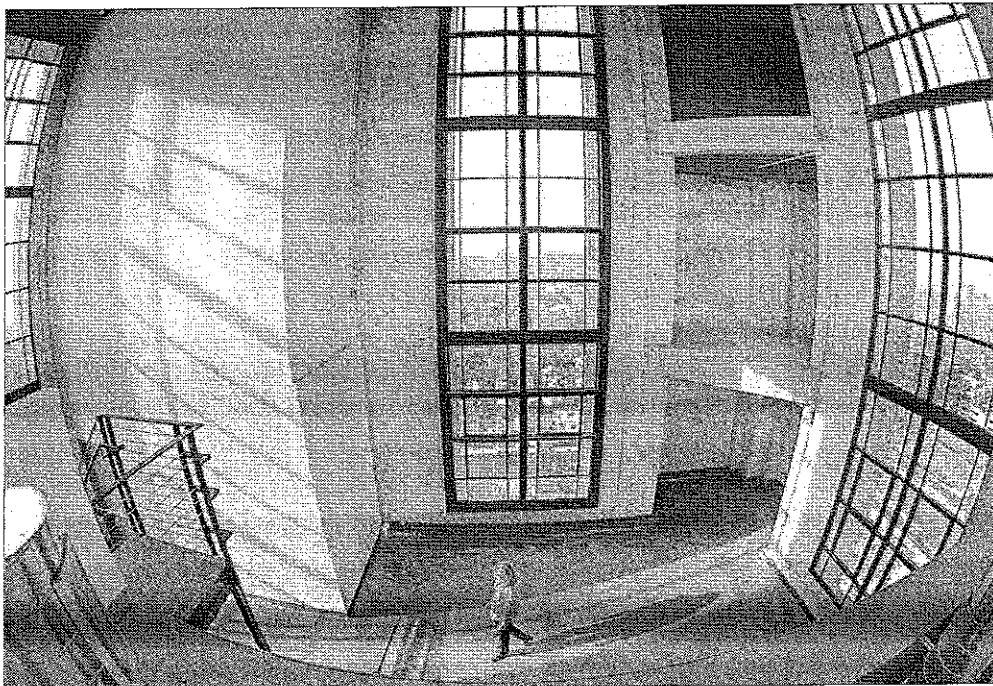
"I think we're getting more experience with it, and it is fitting into more of our mixed-use projects. Our portfolio is growing. More and more cities are asking us to do commercial as part of our development," Sherman said.

As the condo market shifts and slows down, Sherman has some advice for would-be developers.

"Don't go out there thinking you can sell anything," Sherman said. "Number one is go with location in today's adjusted market."

"I think there's going to be a number of projects that don't happen. There needs to be and will be a slowdown," Sherman said.

After \$189 million and a decade of work, the massive Minneapolis redevelopment called the Midtown Exchange is ready for residents.



This 2,200-square-foot condominium on the 17th floor of the Chicago Lofts sold for \$925,000. It has panoramic views of the city and windows 34 feet tall. It once held the Sears water tank.

Sears tower returns to life

Story by LUCIE B. AMUNDSEN • Special to the Star Tribune
Photos by GLEN STUBBE • gstubbe@startribune.com

The lobby of the Midtown Exchange building offers a contrast from the visually and audibly loud intersection where it stands at the intersection of E. Lake Street and Chicago Avenue S. in Minneapolis.

The space is at once true to its 1928 art deco grandeur and a perfect host to its more modern functions. On the left is the new Allina Hospitals and Clinics headquarters that brings nearly 1,000 employees to work in the Phillips neighborhood each day. To the right are elevators to serve the hundreds of residents who have begun moving into the building's new condominiums and rental apartments.

Midtown Exchange is the long-awaited reincarnation of the vacant Sears, Roebuck and Co. facility. And while the project's new slogan, "Meet ya in Midtown," may not be rumbling off the lips of hipsters yet, it has brought a new sense of energy to this south Minneapolis neighborhood.

"It is such a tremendous success and is the largest contiguous redevelopment ever accomplished" in the United States, Minneapolis City Council Member Gary Schiff said. He said the original plans called for redeveloping the massive building in stages, the way other Sears buildings around the nation have been redeveloped. But with a commitment from Allina to locate its headquarters in the building and a positive response from the community, the developer, the Ryan Companies, was able to tackle the \$189 million project all at once.

The Midtown Exchange is in the heart of the Phillips neighborhood, which has been in the throes of a \$25 million Lake Street renewal project since mid-2005 and is next to the Midtown Greenway.

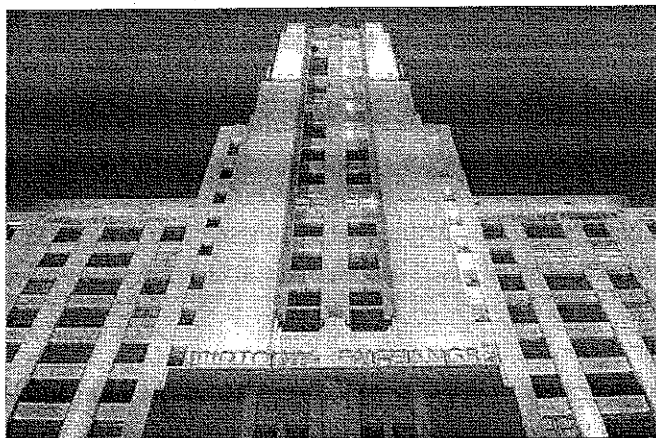
Redevelopment of the 12 million-square-foot structure had many false starts after the retailer pulled out of its 11-acre campus in 1994. The imposing art deco-style building, listed on the National Trust for Historical Preservation, had been a white elephant for more than a decade while the city and neighborhood groups struggled to find a new use for the building, which towers over the Phillips and Powderhorn neighborhoods.

The project gained momentum after Allina made a commitment to move its headquarters to the project, which also includes a new Sheraton hotel and 360 mixed-income condominiums, townhouses and rental apartments. The Midtown Global Market, an indoor public market that's expected to become a Midwestern version of Seattle's Pike's Place Market, will have more than 50 year-round vendors on the main level of the original Sears building, which houses the residential portion of the project, now called the Chicago Lofts. Later phases will include new townhouses and more commercial space.

Midtown continues: The project has made home values soar in a neighborhood with concentrated poverty. H13 ▶

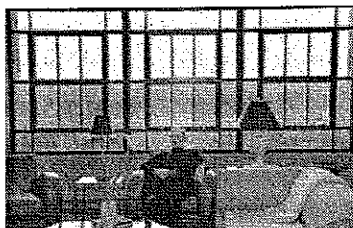
MORE PHOTOS: Go to startribune.com/homes ▶

THE MIDTOWN EXCHANGE PROJECT HAS UNITS FOR SALE AND UNITS FOR RENT



HOUSING FOR SALE 89 loft condos; average price: \$240,000; 42 one-bedroom, 43 two-bedroom and three tower units with an average of 1,200 square feet • **Amenities:** parking ramp with tunnel access, stainless steel appliances, granite countertops, 10- to 12-foot ceilings, track lighting and sliding doors • **57 townhomes** to be completed this fall across the street from the Sears building. Prices will range from \$89,500 to \$259,900, including washer and dryer, private underground parking, maple trim and birch doors
HOUSING FOR RENT 223 apartment units: 129 one-bedroom, 88 two-bedroom, and six efficiency • **Rents** from \$650 to \$1,075 a month; 60 percent of the units are income-based affordable housing • **Amenities:** walk-in closets, vaulted ceilings, carpet and a dishwasher

MEET SOME NEW RESIDENTS OF THE MIDTOWN EXCHANGE'S CHICAGO LOFTS



Steve Waxen, 55, NWA flight attendant

I left a classic three-bedroom-plus bungalow stuffed with furniture. I had a big estate sale and sold every stick of antiques I had. It was a huge change. Surprisingly, the living room is bigger here, and the kitchen is light-years cooler, so everything is a trade-off. I'll miss my fireplace, but not my garden and flowers. I want to see what else there is to do with my spare time.

The location is excellent, with the proximity to the [Midtown] Greenway and 12 blocks to the light-rail transit station. To get to work, I take the bus outside my front door, pick up the train and zip to the airport. That's huge.

Residents continue: High security standards. H14 ▶

Sears tower returns as a place to work and live

◀ MIDTOWN FROM H1

The project is in the heart of a community that has one of the highest concentrations of poverty and new Americans in Minneapolis. While the Midtown Exchange has clearly been a boon for the neighborhood, rising property values in the area have created challenges for many of those who are being priced out of the housing market or are facing rising property-tax bills.

"The only downside," Schiff said, "is [that] the area has come back so quickly it has given whiplash to the residents who have stuck it out."

Organizers of the project wanted low-income people who already live in the neighborhood to have an opportunity to live in the building, so the project includes condominiums and apartments for people who must meet income guidelines.

"I'm pleased we were able to put more affordable housing into the Midtown Exchange Project than a typical city project — an entire 10 percent more," Schiff said.

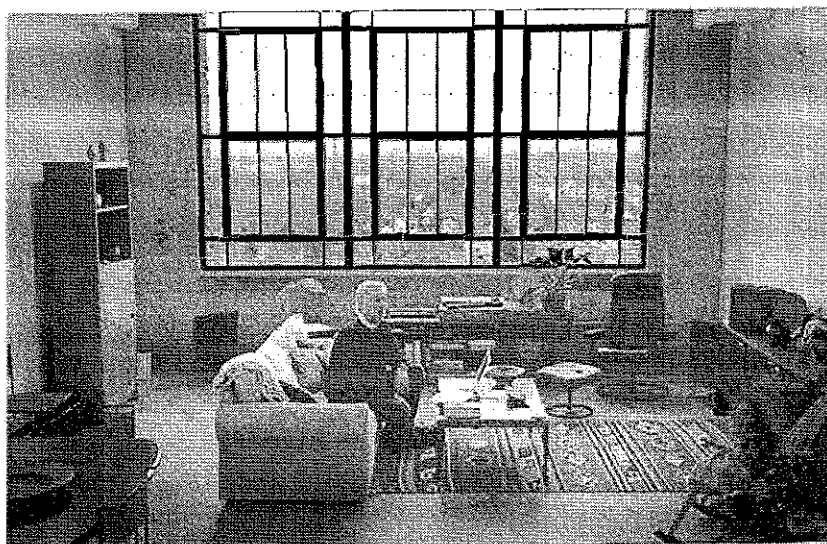
Those converted living spaces have industrial loft sensibilities including oversized windows, tall ceilings and exposed concrete columns that reflect the building's past. "I'm convinced this is the best conversion in the city," Coldwell Banker Burnet sales agent Linda Messenger said. "People come into the building and really respond to the historic proportions and the ameni-

ties like the 360-degree view party room [at the top of the tower]." She said more than half the units have been sold.

Barb Duthler, another Coldwell

Banker Burnet sales agent who is marketing the project, said that buyers include a mix of business executives, first-time home buyers and even suburban and rural Minnesotans who have come to live in this former retail landmark.

"It's a range of people and they've already starting to form community among themselves," she said.



GLEN STUBBE • gstubbe@startribune.com

The Rev. William Heisley moved into a 1,290-square-foot condominium at the Chicago Lofts on Dec. 31. He walks to work.

◀ RESIDENTS FROM H1

I embrace the mixed-income/mixed-use model. Other cities have done it with great success and it is always a gamble. The security standards are so high here, and with Allina's involvement and what the city has invested, they are not going to let this go belly up. They won't settle for anything less than success.

Bill Heisley, 56, pastor, Mount Olive Lutheran church at 31st Street and Chicago Avenue

The way I found out, since my parish is two blocks away, was the sign for Chicago Loft sales trailer. I was prepared to be very skeptical. I walked in and the floor plans were really wonderful. They had a kitchen display in the trailer with standard granite countertop finishes available. I thought, "Maybe I should think about this."

This is the first time in my life that I've lived in the place I've really wanted. Heretofore, it had been: "This is what I can afford." I've really connected with the 12-foot ceilings, industrial concrete, and columns that actually hold up the building. It's a feeling of spaciousness and a different sort of light. I had lots of trees before and I was worried about being 12 stories above the trees instead of one below there, but it's flooded with light. I feel I'm on the cutting edge of something.

Dr. Crystal Schlosse, 42, surgeon with Allina Hospital

I had just started at Abbott and was living in Stillwater. I wanted some place to stay overnight if someone was sick, looking at it as a place to crash. Then I started to contemplate walking two blocks to work vs. two to three

What it came down to: I loved my house in the country, but there is a trade-off of how I wanted to spend my time. Now I have two extra hours and I'm less stressed, knowing I don't have that long drive ahead of me. I'm planning on taking piano lessons and going back to yoga class, which I had dropped from my schedule.

I just feel excited to be part of that change — the positive effects on the community and the whole city. I'm a bit of evangelist. I'm excited to have the market downstairs and have access to ethnic fresh food. I'm not sure if I'll ever need my car, and that's great for the environment. When I would drive into Minneapolis, I'd see that brown [smog] line hanging over the city. I'm not going to contribute to that as much as I did before.

Andrew Williams, 30, security guard, Midtown Exchange

I work security right here at the building and there was a posting on a bulletin board during the construction. It's the best deal, price-wise. I pay \$620 [rent] for a one-bedroom plus a den. You don't find that in Minneapolis too much anymore. It's a nicer space than what I had by the VA hospital and it's \$55 cheaper because it's based on a percentage of income. And I have a seventh-floor view of the whole metro.

My ma was worried because of the history of the area, but once she came to see it she has different opinion. It's so much better than it was 10 years ago. And now I come straight down the elevator and I'm at work. I don't have to deal with the cold and snow. It's real convenient.

Bruce Brown, 46, director of technology, CGS Publishing

I'm from Chicago and need to be in Minneapolis one or two weeks a month for work. The reason we came to see the Chicago Lofts was the whole Sears connection. With my travel, I can land, take the light rail, a short bus ride and I'm here.

It's been really interesting. My boss said that he wouldn't go in that area, but it's nothing like what I've experienced in Chicago. Based on this development, I can see the whole area upgraded, uplifted. I see how Lake Street has changed even since I signed to buy it just a year ago.



4.14.05 Finance and Commerce

MINNEAPOLIS-BASED SHERMAN ASSOCIATES LANDS CONTRACT IN ST. LOUIS

By Burl Gilyard

Minneapolis-based Sherman Associates is singing a new tune: "Meet Me in St. Louis."

Last week, the St. Louis Development Corp. tapped Sherman Associates and a St. Louis firm to redevelop the historic Syndicate Trust Building in downtown St. Louis.

The deal signals the continued growth of residential developer Sherman Associates beyond its Twin Cities home to new markets in the Midwest.

"We've been looking at kind of a structured expansion in the Midwest to take advantage of the experience we have in urban redevelopment," said Brian Gorecki, project manager with Sherman Associates.

The firm is also busy with projects in Milwaukee and Des Moines, and pursuing projects in Kansas City.

The 16-story Syndicate Trust Building dates to 1907 and is listed on the National Register of Historic Places. The Sherman team is planning 175 units of housing - 91 condos and 84 apartments - plus 21,500 square feet of retail space. The \$69 million project is expected to take 18 months to complete.

Sherman is partnered with St. Louis-based LoftWorks LLC on the deal. Gorecki said Sherman is the lead partner on the project.

Gorecki credits the long-standing relationship between principal George Sherman and his bankers with helping to bring the project to Sherman's attention.

"Our partner on the lending side, U.S. Bank, strongly encouraged us to come down and take a look at the Syndicate Trust Building when they heard it was going to go out for an RFP [request for proposals]," said Gorecki.

The Sherman team beat out two competing proposals. Gorecki said that as soon as the decision was announced, his firm began receiving calls from people eager to live in the rehabbed building. "It's always nice to get a call from the marketplace," said Gorecki.

Gorecki said there are some parallels between the Syndicate Trust Building and the Midtown Exchange project, the former Sears store in south Minneapolis where Sherman is developing housing. "It's not the same, but the Sears project that we're doing the housing in is very, very similar," he said. "The type of financing that we're going to put together for this is very, very similar."

Gorecki said both historic and housing tax credits will be key to the project financing.

Details have yet to be worked out, but Gorecki estimates that his team will negotiate a tax increment financing (TIF) package on the project worth about \$9 million.

"St. Louis is probably three to five years behind Minneapolis and St. Paul in its downtown redevelopment. It's moving very, very quickly. This project is timed quite nicely," he said.

"We're just extremely excited. They had three good proposals in front of them," Gorecki added. "We're looking forward to the next 18 months."

building

BUILDER NOTES

Developer of former Sears building wins award

By AMIEE BLANCHETTE
blanchette@startribune.com

Minneapolis-based developer Sherman Associates recently received an award for its Chicago Lofts and Midtown Exchange project at Lake Street and Chicago Avenue S. in Minneapolis.

The project, which transformed the former Sears building into contemporary lofts and rental apartments, plus a marketplace with dozens of ethnic vendors, was named Project of the Year for Adaptive Reuse by Multifamily Executive magazine.

The development was honored for innovative architecture, floor-plan efficiency, suitability to the target market, creative use of materials, interior design, landscaping, creative financing solutions and ability to work with government and community officials.

Ryan Companies U.S. builder of the Midtown Exchange, also recently received the National Trust/Housing and Urban Development Secretary's Award for Excellence in Historic Preservation.

"The rehabilitation of Minneapolis' Sears building is a great example of how historic preservation and community revitalization go hand in hand," said Richard Moe, president of the National Trust for Historic Preservation.

"Midtown Exchange has given new life not only to this historic structure, but also to a community that was beginning to lose hope," he said.

Minnesota Rural Green building and design conference

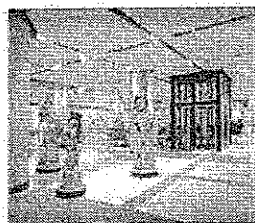
Minnesota Green Communities is holding a daylong series of community design forums and workshops to teach developers, builders, architects, policymakers and funders how to plan and build healthy, sustainable and affordable communities.

The registration fee, which includes all meals and refreshments, is \$95. For more information go to GreenCommunitiesOnline.org/Minnesota.

Dates and locations: Monday in Brainerd, Tuesday in Mankato, Nov. 28 in Grand Rapids.

M Flats taking reservations

There's one more campus condo project in the Twin Cities. M Flats,



at 2850 University Av. SE., Minneapolis, is taking reservations. The sister project of the U Flats on University Av. will have 146 condos with 11 floor plans. Prices start at \$149,999.

The developers are seeking final approval from the city. Construction could start in December and be completed by August.

Builders Association announces

Bennie and People's Choice Awards

The Builders Association of the Twin Cities recently announced recipients of their 2006 Bennie Awards.

The awards recognize excellence in neighborhood design and construction. Projects are judged on aesthetic appeal, land plan, retention of natural features, amenities such as parks and trails, neighborhood structures such as mailboxes and signage, and traffic flow within and to each neighborhood.

Judges are chosen from members of the development community.

Best association-maintained neighborhood: Silver Lake Village in St. Anthony; Silver Lake Homes LLC.

Best new neighborhood (north): Victor Gardens in Hugo; Contractor Property Developers Co.

Best new neighborhood (south): Credit River Territory in Credit River; Laurent Development Co.

Best single-family home neighborhood: Hills of Troy in Hudson, Wis.; Troy Development Corp.

The People's Choice Awards were created to gauge public reaction to Parade of Homes houses.

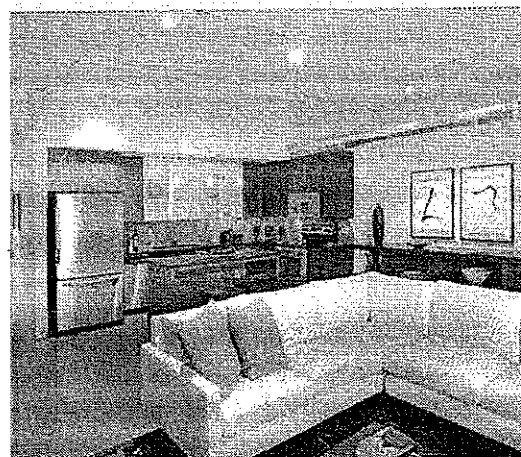
The winners:
\$251,000-\$286,000
 2562 Coldwater Crossing, Mayer, Trumpy Homes
\$310,000-\$359,000
 210 Muirfield Trail, Hudson, Wis., Main Street Builders LLC
\$365,000-\$448,000
 6789 Lakeview Circle, Albertville; Net-



Sherman Associates won an award for transforming the former Sears building into the Chicago Lofts and Midtown Exchange project in Minneapolis.

rum Construction Inc.
\$455,000-\$500,000
 317 Meadow Ridge Court, River Falls, Wis., Divine Custom Homes LLC
\$513,000-\$560,000
 139 Prairie Way S., Bayport, Alexander & Associates
\$572,000-\$620,000
 16847 Dynamic Dr., Lakeville, American Classic Homes LLC
\$629,000-\$726,000
 2151 Crestview Dr., Chanhassen, Lucy Bros. Homes
\$855,000-\$1,245,000
 47 Mound Av., Tonka Bay, Vogue JCF Homes Inc.
\$1,400,000-\$1,580,000
 9767 Sky Lane, Eden Prairie, On the Level Inc.
\$1,600,000-\$2,200,000
 8020 Ridge Court, Maple Grove; Smuckler Custom Builders Inc.

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Photos by BOB PEEZEL

WEB RESOURCES

SustainLane.com is a community portal with consumer-driven reviews of "green" products, services and businesses. The site recently ranked Minneapolis as the 10th most sustainable city among the nation's 50 largest metro areas.

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