

SENIOR HOUSING:

WHAT'S FOR LUNCH - ALPHABET SOUP??

MAAO 2019 Fall Conference

October 1, 2019

PRESENTERS

- *Dan Blonigen SAMA, City of Bloomington*
- *Matt Gersemehl SAMA, City of Bloomington*
- *Brad Moore MAI, Nicollet Partners*
 - 952-452-2232

SEMINAR OBJECTIVES

- Define and describe the types of Senior Housing Facilities
- Emerging trends in Senior Housing
- Valuation Issues and MN Statutory Requirements

DISCLAIMER

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- We encourage attendees to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.
- No people or animals were harmed in the making of this presentation.

ALPHABET SOUP MATH

- $AL > IL = AL$?
- $IL > AL = IL$?
- $IL + AL + MC + SNF = CCRC$?
- $RCN = V_0$?
- $E = MC^2$ (I am not going to question this equation)



Classifications for Seniors Housing Property Types

These classifications have been endorsed by the following organizations: American Association of Homes & Services for the Aging (AAHSA); American Health Care Association (AHCA); American Seniors Housing Association (ASHA); Assisted Living Federation of America (ALFA); National Center for Assisted Living (NCAL); and the National Investment Center for the Seniors Housing & Care Industry, Inc. (NIC).



Photo Courtesy of Brookdale Senior Living

Active Adult Communities: For-sale single-family homes, townhomes, cluster homes, mobile homes and condominiums with no specialized services, restricted to adults at least 55 years of age or older. Rental housing is not included in this category. Residents generally lead an independent lifestyle; projects are not equipped to provide increased care as the individual ages. May include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.

Senior Apartments: Multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities, and other amenities.

Independent Living Communities: Age-restricted multifamily rental properties with central dining facilities that provide residents, as part of their monthly fee, access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, toileting, etc. There are no licensed skilled nursing beds in the property.

Assisted Living Residences: State regulated rental properties that provide the same services as independent living communities listed above, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with activities of daily living (ADLs) including management of medications, bathing, dressing, toileting, ambulating and eating. These properties may have some nursing beds, but the majority of units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents with Alzheimer's or other forms of dementia. A property that specializes in the care of residents with Alzheimer's or other forms of dementia that is not a licensed nursing facility should be considered an assisted living property.

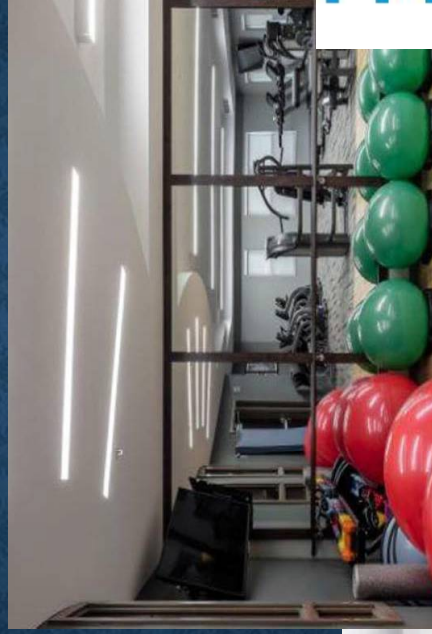
Nursing Homes: Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) or nursing facilities (NF) where the majority of individuals require 24-hour nursing and/or medical care. In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement. These properties may include a minority of assisted living and/or Alzheimer's/dementia units.

CCRCs: Age-restricted properties that include a combination of independent living, assisted living and skilled nursing services (or independent living and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, condo/coop and rental programs. The majority of the units are not licensed skilled nursing beds.

ACTIVE ADULT COMMUNITIES:

- **For-sale** single-family homes, townhomes, cluster homes, mobile homes and condominiums with no specialized services, **restricted to adults at least 55 years of age or older.** - Includes Cooperatives
- Rental housing is not included in this category. Residents generally lead an independent lifestyle; **projects are not equipped to provide increased care as the individual ages.**
- May include amenities such as clubhouse, golf course and recreational spaces. Outdoor maintenance is normally included in the monthly homeowner's association or condominium fee.

ACTIVE ADULT COMMUNITIES:



- Fitness and yoga studio
- Game room and lodge
- Club room for parties
- Business center and conference room
- Guest suite for rent
- Grand lobby and fireside lounge
- Climate-controlled underground parking with car wash bay
- Maker's space for hobbies like wood working or crafts



ACTIVE ADULT COMMUNITIES

WHICH ONE IS THE FAKE?

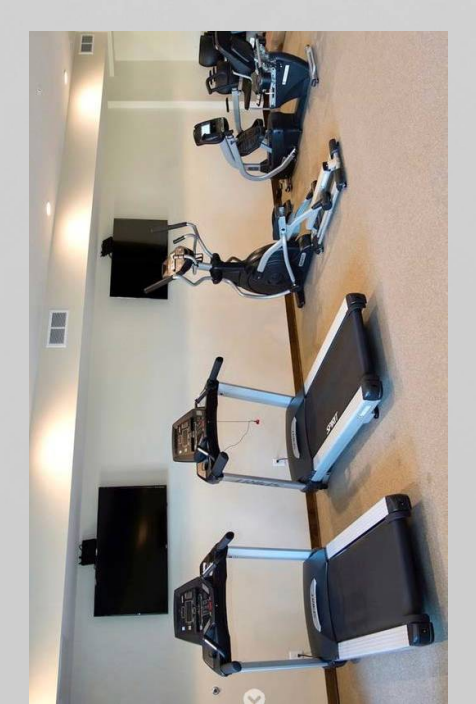
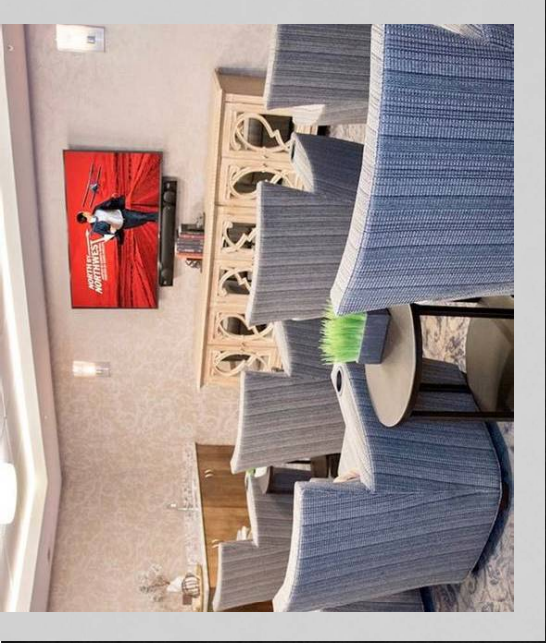
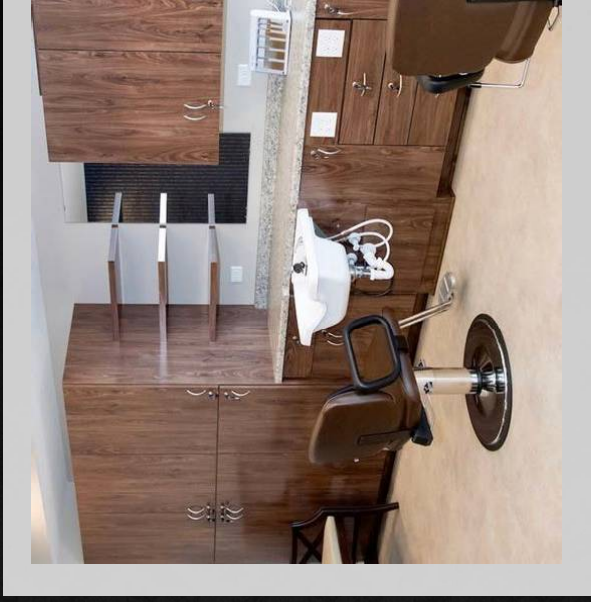


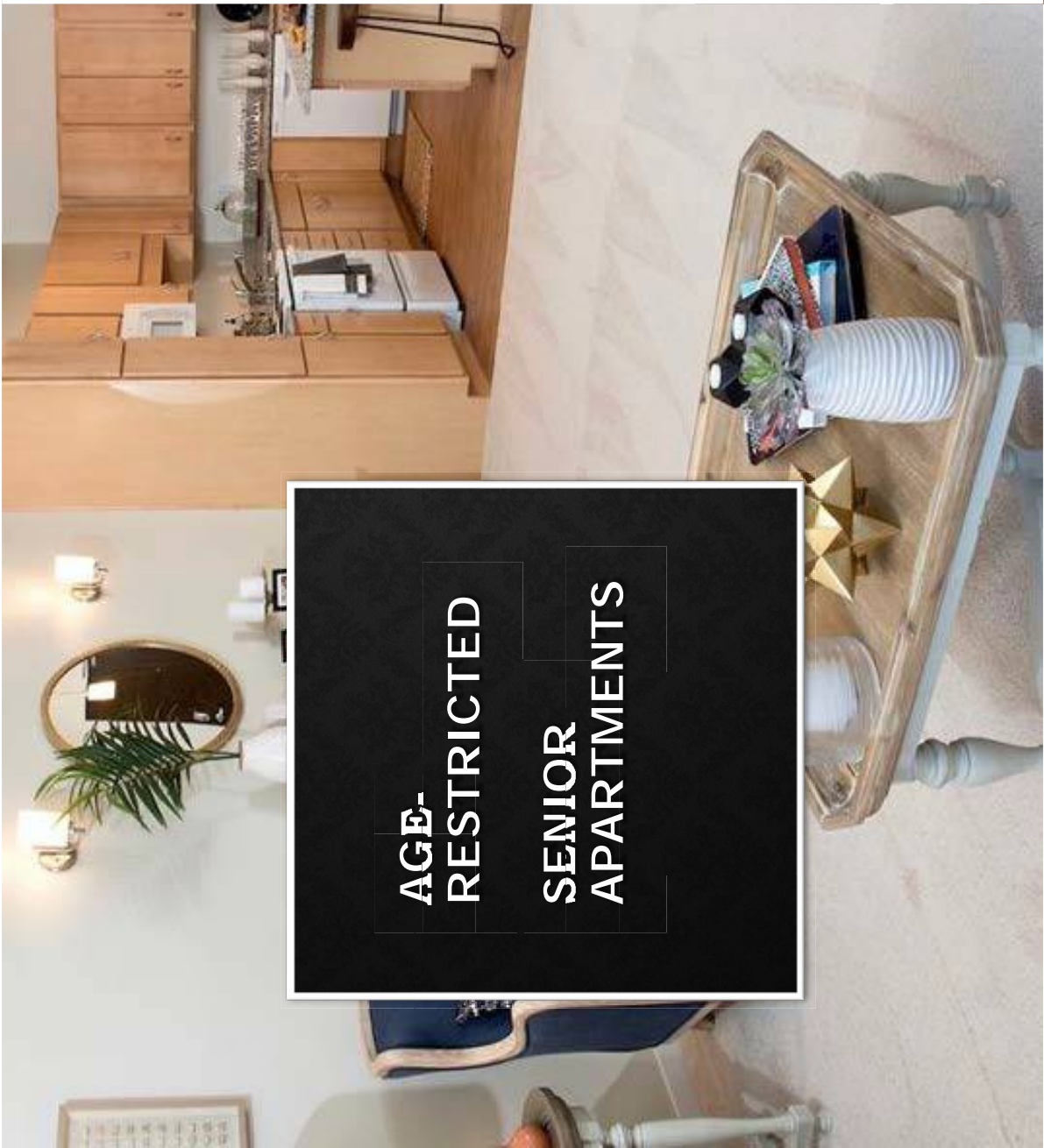
AGE-RESTRICTED / SENIOR APARTMENTS:

- Multifamily residential rental properties **restricted to adults at least 55 years of age or older.**
- These properties **do not have** central kitchen facilities and generally do not provide meals to residents
- May offer community rooms, social activities, and other hospitality amenities.



AGE-RESTRICTED / SENIOR APARTMENTS





**AGE-
RESTRICTED
SENIOR
APARTMENTS**

INDEPENDENT LIVING COMMUNITIES:

- Age-restricted multifamily rental properties with central dining facilities that provide residents, as part of their monthly fee.
- Access to meals and other hospitality services such as housekeeping, linen service, transportation, and social and recreational activities.
- Such properties **do not provide**, in a majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, toileting, etc.
- There are no licensed skilled nursing beds in the property.



INDEPENDENT LIVING COMMUNITIES:



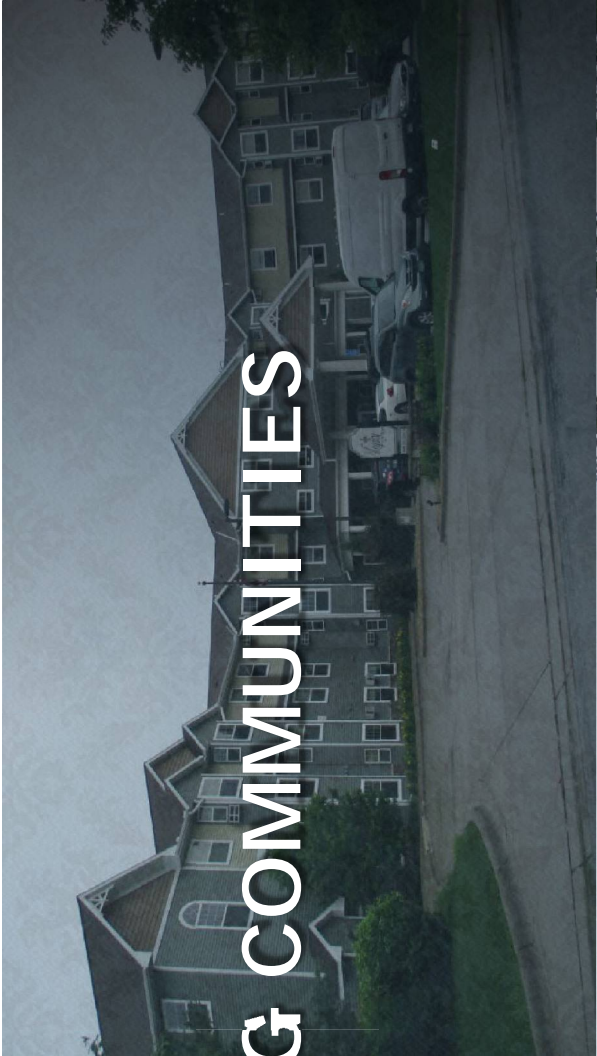
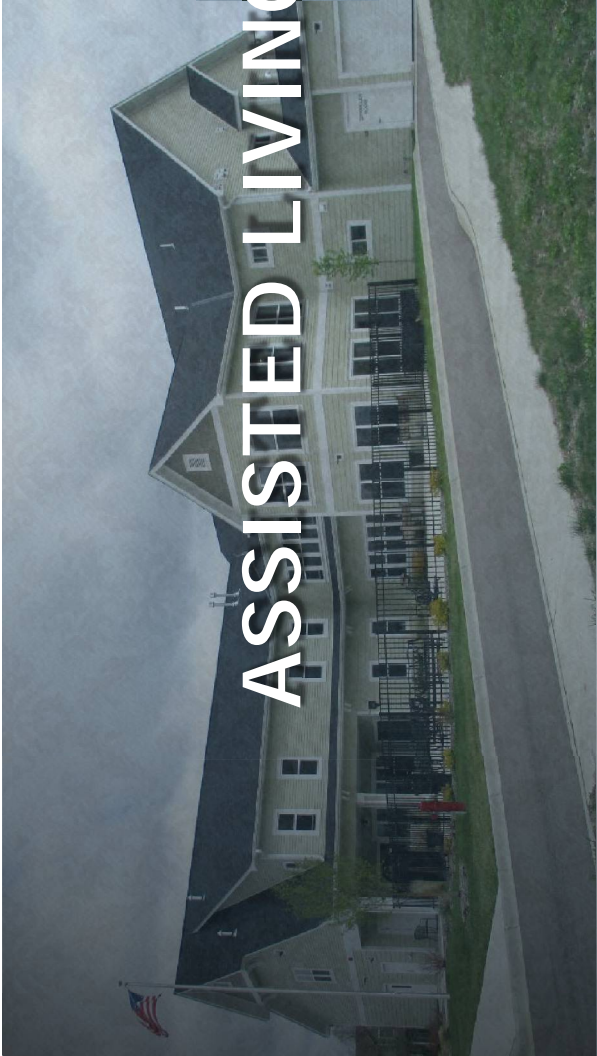
**INDEPENDENT
LIVING
COMMUNITIES:**



ASSISTED LIVING RESIDENCES:

- State regulated rental properties that provide the same services as independent living communities, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with activities of daily living (ADLs) including management of medications, bathing, dressing, toileting, ambulating and eating.
- These properties may have some nursing beds, but the majority of units are licensed for assisted living. They include wings or floors dedicated to residents with Alzheimer's or other forms of dementia.
- A property that specializes in the care of residents with Alzheimer's or other forms of dementia that is not a licensed nursing facility should be considered an assisted living property.

ASSISTED LIVING COMMUNITIES



ASSISTED LIVING RESIDENCES:

❖ Unit Size

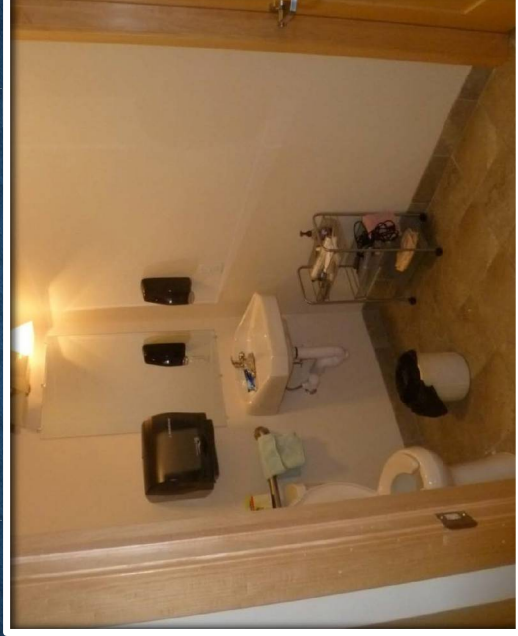
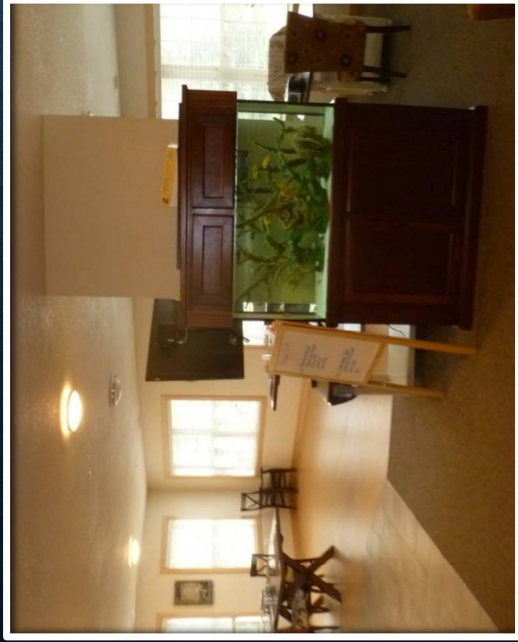
❖ Bathrooms

❖ Kitchens



ASSISTED LIVING RESIDENCES:

- ❖ Half Bathroom
- ❖ Jack and Jill Bathroom
- ❖ Community Dining Area
- ❖ Kitchenette in Unit



NURSING HOMES:

- Licensed daily rate or rental properties that are technically referred to as skilled nursing facilities (SNF) or nursing facilities (NF) where the majority of individuals require 24-hour nursing and/or medical care.
- In most cases, these properties are licensed for Medicaid and/or Medicare reimbursement.
 - <https://www.health.state.mn.us/facilities/regulation/directory/providerselect.html>
- These properties may include a minority of assisted living and/or Alzheimer's/dementia units.



Health Regulation - Facilities and Professions

Facility Certification, Regulation and Licensing
Facility Manager Resources

Choosing a Facility

Find a Provider

Verify a Facility License or Professional Credential

File a Complaint

View Facility and Provider Complaint and Survey Findings

Resident and Provider Resources

Reports

About Health Regulation Division

Related Sites

Health Care Facilities, Providers and Insurance

Health Care Provider Directory

3 Steps to locating Minnesota's licensed, registered or certified health care providers.

Step 1) Select a provider type:

Step 2) Complete one of the 4 selection criteria listed below:

1) By County Which County:

2) By City Which City:

3) By Provider Name Which Provider:

4) Select All

Step 3) Submit your selection:

May produce a large output list.

Health Regulation - Facilities and Professions

- Facility Certification, Regulation and Licensing
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- Choosing a Facility
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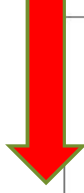
Related Sites

- Health Care Facilities, Providers and Insurance

| [Health Regulation - Facilities and Providers](#) | [Re-select Providers](#) |

Your selection of Nursing Homes found 53 providers in HENNEPIN county.

[Download a data file of this provider list \(Excel file\).](#)



ID	Provider Information
00727	<p>Name: AUGUSTANA CHAPEL VIEW CARE CTR Address: 615 MINNETONKA MILLS ROAD HOPKINS, MN 55343 Phone: 952-938-2761 Fax: 952-938-4092 Administrator: MS. PAULA SPARLING</p> <p>Minnesota Licensed Bed Capacity: (Nursing Home Beds = 108)</p> <p>Federally Certified Beds: (Dual Medicare/Medicaid Skilled Nursing and Nursing Facility Beds = 108)</p>
00164	<p>Name: AUGUSTANA HCC OF MINNEAPOLIS Address: 1007 EAST 14TH STREET MINNEAPOLIS, MN 55404 Phone: 612-238-5000 Fax: 612-238-5240 Administrator: MR. STEVEN BAUKNER</p> <p>Minnesota Licensed Bed Capacity: (Nursing Home Beds = 250)</p> <p>Federally Certified Beds: (Dual Medicare/Medicaid Skilled Nursing and Nursing Facility Beds = 250)</p>
31815	<p>Name: AURORA ON FRANCE</p>

FILE HOME INSERT FORMULAS DATA REVIEW VIEW INQUIRE ACROBAT POWERPIVOT GER
Clipboard Undo Redo Font Calibri 11 Wrap Text General Number Conditional Formatting Table Normal Check Cell Explanatory Input Good Neutral Calculation Note Insert Delete Format Clear Sort & Find Filter Select

	A	B	C	D	E	F	G	H	I	J	K	
	HFID	NAME	ADDRESS	CITY	STA	ZIP	COUNTY_COI	COUNTY_NAME	TELEPHON	FAX	ADMINISTRATOR	
1	Your selection for all All Provider Types found 4602 providers.											
2												
86	30155	ADVACARE CLINICS LTD	5001 AMERICAN BLVD W STE 945	BLOOMINGTON	MN	554371162		27 HENNEPIN	952-835-6653	952-835-3895	MR. DENNIS LENSELINK	
113	24067	ALL HOME HEALTH INC	2626 82ND STREET EAST STE 180	BLOOMINGTON	MN	55425		27 HENNEPIN	952-814-7400	952-853-0966	MR. MAC WALTERS	
165	29963	AMAZING HOMECARE AND NURSING S	9031 PENN AVENUE SOUTH STE 100	BLOOMINGTON	MN	55431		27 HENNEPIN	617-413-4952	None	MS. REGINE NDIFOR-AJAGA	
169	26939	AMELIE HOUSE	1400 WEST 100TH STREET	BLOOMINGTON	MN	55431		27 HENNEPIN	952-746-7896	952-746-7897	MR. JAMES HAMMILL	
237	23584	ASERACARE HOSPICE	5001 AMERICAN BLVD STE 655	BLOOMINGTON	MN	55437		27 HENNEPIN	952-943-0009	952-943-1187	MS. BARBARA ROLOFF	
256	30419	ASSISTED LIVING IN HERITAGE HA	11501 MASONIC HOME DRIVE	BLOOMINGTON	MN	55437		27 HENNEPIN	952-948-6901	952-948-7970	MS. BETH SCHROEDER	
257	20126	ASSISTED LIVING IN HERITAGE HA	11501 MASONIC HOME DRIVE	BLOOMINGTON	MN	55437		27 HENNEPIN	952-948-7513	952-948-7516	MS. BETH SCHROEDER	
267	29064	ASSURED CARE	9630 LIPTON RD	BLOOMINGTON	MN	55431		27 HENNEPIN	952-290-3003	952-314-1527	MS. JOAN COLEMAN	
268	32366	ASSURED CARE	9630 LIPTON ROAD	BLOOMINGTON	MN	55431		27 HENNEPIN	952-290-3003	952-314-1527	MS. CAREESE COLEMAN	
385	33001	BEAUTIFUL HEARTS LLC	8901 OLD CEDAR AVENUE #105	BLOOMINGTON	MN	55425		27 HENNEPIN	612-245-0435	None	NAJIB ISSE	
469	20863	BLOOMINGTON DIALYSIS UNIT TRC	8591 LYNDALE AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-703-5888	952-703-5889	MS. BRITT JAENKE	
470	1098	BLOOMINGTON OUTREACH HOME	10633 KELL AVENUE SOUTH	BLOOMINGTON	MN	55437		27 HENNEPIN	952-881-2848	952-884-0178	MS. MARY TIOSVOID	
488	30305	BRECK HOME RESIDENTIAL CARE	312 WEST 95TH STREET	BLOOMINGTON	MN	55420		27 HENNEPIN	612-702-8801	952-881-2100	MS. JENNIFER MORGAN	
489	24594	BRECK HOME RESIDENTIAL CARE CE	318 WEST 95TH STREET	BLOOMINGTON	MN	55420		27 HENNEPIN	612-702-8801	952-881-2100	MS. JENNIFER MORGAN	
490	23111	BRECK HOME RESIDENTIAL CARE CE	312 WEST 95TH STREET	BLOOMINGTON	MN	55420		27 HENNEPIN	612-702-8801	952-881-2100	MS. JENNIFER MORGAN	
533	29308	BROOKDALE HOSPICE MINNESOTA	7801 E BUSH LAKE RD STE 230	BLOOMINGTON	MN	55438		27 HENNEPIN	952-831-0193	952-831-0191	MS. TAMMY MORAN	
618	20981	CARDENAS FRIENDSHIP HOUSE	3608 WEST 84TH STREET	BLOOMINGTON	MN	55431		27 HENNEPIN	612-670-1380	None	MR. ROBERT CARDENAS	
653	1508	CARLSON DRAKE HOUSE	5414 WEST OLD SHAKOPEE CIRCLE	BLOOMINGTON	MN	55437		27 HENNEPIN	952-888-5611	952-888-3741	MS. KIM OFFERDAHL-BROOKS	
826	25881	CHU SURGERY CENTER LLC	9117 LYNDALE AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-835-1235	952-835-1092	MS. CARRIE JACOBS	
882	28028	DESTINY HOME CARE SERVICES	8036 LIPTON AVENUE SOUTH	BLOOMINGTON	MN	55431		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
883	27249	DESTINY HOME CARE SERVICES	9907 WENTWORTH AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
884	27248	DESTINY HOME CARE SERVICES	8709 BRYANT AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-888-1405	952-888-7724	MS. FAITH UDEH	
885	32135	DESTINY HOME CARE SERVICES INC	8907 2ND AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
886	33140	DESTINY HOME CARE SERVICES INC	8007 LIPTON AVENUE SOUTH	BLOOMINGTON	MN	55431		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
887	32136	DESTINY HOME CARE SERVICES INC	9318 CHICAGO AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
888	32134	DESTINY HOME CARE SERVICES INC	8100 ALDRICH AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
889	24149	DESTINY HOME CARE SERVICES INC	9907 WENTWORTH AVENUE SOUTH	BLOOMINGTON	MN	55420		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
890	32133	DESTINY HOME CARE SERVICES INC	3108 108TH STREET	BLOOMINGTON	MN	55420		27 HENNEPIN	952-888-7172	952-888-7724	MS. FAITH UDEH	
470	25770	FMC SOUTHTOWN DIALYSIS	7901 XERES AVENUE S STE 103	BLOOMINGTON	MN	55431		27 HENNEPIN	952-881-6986	952-881-0621	MS. BEVERLY LEVY	
489	29092	FOUNDERS RIDGE	6600 AUTO CLUB ROAD	BLOOMINGTON	MN	55438		27 HENNEPIN	952-946-2000	952-946-2001	MS. NATALIE MORLAND	
490	28701	EQUIMIDERS RIDGE	1600 AUTO CLUB ROAD	BLOOMINGTON	MN	55438		27 HENNEPIN	952-946-2000	952-946-2001	MS. NATALIE MORLAND	

Clipboard: Paste, Copy, Cut, Format Painter, Font: Calibri, Size: 11, Bold, Italic, Underline, Text Color, Background Color, Paragraph: Bullets, Numbered, Indent, Decrease Indent, Increase Indent, Merge & Center, Wrap Text, Styles: Normal, Check Cell, Bad, Explanatory, Good, Input, Neutral, Linked Cell, Calculation, Note, Cells: Insert, Delete Format, Insert, Delete Format

HFID	A	B	C	D	E	F	G	H	I	J	K	L	M	N
NAME	MTAI BLOOMINGTON		CARLSON DRAKE HOUSE	FRIENDSHIP VLGE OF BLOOMINGTON	GUNDERSON PLACE	MARTIN LUTHER CARE CENTER	MINNESOTA MASONIC HOME CARE CT	MSOCS BLOOMINGTON	MTAI ALBERT PLACE	PRESB HOMES OF BLOOMINGTON	REM HENNEPIN BLOOMINGTON	THE ESTATES AT BLOOMINGTON	WINGSPAN LIFE RESOURCES	
ADDRESS	10633 KELL AVENUE SOUTH		5414 WEST OLD SHAKOPEE CIRCLE	8100 HIGHWOOD DRIVE	7799 UTICA ROAD	1401 EAST 100TH STREET	11501 MASONIC HOME DRIVE	8634 OAKLAND AVENUE	9911 13TH AVENUE SOUTH	9200 NICOLLET AVENUE SOUTH	9201 OLD CEDAR AVENUE SOUTH	9200 NICOLLET AVENUE SOUTH	2209 91 1/2 STREET WEST	
CITY	BLOOMINGTON		BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	BLOOMINGTON	
STATE	MN		MN	MN	MN	MN	MN	MN	MN	MN	MN	MN	MN	
ZIP	55437		55438	55437	55437	55425	55437	55420	55425	55431	55425	55420	55431	
COUNTY CODE	27		27	27	27	27	27	27	27	27	27	27	27	
COUNTY NAME	HENNEPIN		HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	HENNEPIN	
TELEPHONE	952-881-2848		952-888-5611	952-831-7500	952-831-4633	952-888-7751	952-948-6901	952-881-5214	952-888-0652	952-948-3000	952-854-1800	952-881-8676	651-646-3846	
FAX	952-884-0179		952-888-3741	952-830-9405	952-831-0407	952-698-3966	952-948-7970	952-881-5246	952-881-6182	952-948-3002	763-852-5350	952-881-1050	651-646-2347	
ADMINISTRATOR	MS. MARY TJOSVOLD		MS. JENNIFER BEVER	MS. NICK EISEN	MS. CLAIRE BRUESKE	MS. BETH SCHROEDER	MS. RACHEL ANDERSON	MS. MARY TJOSVOLD	MS. MICHELLE SULLIVAN	MS. CONNIE MENNE	MR. ERIC ANDERSEN	MS. THERESE DAVIS		
LIC_TYPE	NONPROFIT CORPORATION		NONPROFIT CORPORATION	NONPROFIT CORPORATION	LIMITED LIABILITY COMPANY	LIMITED LIABILITY COMPANY	STATE CORPORATION	NONPROFIT CORPORATION	NONPROFIT CORPORATION	NONPROFIT CORPORATION	NONPROFIT CORPORATION	LIMITED LIABILITY COMPANY	NONPROFIT CORPORATION	
Total Beds	6	6	12	119	6	37	214	6	6	58	8	75	6	
HOSP_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
BASS_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
PSY_HOSP_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
NH_BEDS	0	0	0	66	0	37	214	0	0	58	0	75	0	
BCH_BEDS	0	0	53	0	0	0	0	0	0	0	0	0	0	
SLFA_BEDS	6	6	12	0	0	0	0	0	6	0	8	0	0	
SLFB_BEDS	0	0	0	0	6	0	0	6	0	F	0	0	6	
OTHER_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
HCP_TYPE														
HWS														
HWS_TYPE														
OPS														
HOSP18_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
CAH														
DEEMED														
SWING														
PSY18_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
SNF_BEDS	0	0	0	66	0	0	214	0	0	58	0	75	0	
SNFNF_BEDS	0	0	0	0	0	37	0	0	0	0	0	0	0	
NF1_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
NF2_BEDS	0	0	0	0	0	0	0	0	0	0	0	0	0	
ICFMR_BEDS	6	6	0	0	6	0	0	6	6	0	8	0	6	
HHA														
HOSPICE														
CMHC														
CORF														

NURSING HOMES:

Exhibit 6.a
Post-Acute Versus Long-Stay Care

Transitional/Short-Stay Post-Acute Care Industry Bifurcation Custodial/Long-Stay



- Average length of stay: under 30 days
- Major joint replacement, severe infections, kidney/urinary tract infections
- Most residents discharged home with follow-up home healthcare
- Average length of stay: 1 year+
- Frail residents with multiple conditions, often including dementia and incontinence
- Stay through end-of-life, many with hospice care in property, at home, or in specialized property

NURSING HOMES:



NURSING HOMES:



CONTINUING CARE RETIREMENT COMMUNITIES (CCRCs)

- **CCRCs:** Age-restricted properties that include a combination of independent living, assisted living and skilled nursing services (or independent living and skilled nursing) available to residents **all on one campus**.
- Resident payment plans vary and include **entrance fee**, condo/coop and rental programs.
- The majority of the units are not licensed skilled nursing beds.

CONTINUING CARE RETIREMENT COMMUNITIES (CCRC)

- "One-Stop-Shopping"
- Multi-level care facilities that combine residential accommodations with health services.
- The goal is to allow residents to receive the appropriate level of care across a continuum, from IL, AL to SNC as their health status changes and without having to move out of the retirement community.
- Residents in independent or assisted living housing can move to the skilled nursing wing to receive short-term care following a serious illness or injury and then return to their room or apartment once they recover.

CONTINUING CARE RETIREMENT COMMUNITIES (CCRC)

- CCRCs are sometimes called Life Care Communities, they aren't the same.
- Life care is actually a subset of continuing care available through one of three types of continuing care contracts.
 - Type A contracts provide extensive or full life care service.
 - Type B contracts provide modified or continuing care service.
 - Type C contracts are fee-for-service arrangements that provide continuing care service.
- Type A contracts are the most comprehensive and cover residential services, amenities and long-term nursing care without an increase in monthly fees.
- Type B and C contracts both cover residential services and amenities but limit nursing care with extra fees often required.

CONTINUING CARE RETIREMENT COMMUNITIES (CCRC)

- Minnesota Statute Chapter 80D

- **Subd. 2.** "Continuing care" means the furnishing to an individual, other than an individual related by blood or marriage to the person furnishing the care, of board, lodging, and nursing service, medical service or other health-related service, regardless of whether or not the lodging and service are provided at the same location, pursuant to a written agreement effective for the life of the individual or for a period in excess of one year, which is conditioned upon the payment of an entrance fee in excess of \$100 and the payment of regular periodic charges for the care provided.

- Owned by a Corporation leased to individuals
- Homestead benefits apply - 273.124 Subd. 5

CONTINUING CARE RETIREMENT COMMUNITIES (CCRC)

- Life care communities are simply CCRCs operating under Type A contracts but with one distinct difference.
- Life care communities offers continuum of care to a resident for life, but residents who become financially unable to pay their monthly care fees are subsidized by the Non-Profit.
- Residents continue to receive the same access to services with no interruption in care or change in priority status. In other words, residents are guaranteed the same quality of care and access to care from day one through end of life, regardless of their personal financial situation.



Expansion



THE OPPORTUNITY TO SECURE LIFE CARE EXPANDS IN THE BLOOMINGTON AREA.

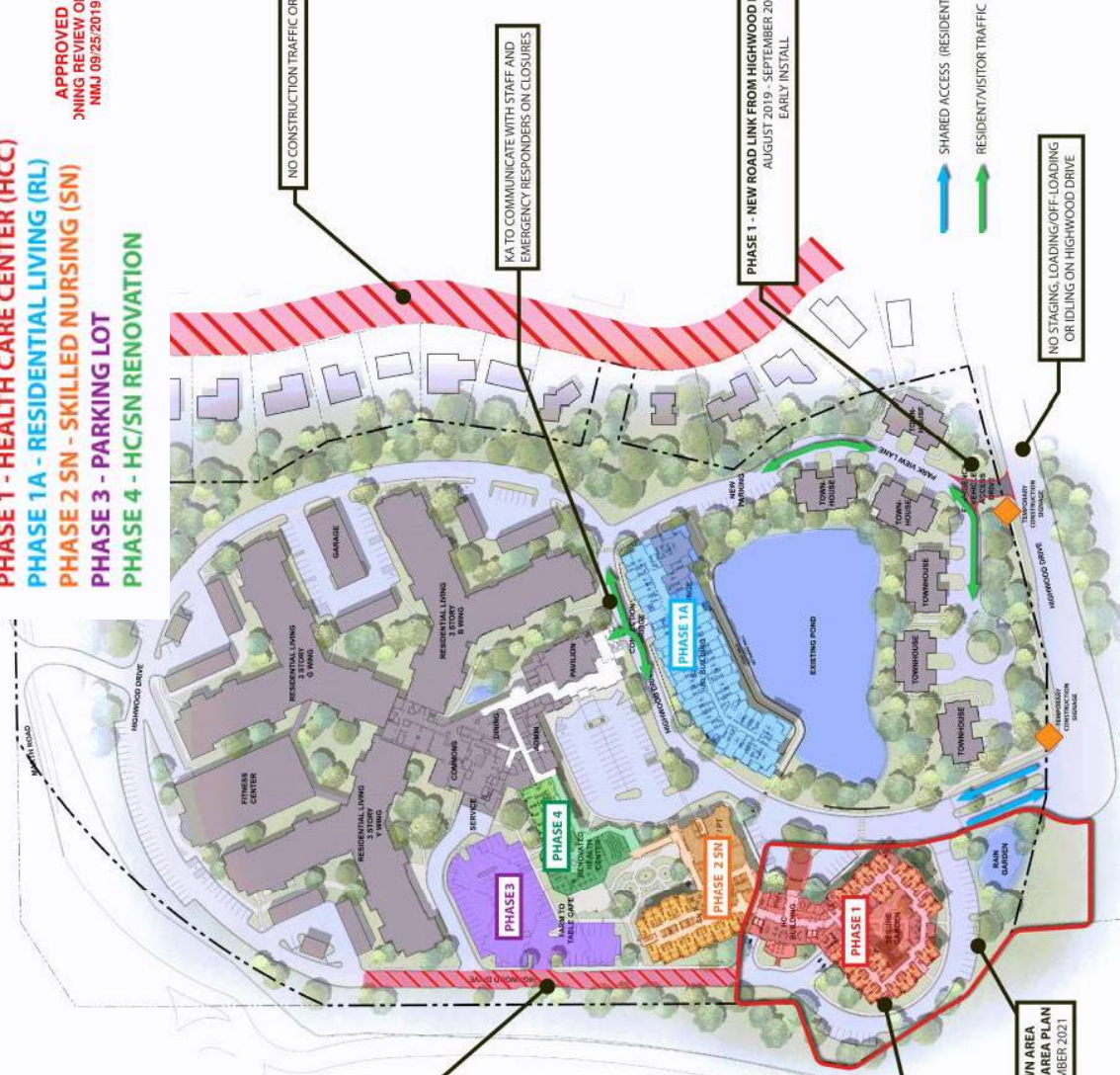
\$114.5 million expansion at Friendship Village

This exciting initiative is well underway and will soon transform the look of our campus. With new apartment homes available, it will soon be possible for more area seniors to choose our retirement community.

- 93 spacious 1- and 2-bedroom residential living apartments
- Floor plans from 788 sq. ft. to 2,226 sq. ft.
- New health center with private and semiprivate assisted living and memory support suites
- State-of-the-art physical and occupational therapy gym

- PHASE 1 - HEALTH CARE CENTER (HCC)
- PHASE 1A - RESIDENTIAL LIVING (RL)
- PHASE 2 SN - SKILLED NURSING (SN)
- PHASE 3 - PARKING LOT
- PHASE 4 - HC/SN RENOVATION

APPROVED
 DURING REVIEW ONLY
 NMIJ 09/25/2019



FRIENDSHIP VILLAGE OF BLOOMINGTON

- Today
 - Independent Living – 296 Apartments
 - Independent Living Cottages – 12 units
 - Assisted Living – 26 (Boarding Care*)
 - Long Term Skilled Nursing – 52 Suites (66 beds*)
 - Short Term Skilled Nursing – 0
 - Memory Support – 26 (Boarding Care*)
 - Total 412 Units
- Proposed Expansion
 - IL: +96 Apartments = 392 Apts
 - ILC: No Change = 12 Units
 - AL: (-26 BC) +42 Apts = 42
 - LTSN: (-52 Suites/66 beds) + 48 Suites/50 beds = 48 Suites / 50 Beds
 - STSN: + 16 Suites / 16 Beds
 - MC/S: (-26 BC) + 32 Studios
 - Total: (-52) 142 Units = 542 Units

*Note: Federally Certified: Medicare Skilled Nursing Facility Beds = 66
MN Licensed: Boarding Care Home Beds = 53

CONTINUING CARE RETIREMENT COMMUNITIES (CCRC)

- Presbyterian Homes of
Bloomington
 - IL – 101 Units
 - AL – 131 Units
 - MC – 18 Units
 - SN- 80 Units / 98 Beds
 - Total 330 Units OR
 - 250 Units & 98 Beds

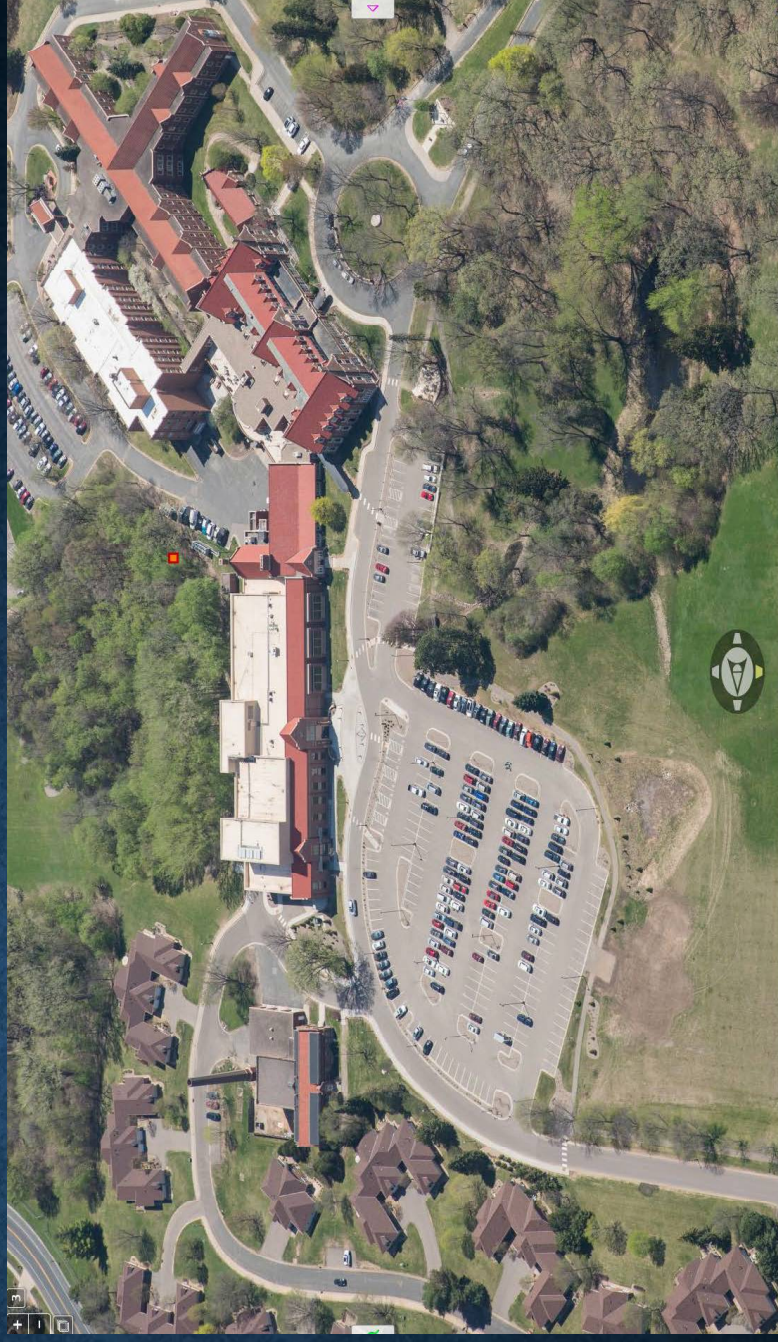


CONTINUING CARE RETIREMENT COMMUNITIES (CCRC)

- Minnesota Masonic

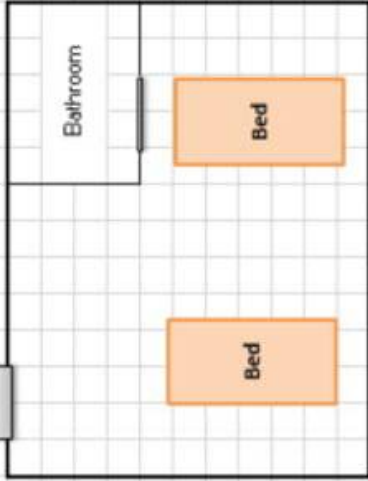
Homes

- IL – 56 Units
- AL – 45 Units
- MC – 20 Units/Beds
- STSN- 100 Beds
- LTSN – 94 Beds
- Total 101 Units & 214
Beds



BEDS VS. UNITS

Semi-Private Unit




Units	Beds	Max Days
1	2	730

Semi-Private unit:

- Same entry into unit.
- All space is shared.
- Each beds is rented separately.

Shared Bath Unit



Units	Beds	Max Days	Units	Beds	Max Days
1	1	365	1	1	365

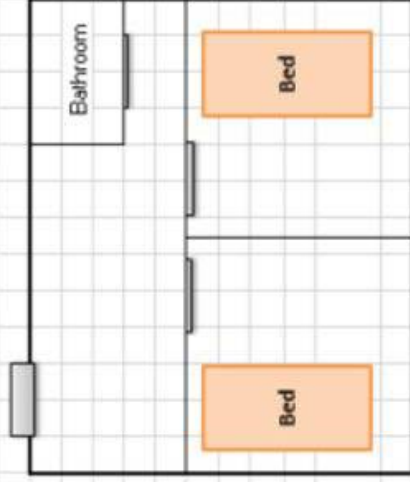
Shared Bath Unit:

- Separate entry into each unit.
- Bedrooms Private
- Jack & Jill Bathroom (shared)
- Each Unit counts as 1 unit/1 bath / 365 max days

*Based on HUD Guidelines

BEDS VS. UNITS

Shared Unit

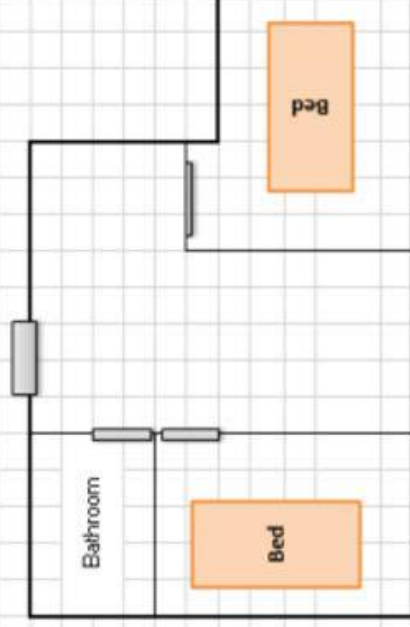


Units	Beds	Max Days
1	2	730

Shared unit:

- Same entry into unit.
- Bedrooms Private
- Common space is shared.
- Similar to 2 BR, but each bedroom is rented separately.

2-Bedroom Unit



Units	Beds	Max Days
1	1	365

2-Bedroom unit:

- One entry into unit.
- Rented as 1 unit, to either 1 or multiple related persons.

*Based on HUD Guidelines

CLASSIFICATION OF SENIOR HOUSING

Why is Classification of Senior Housing Important?

- Identify Functional Obsolescence
- Identify trends and ratios for given Classification
- Develop support for allocation of Real Estate Value

CLASSIFICATION OF SENIOR HOUSING

Product Type	Apartments	Independent Living Age-Restricted/Senior Apt. Housing W/ Services Stand Alone II Active Adult	Assisted Living Age-In-Place Stand Alone AL	Memory Care Specialty Care High Acuity	Skilled Nursing
Age Cohort	18 to 75	55 to 75	80+	55+	75+
HWS License	None	Maybe	Yes	Yes	Yes
Home Care License	None	None	Yes	Yes	Yes
Hospitality Services	None	Maybe	Yes	Yes	Yes
Health Care Levels	None	None	Yes	Yes	Yes
Dining Room Options	None	Maybe Comm 1 Kitchen	Comm 1 Kitchen & Dining room	Comm 1 Kitchen & Dining room	Comm 1 Kitchen & Dining room

CLASSIFICATION OF SENIOR HOUSING

Product Type	Apartments	Independent Living Age-Restricted/Senior Apt. Housing W/ Services Stand Alone IL Active Adult	Assisted Living Age-In-Place Stand Alone AL	Memory Care Specialty Care High Acuity	Skilled Nursing
Average Unit Size	400 to 1,600 0, 1, 2, 3 BR	600 to 1,200 1-BR & 2-BR	400 to 900 S, 1, 2 BR	150 to 500 S, 1 BR	80 to 200 Prvt. Or Semi Prvt
Bldg. Efficiency	75% to 90%	65% to 85%	50% to 65%	40% to 60%	40% to 60%
Units to Bed Ratio	1:1	1:1	1:1 to 1:2 some shared units	1:1 to 1:2 some shared units	1:1 to 1:2 some shared units
Parking Ratio	1:1 to 2:1	1:1 to 2:1	0.5:1 to 1:1	under 0.5:1	under 0.5:1
Bathrooms	1 full bath	None, 1/2, Full	None, 1/2, Full	None, 1/2, Full	None, 1/2, Full

MINNESOTA STATE LICENSURE

- **Housing with Services License:** An establishment providing "Assisted Living" must have a HWS license and can provide health-related services under a home care license. MN Statute 144D (Housing with Services Establishment).

Housing with Services: In this setting, you are renting "housing" and buying health-related "services." A single company may provide both the housing and the services, or the building may have an arrangement with home care agencies and other companies to provide some or all of the services. Please note that not all Housing With Services provide Assisted Living.

- **Source:** Uniform Consumer Information Guide

MINNESOTA STATE LICENSURE

Assisted Living: The legal requirements for Assisted Living vary by state. Minnesota's laws related to Assisted Living are based on the concept of "Housing With Services." In Minnesota, Housing With Services providers may call themselves "Assisted Living" only when they meet additional basic requirements under Minnesota law [MN Statute 144G]. The rights you have as a tenant of the housing and a client of the services are listed on the last page of this Guide.

- Source: Uniform Consumer Information Guide

- "Assisted Living" services must provide at a minimum: **health-related services (assistance with medication and three ADLs), necessary nurse assessments of physical/cognitive needs of AL residents, registered nurse supervision staff, access to on-call registered nurse 24/7, two meals per day are available, weekly housekeeping and laundry service are available, a system for daily checks, "awake" staff 24/7, a system for arranging transportation, and assistance with accessing resources and social services in the community.** MN Statute 144G (Assisted Living)

MINNESOTA STATE LICENSURE

- Comprehensive License: [Assisted Living shall only be provided in a registered HWS establishment and the provider must have a home care license.](#)

Home Care Provider: In addition to a rental agreement, you will also sign a service agreement or service plan that covers services you will receive from the licensed home care provider. The building owner may be the home care provider and other times services may be provided by one or more outside home care providers. You have the right to choose freely among home care providers and to change providers after services have begun. This building has an arrangement with the following home care agency to provide services to its tenants.

- A Comprehensive home care provider may provide medication administration and therapies such as physical and occupational therapy.
- A Basic home care provider may provide basic home care services. A Basic home care provider **cannot** provide health-related services, such as medication administration or therapies such as physical or occupational therapy

Source: [Uniform Consumer Information Guide](#)

SENIOR HOUSING MARKET UPDATE

SENIOR HOUSING MARKET UPDATE

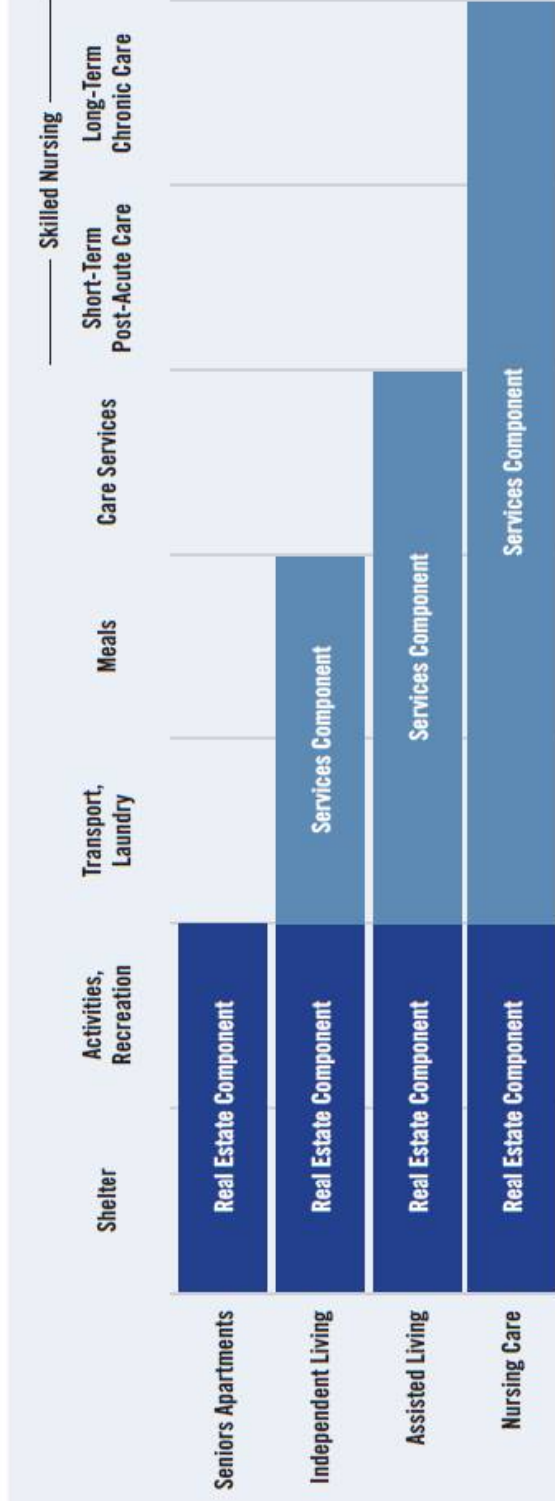
Supply of Investment-Grade* Seniors Housing and Care Properties in the U.S.

By Property and Unit Counts across Community Types, Campus Types, and Care Segments | Estimates as of 4Q17**

By Community Type	# Properties	# Units***
Independent Living (IL)	2,800	427,000
Assisted Living (AL)	7,200	595,000
Memory Care (MC)	1,400	73,000
Nursing Care (NC)	10,300	1,344,000
CCRC/Life Plan Community	1,800	604,000
Total	23,500	3,043,000

CLASSIFICATION OF SENIOR HOUSING

Exhibit 1.b
Property Types by Services Provided



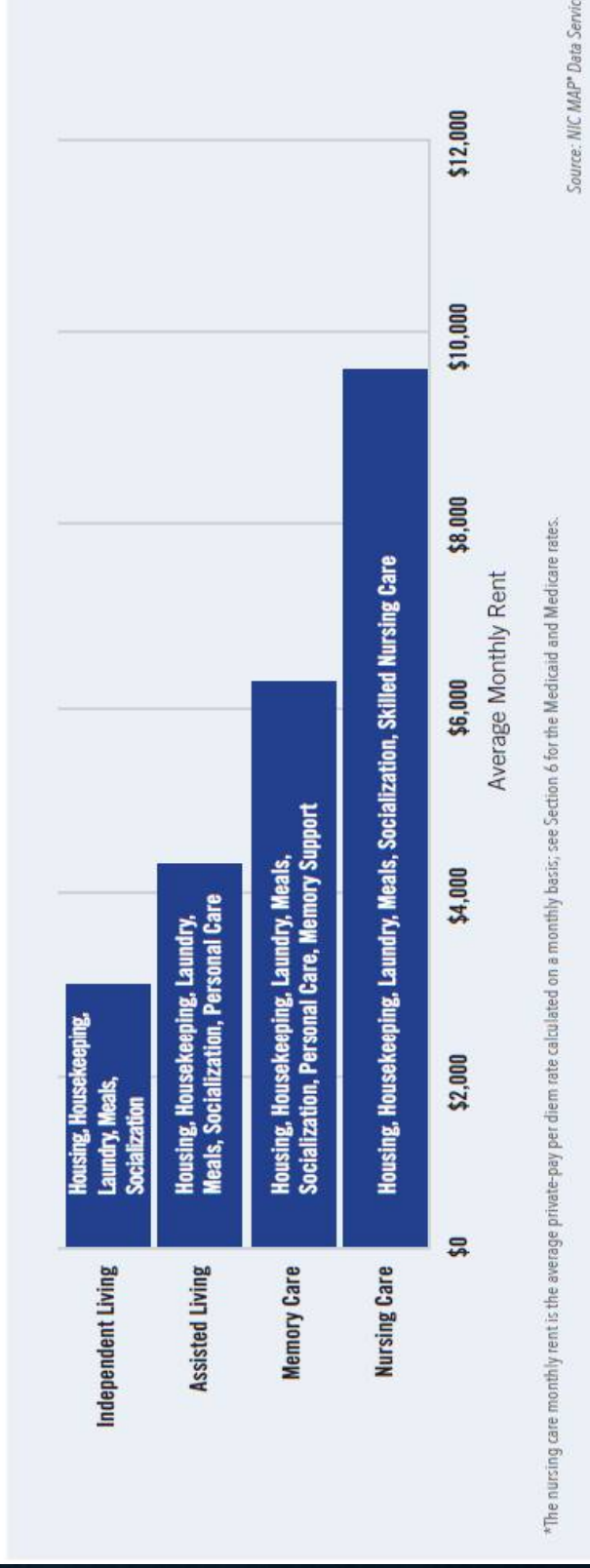
Additional services result in higher monthly housing rates

AVERAGE MONTHLY REVENUE

Exhibit 1.c

Average Monthly Rent by Care Segment

As of 4Q17



*The nursing care monthly rent is the average private-pay per diem rate calculated on a monthly basis; see Section 6 for the Medicaid and Medicare rates.

Care Segment	Average Monthly Rent	CCRC/LPCs
Independent Living Communities	\$3,050	
Assisted Living Communities	\$4,577	
Memory Care Communities	\$6,301	
Nursing Care Communities	\$9,463*	
Average Monthly Rent		\$3,119

AVERAGE MONTHLY REVENUE

What annual growth factors are you using (or perceived to be used by others) for cash flow projections of senior housing properties in general:

<u>Range</u>	<u>Average</u>	
<u>2%-5%</u>	<u>3.0%</u>	Revenues
<u>2%-4%</u>	<u>3.0%</u>	Expenses
<u>1%-3%</u>	<u>2.5%</u>	General Inflation

*Source: Senior Housing Investment Survey, Spring 2019

MEDIAN OPERATING EXPENSES

- Independent Living - \$17,112/Unit
- Assisted Living - \$28,068/Unit
- Nursing Care - \$76,285/Unit
- CCRC/Life Plan Communities - \$47,364/Unit

*Source NIC Investment Guide 2018 (year end 2016 exp)

OPERATING EXPENSES: IL

Exhibit 3.h

Monthly Operating Expenses in Independent Living Properties Per Occupied Unit

For Fiscal Year Ending 12/31/2016

	Lower Quartile		Median		Upper Quartile	
	Dollars	% of Total Operating Expenses	Dollars	% of Total Operating Expenses	Dollars	% of Total Operating Expenses
Total Operating Expenses	\$1,172		\$1,426		\$2,735	
Labor-Related Expense	\$483	41%	\$599	42%	\$1,220	45%
Property Taxes	\$106	9%	\$153	11%	\$231	8%
Property Insurance	\$25	2%	\$21	1%	\$43	2%
Liability Insurance	\$4	0%	\$4	0%	\$6	0%
Workers Comp	\$9	1%	\$13	1%	\$16	1%
Raw Food	\$114	10%	\$144	10%	\$236	9%
Non-Labor Other Dietary	\$23	2%	\$33	2%	\$27	1%
Utilities	\$117	10%	\$148	10%	\$212	8%
Marketing	\$50	4%	\$64	4%	\$80	3%
Repairs and Maintenance	\$76	6%	\$81	6%	\$122	4%
Housekeeping	\$6	1%	\$5	0%	\$20	1%
Resident Care Supplies	\$3	0%	\$1	0%	\$15	1%
Activities	\$12	1%	\$16	1%	\$27	1%
Total Management Fees	\$61	5%	\$60	4%	\$212	8%
All Other Operating Expenses	\$70	6%	\$82	6%	\$268	10%
All Corporate and/or Other Overhead Expenses	\$14	1%	\$3	0%	\$0	0%
Replacement Reserve	\$82		\$50		\$125	

Note: Expense subcategories may not add up to total expenses due to rounding. **State of Seniors Housing** defines the lower quartile as the average of the lowest 25% of responses, the median as the average of the 40th through 60th percentile, and the upper quartile as the average of the highest 25% of responses.

Source: *State of Seniors Housing 2017 (Table 9.1)*

*Source NIC Investment Guide 2018 (year end 2016 exp)

OPERATING EXPENSES: AL

Exhibit 4.h
Monthly Operating Expenses in Assisted Living Properties Per Occupied Unit
 For Fiscal Year Ending 12/31/2016

	Lower Quartile		Median		Upper Quartile	
	Dollars	% of Total Operating Expenses	Dollars	% of Total Operating Expenses	Dollars	% of Total Operating Expenses
Total Operating Expenses	\$2,029		\$2,339		\$3,535	
Labor-Related Expense	\$1,050	52%	\$1,279	55%	\$1,931	55%
Property Taxes	\$66	3%	\$102	4%	\$155	4%
Property Insurance	\$31	2%	\$35	1%	\$34	1%
Liability Insurance	\$15	1%	\$11	0%	\$23	1%
Workers Comp	\$25	1%	\$17	1%	\$59	2%
Raw Food	\$154	8%	\$168	7%	\$207	6%
Non-Labor Other Dietary	\$15	1%	\$23	1%	\$30	1%
Utilities	\$128	6%	\$127	5%	\$149	4%
Marketing	\$50	2%	\$74	3%	\$101	3%
Repairs and Maintenance	\$105	5%	\$91	4%	\$105	3%
Housekeeping	\$13	1%	\$14	1%	\$28	1%
Resident Care Supplies	\$21	1%	\$25	1%	\$15	0%
Activities	\$10	0%	\$16	1%	\$27	1%
Total Management Fees	\$127	6%	\$125	5%	\$128	4%
All Other Operating Expenses	\$217	11%	\$230	10%	\$491	14%
All Corporate and/or Other Overhead Expenses	\$1	0%	\$2	0%	\$3	1%
Replacement Reserve	\$47		\$64		\$155	

Note: Expense subcategories may not add up to total expenses due to rounding. **State of Seniors Housing** defines the lower quartile as the average of the lowest 25% of responses, the median as the average of the 40th through 60th percentile, and the upper quartile as the average of the highest 25% of responses.

Source: **State of Seniors Housing 2017 (Table 9.4)**

*Source NIC Investment Guide 2018 (year end 2016 exp)

OPERATING EXPENSES: NC

Exhibit 6.m Operating Expenses in Nursing Care Per Resident Day

For Fiscal Year Ending 12/31/2016

	Lower Quartile	Median	Upper Quartile
Total Operating Expenses	\$159	\$209	\$275
Nursing	\$65	\$82	\$104
Social Services	\$2	\$3	\$6
Ancillary Services	\$16	\$22	\$31
Plant	\$9	\$11	\$14
Housekeeping	\$4	\$6	\$7
Laundry	\$2	\$3	\$4
Dietary	\$15	\$18	\$22
Admin	\$35	\$46	\$61
Benefits	\$12	\$19	\$27

Source: CliftonLarsonAllen 32nd Edition of the Skilled Nursing Cost Comparison Report. More Data More Insight.

*Source NIC Investment Guide 2018 (year end 2016 exp)

OPERATING MARGINS

Exhibit 4.i

Operating Margins by Community Type

For Fiscal Year Ending 12/31/2016

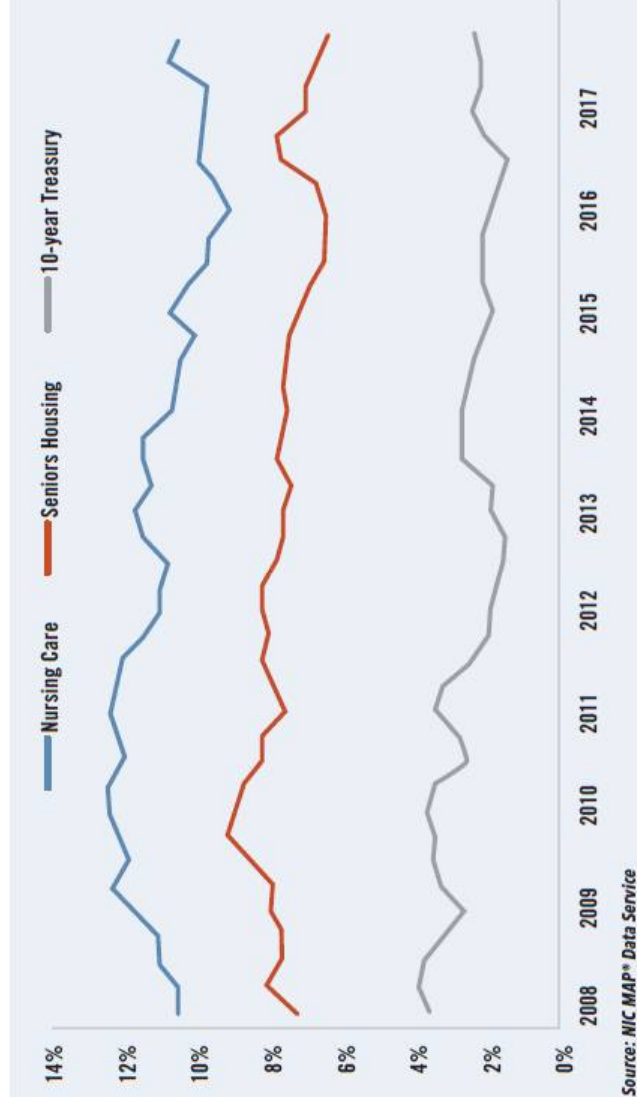
	Lower Quartile	Median	Upper Quartile
Freestanding Independent Living	30.2%	47.0%	55.9%
Freestanding Assisted Living	12.7%	31.8%	43.9%
Freestanding Nursing Care ¹	-5.5%	0.5%	5.4%
CCRC/Life Plan Community	7.9%	24.9%	39.9%

¹This information was collected as part of "The 32nd Edition Skilled Nursing Facility Cost Comparison Report" and published on CLAAconnect.com. The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting, investment, or tax advice or opinion provided by CliftonLarsonAllen LLP (CLA) to the reader. For more information, visit CLAAconnect.com.

Source: State of Seniors Housing 2017 (Table 13.1)

CAP RATES

Exhibit 10.d
Rolling 4-Quarter Capitalization Rates/Yield
1Q08-4Q17



*Source NIC Investment Guide 2018 (year end 2016 exp)

CAP RATES

Overall Capitalization Rate

	2019		2019		Basis Point Change from 2018
	<u>All Responses</u> Range	Average	<u>Adjusted Responses (1)</u> Range	Average	
Age Restricted Apartments	5% - 7.5%	6.0%	5% - 7%	6.0%	0
Unlicensed Congregate Living	5.5% - 7.8%	6.7%	6% - 7.5%	6.6%	+10
Licensed Assisted Living	6% - 9%	7.4%	6.3% - 8.5%	7.4%	-10
Licensed Memory Care	6.3% - 9%	7.9%	6.8% - 9%	7.9%	-10
Licensed Skilled Nursing-Long Term Care	7.3% - 13.3%	11.7%	11% - 13%	11.9%	+10
Licensed Skilled Nursing-Subacute Care	7.3% - 14.5%	12.0%	10.5% - 13%	12.2%	-10
Continuing Care Retirement Community	7.3% - 11%	8.9%	7.5% - 10%	8.9%	+20

*Source Senior Housing Investment Survey, Spring 2019

CAP RATES

What are your expectations of overall capitalization rate changes for senior housing properties in general over the next 12 months (% of total responses):

<u>2019</u>		<u>2018</u>	<u>2017</u>
<u>0%</u>	Increase more than 100 basis points	<u>0%</u>	<u>0%</u>
<u>20%</u>	Increase 0 to 100 basis points	<u>71%</u>	<u>45%</u>
<u>73%</u>	Flat, no significant change	<u>24%</u>	<u>55%</u>
<u>7%</u>	Decrease 0 to 100 basis points	<u>5%</u>	<u>0%</u>
<u>0%</u>	Decrease more than 100 basis points	<u>0%</u>	<u>0%</u>

TARGET MARKET

- Average age of move in is low 80's.
- Typical new IL resident 83yr widowed female.
- 2016 population over 80 was 12.2 Million or 4% of US.
- Significant growth in late 2020's of 4.6%/yr.

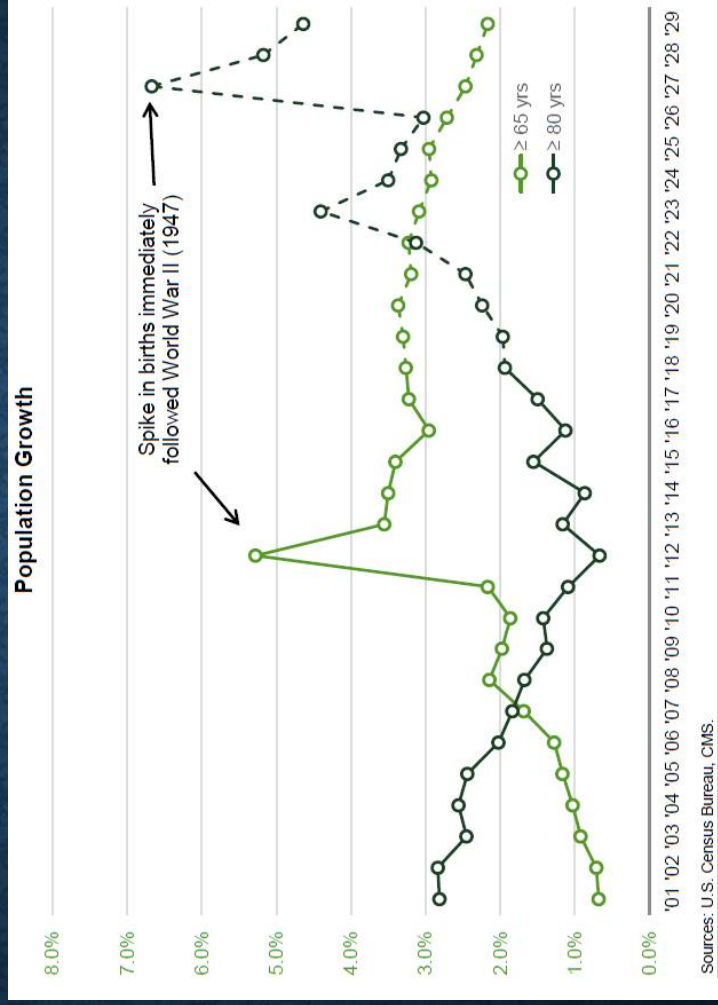
U.S. Population and Households by Age Cohort*

	Population (Millions)		Households (Millions)	
	Number	% of Total	Number	% of Total
45-64	84.2	26%	46.6	39%
65-74	28.6	9%	18.2	14%
75-84	14.2	4%	Not Available	
75+	20.6	6%	13.6	11%
80+	12.2	4%	Not Available	
85+	6.4	2%	Not Available	

* Population estimates for 2016 and household estimates for 2017
Source: U.S. Census Bureau



80YR OLD POPULATION GROWTH

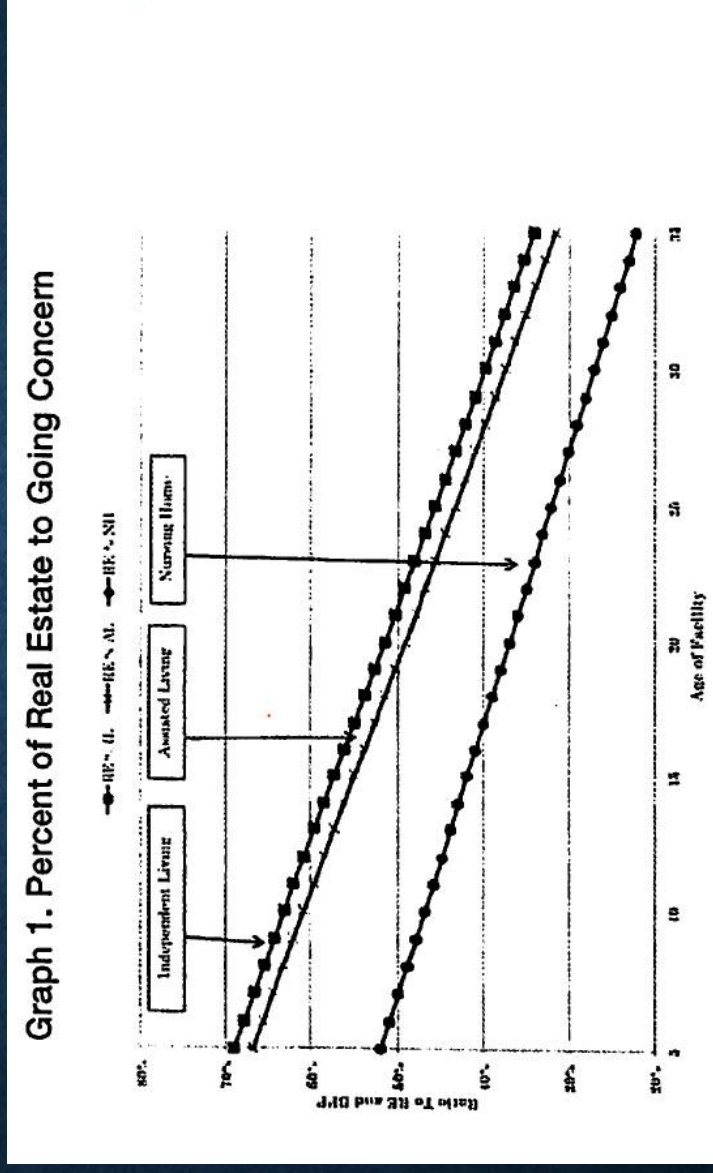


CLASSIFICATION OF SENIOR HOUSING

Product Type	Apartments	Independent Living Age-Restricted Senior Apt. Housing W/ Services Stand Alone II Active Adult	Assisted Living Age-In-Place Stand Alone AL	Memory Care Specialty Care High Acuity	Skilled Nursing
EGI P/unit or P/bed	\$5K to \$25K PU	\$5K to \$35K PU	\$30K to \$60K Pbed	60K to \$100K Pbed	\$75K Pbed +
OER	30% to 60%	30% to 60%	60% to 75%	70% to 85%	85% to 95%
Cap Rates	4.5% to 7%	5% to 8%	6% to 10%	7% to 11%	12%+
	----->	----->	----->	----->	----->

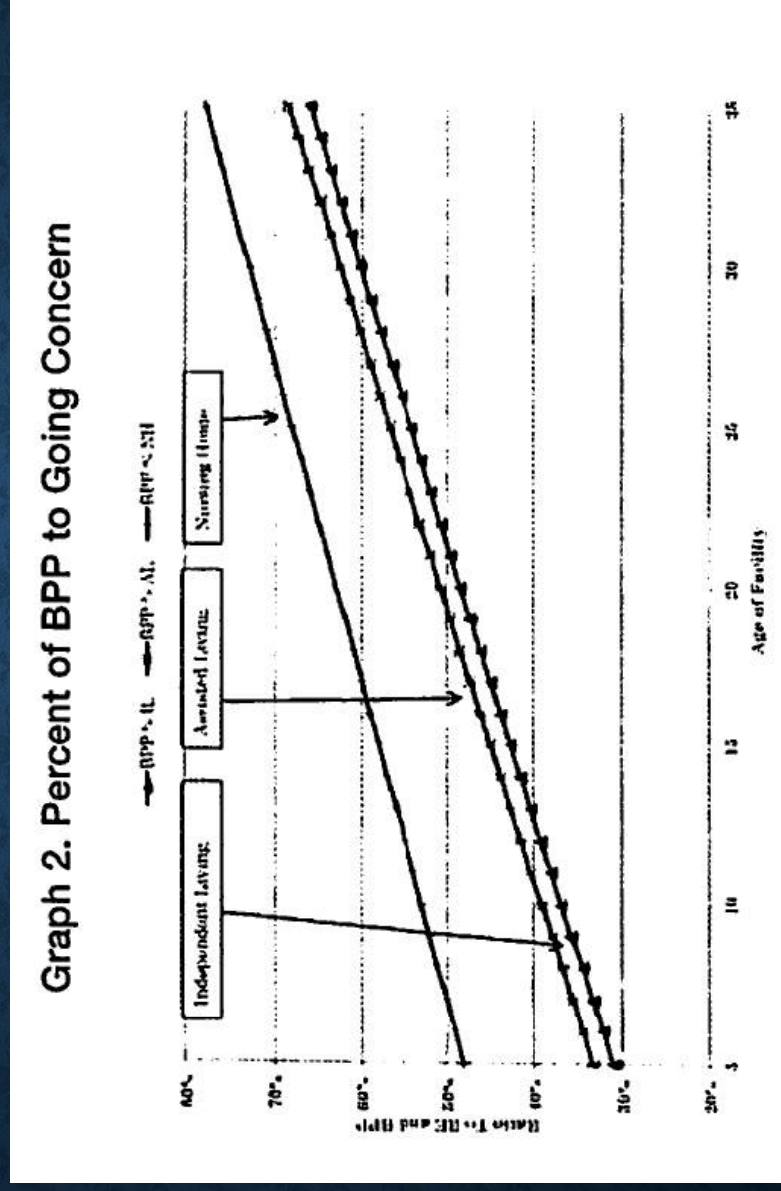
Higher Services = Higher Rents = Higher Operating Exp. = Higher Risk =
Higher Business Value Component

CLASSIFICATION OF SENIOR HOUSING



Source: Valuation of Real Estate Within Senior Living Facilities; Senior Housing & Care Journal, 2011 Volume 19 Number 1.

CLASSIFICATION OF SENIOR HOUSING



Source: Valuation of Real Estate Within Senior Living Facilities; Senior Housing & Care Journal, 2011 Volume 19 Number 1.

CLASSIFICATION OF SENIOR HOUSING

Age	IL - Econ Life 50		AL - Econ Life 45		NH - Econ Life 40	
	RE %	BPP%	RE %	BPP%	RE %	BPP%
10	63.2%	36.8%	60.9%	39.1%	47.0%	53.0%
15	57.4%	42.6%	55.0%	45.0%	42.0%	58.0%
20	51.6%	48.4%	49.2%	50.8%	37.0%	63.0%
25	45.7%	54.3%	43.4%	56.6%	32.1%	67.9%
30	39.9%	60.1%	37.5%	62.5%	27.1%	72.9%
35	34.1%	65.9%	31.7%	68.3%	22.1%	77.9%

As real property depreciates in value, the business personal property (BPP) makes up a larger percentage of the going-concern value.

METHODOLOGIES

Several methods to value the business component

Several methods to allocate the Real Estate Value

1. Use two or three different methods to test the reasonableness
2. Understand the weaknesses of each methodology
3. Understand your strengths and where you have support
4. Use the "Sit on the Curb" Method (does this make sense approach)

Critical to have pertinent market data to provide a reliable/supported conclusion.

CLASSIFICATION OF SENIOR HOUSING

Identifying Obsolescence

- Size of the units?
- Kitchens in units?
- Full private bathrooms?
- Commercial Kitchen?
- Sufficient Parking?
- Building Efficiency Ratio?
- Number of Beds versus Units?

Typically a higher level of services would indicate more business value and obsolescence

CLASSIFICATION OF SENIOR HOUSING

Identifying Obsolescence

- How does this functional obsolescence affect your adjustments?
- What rent can you get for a unit given the design? What is your adjustment to rent comps?
- What is the vacancy rate (how marketable are the units)?
- What miscellaneous Income can you generate (storage lockers, parking, laundry, etc.)?
- How does the building efficiency affect landlord paid heat, water/sewer, electric?
- How does parking impact grounds maintenance?
- How is advertising expense impacted?
- What cap rate should be selected?

These adjustments can impact the Operating Expense Ratios and Per Unit conclusions

CLASSIFICATION OF SENIOR HOUSING

Identifying Obsolescence

- **HYPOTHETICAL: If there was no business, what would the building sell for?**

- What would be the use of the building?
- Would the design of the building limit the potential use?
- Would a buyer need to adapt or convert some of the units?

- **The purpose of the assignment is to allocate the Real Estate Value**

- This assumes the existing design is at the Highest and Best Use

CASE STUDY

CASE STUDY

- 166 Unit Development
- 65 IL, 65 AL, 24 MC & 12 CS
- 2019 Proposed Construction
- Cost of \$35,000,000 or \$210,000/Unit



OPERATING STATEMENT - REVENUE

Revenue Category	Units	Projections	% of Revenue	\$/Unit
Rent Revenue				
Independent Living	68	\$ 1,800,000	22%	\$ 26,471
Assisted Living	62	\$ 2,400,000	30%	\$ 38,710
Memory Care	24	\$ 1,100,000	14%	\$ 45,833
Care Suites	12	\$ 400,000	5%	\$ 33,333
Total Rent Revenue	166	\$ 5,700,000	71%	\$ 34,337
Healthcare Revenue				
Home Health Aide Services		\$ 450,000	6%	
Nursing Services		\$ 200,000	2%	
Memory Care Package Revenue		\$ 700,000	9%	
Care Suite Package Revenue		\$ 700,000	9%	
Total Health Care Revenue		\$ 2,050,000	25%	\$ 12,349
Other Revenue		\$ 300,000	4%	
Total Effective Revenue		\$ 8,050,000	100%	\$ 48,494

OPERATING STATEMENT - EXPENSES

Expenses			% of Revenue	\$/Unit
Operating Expenses				
Personnel	\$	2,400,000	30%	\$ 14,458
General & Administrative	\$	450,000	6%	\$ 2,711
Utilities	\$	160,000	2%	\$ 964
Operating & Maintenance	\$	160,000	2%	\$ 964
Taxes & Insurance	\$	450,000	6%	\$ 2,711
Elderly Care Expense	\$	1,300,000	16%	\$ 7,831
Total Operating Expenses	\$	4,920,000	61%	\$ 29,639
Net Operating Income	\$	3,130,000	39%	\$ 18,855

INDICATED GOING CONCERN VALUE

Net Operating Income	\$	3,130,000
Cap Rate		7.7%
Capitalized Value	\$	40,650,000
	\$/Unit	244,880

ALLOCATION OF VALUE

- Presently, a consensus does not exist between economists, appraisers, investors, accountants and others on acceptable methodology for accurately measuring the contributory value of business asset component of real estate intensive going concern.
- AI: Appraisal of Nursing Facilities pg 315.-- “In real estate tax assessment appeals, taxpayers often try to minimize taxes on viable nursing facilities by making an erroneous argument that the real estate should be evaluated without the positive contribution of the intangible assets.”

ENTREPRENEURIAL OR PROPRIETARY PROFIT CAPITALIZATION

Intangible Value (Entrepreneurial or Proprietary Profit Capitalization)			
	15%	20%	25%
Proprietary earnings deduction	\$469,500	\$626,000	\$782,500
Capitalization Rate	0.125	0.125	0.125
Capitalized Proprietary Earnings	\$3,756,000	\$5,008,000	\$6,260,000

Going Concern Value	\$ 40,650,000	\$ 40,650,000	\$ 40,650,000
Minus: Intangible assets	\$ 3,756,000	\$ 5,008,000	\$ 6,260,000
Minus: FF&E	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Indicated Value of Real Estate	\$ 35,294,000	\$ 34,042,000	\$ 32,790,000
\$/Unit	\$212,614	\$205,072	\$197,530
% of Total Value	87%	84%	81%

OTHER ALLOCATION METHODS

- Lease Income versus Operation Earnings (Net lease)

Market Lease Coverage	
(1) Estimated NOI (Going Concern)	= \$2,359,341
(2) Market Lease Coverage	= 1.20
Income Attributable to Real Estate	= \$1,966,117
Real Estate/Personal Property OAR	= 6.00%
Value of Real Estate/Personal Property @	= \$32,768,622
	Rounded: \$32,800,000
Total Property Value Concluded via Appraisal	= \$35,000,000
Less: Personal Property (FF&E) Value	@ -\$1,290,000
Less: Residual Real Estate Value Indication	@ -\$31,510,000
Remainder (Indicated Business Value)	= \$2,200,000

- Cost Approach (set's upper limit of RE?)
- Sales approach proxy – compare \$/SF of residential and medical office

RENT COMPARISON METHOD

- What would these units rent for as Apartments with no service?

RENT COMPARISON METHOD

Luxembourg Apartments

- 500 SF 1BR market rate unit
- 2016 Construction
- Luxury amenities
- \$1100/mo or \$2.20/SF

East Bloomington Senior

- 422 SF Care Suite
- 2019 Construction
- Senior Amenities
- Smaller unit but 10% more common area

Rent Comp Grid	Subject	Comp 1 Luxembourg	Adjustment
Rent			\$ 1,100.00
Unit Size (SF)	420	500	\$ (40.00)
Utilities (Landlord or tenant paid)			\$ -
Project Amenities			\$ -
Unit Amenities			\$ -
Location			\$ 20.00
Age/Condition/Quality			\$ 20.00
Concessions			\$ -
Adjusted Rent			\$ 1,100.00
Adj Rent / SF			\$ 2.62

RENT COMPARISON METHOD

Rent Revenue	Units	Unit SF	NRA	Rent/SF	Monthly Rent	Annual Rent
Independent Living	68	830	56,440	\$ 1.93	\$ 1,600	\$ 1,305,600
Assisted Living	62	650	40,300	\$ 2.15	\$ 1,400	\$ 1,041,600
Memory Care	24	420	10,080	\$ 2.50	\$ 1,050	\$ 302,400
Care Suites	12	450	5,400	\$ 2.44	\$ 1,100	\$ 158,400
Total Rent Revenue	166	676	112,220	\$ 2.09		\$ 2,808,000
Underground Parking	90				\$ 50	\$ 54,000
					PGI	\$ 2,862,000

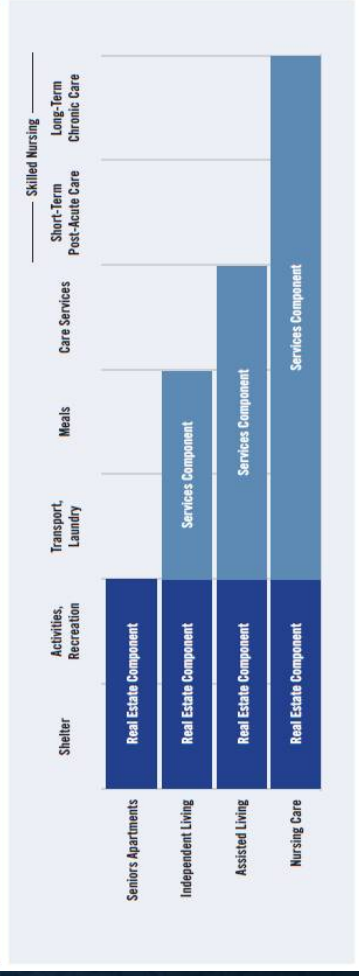
RENT COMPARISON METHOD

CAPITALIZATION PROCESS			
POTENTIAL GROSS INCOME (PGI)			\$2,862,000
LESS: VACANCY & COLLECTION LOSS			
% OF PGI	4.00%		(\$114,480)
OTHER INCOME:	2.00% of PGI		\$57,240
EFFECTIVE GROSS INCOME (EGI)			\$2,804,760
	% of PGI + Misc	\$/Unit	
LESS: ANNUAL OPERATING EXPENSES	25.00%	\$4,396.45	\$729,810
LESS: ANNUAL RESERVES FOR REPLACEMENT	1.42%	\$250.00	\$41,500
TOTAL ANNUAL ALLOWANCE	26.42%	\$4,646.45	\$771,310
NET OPERATING INCOME (NOI)			\$2,033,450
CAPITALIZATION			
OVERALL RATE	5.50%		
TAX RATE (pay 2019)	1.62%	\$ 455,949.00	
BUILT-UP RATE	7.12%		
CAPITALIZED VALUE			\$28,559,691
LESS PERSONAL PROPERTY	\$2,500	per Unit	\$415,000
INDICATED VALUE VIA INCOME APPROACH			\$28,144,691
INDICATED VALUE PER UNIT			\$28,145,000
		ROUNDED	
		PER UNIT	\$169,548
		GIM	9.85
			\$252.29

RENT COMPARISON METHOD

Approach	Indicated Value	% Allocation of Going Concern
Going Concern Income	\$ 40,650,000	
Actual Cost	\$ 35,000,000	
Rent Comparison (RE)	\$ 28,145,000	69%
Implied Intangible Value	\$ 12,505,000	31%

Property Types by Services Provided



COOPERATIVES

CO-OP OWNERSHIP

- Members own a percentage interest (certificate of membership or corporate shares) in the cooperative corporation plus the exclusive right to occupy a particular dwelling unit. (Occupancy Agreement)
 - Members in the Co-op are owners who lease the individual units back to themselves as tenants
- New members buying a cooperative share only pays the **equity** or **share price** at closing.
 - Think Mortgage Loan to Value - Equity plus Financing = 100% of Value

CO-OP OWNERSHIP

- The Co-op holds a **master mortgage** that is **insured by HUD** for the entire building, property and grounds.
- The Co-op Members pay a **monthly fee** that **covers their proportionate share** (based on square footage) of the **operating expenses, taxes and the master mortgage**.
- **Members** participate in the decision making process of operating the Co-op by **electing a Board of Directors** from among the Members of the Cooperative.
- Each **Member** unit owns **one vote**.
- The **Board of Directors** is **responsible** for the **general operation** of the cooperative. The **board hires** and oversees a **management company** to **administrate the day-to-day operations** and approves the operating budget and carrying charges.

CO-OP OWNERSHIP

- Members decide whether or not to increase monthly fee based on actual expenses. Members also receive the tax benefits of ownership.
- Cooperative Members have the right to be considered homeowners with the benefit of deducting their proportionate share of the mortgage interest and real estate taxes on their personal income tax return.
- Homestead Benefits apply. 273.124 Subd. 3

CO-OP OWNERSHIP

- When a member wishes to move out, their share is resold and the member and/or their estate receive the amount of the initial share cost plus the equity, or predetermined increase, for each year the member lived in the cooperative.
- The selling member is responsible for expenses associated with refurbishing the unit and transfer of the membership interest.
- The Cooperative has an option, but not an obligation, for a period of 60 days to purchase the Membership.

TYPES OF HOUSING COOPERATIVES

- A **market rate** cooperative sells shares at full market value in the original sale and permits a market rate of return on re-sales by its members.
- A **limited equity** cooperative limits the return allowed when shares are sold. The amount of return is determined by a formula established in the corporation's bylaws.
- A **tiered pricing** cooperative offers different payment options to home buyers. The more you pay down, the less the monthly cost is.

MN STATUTE 273.11 SUBD. 8

MN STATUTE 273.11 SUBD. 8

- A "limited equity cooperative" is a corporation organized under chapter 308A or 308B, which has as its primary purpose the provision of housing and related services to its members which meets **one** of the **following criteria with respect to the income** of its members: (1) a **minimum of 75 percent** of members must have incomes at or **less than 90 percent** of area median income, (2) a **minimum of 40 percent** of members must have incomes at or less than **60 percent** of area median income, or (3) a minimum of **20 percent** of members must have incomes at or **less than 50 percent** of **area median income**. For purposes of this clause, "member income" shall mean the income of a member existing at the time the member acquires cooperative membership, and median income shall mean the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development. It must also meet the following requirements:

MN STATUTE 273.11 SUBD. 8

- The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:
 - (1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;
 - (2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;
 - (3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised Consumer Price Index for All Urban Consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed \$500 for each year or fraction of a year the membership or share was owned; plus

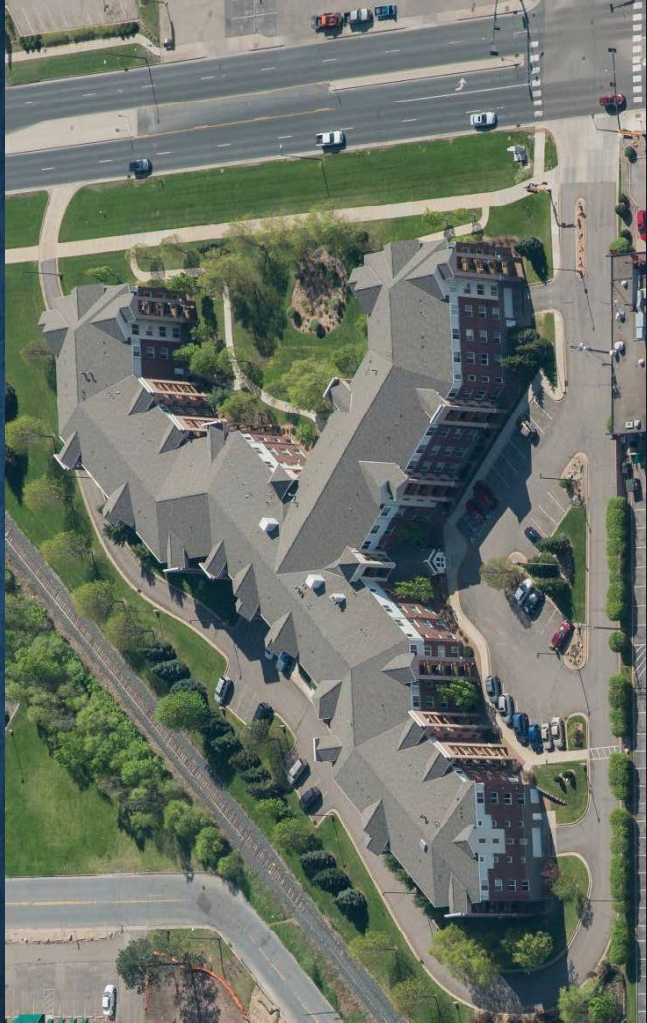
MN STATUTE 273.11 SUBD. 8

- (4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.
- (b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).
- (c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.
- (d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code or a public agency.

MN STATUTE 273.11 SUBD. 8

- For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section [549.09](#), shall be extended against the property on the tax list for the current year.

THE BLOOMINGTON EXPERIENCE



FRIENDLY

Realife Cooperative of Bloomington on Nicollet helps seniors enjoy independent living and avoid the isolation often associated with growing older. Residents enjoy a sense of family through participation in social gatherings, dinners, outings and other activities.

Cooperative housing means joint ownership by residents. It provides home ownership without the responsibility for maintaining building and grounds. Our cooperative is non-profit. Unit monthly charges include real estate taxes. Residents are entitled to deduct their portion of the mortgage interest and property taxes on their personal income tax returns.

Cooperative residents are their own landlords. Cooperative ownership instills pride in residents who have a deeper interest in maintaining the property. Residents participate in a shared government by electing a board of directors from their membership.



PRACTICAL

- A secure building with controlled access
- Nicollet Room with serving kitchen for dining, parties, meetings
- Two Guest Rooms available for a modest charge (\$35/night)
- Fully equipped Laundry Rooms - cost is included in monthly fee
- Thermostat Controlled Heat in your own unit, included in monthly fee
- Heated, secure Underground Parking (garage stall is \$40/month)
- Car Wash Bay for resident use
- Storage Rooms, one for each apartment
- Beautifully landscaped grounds maintained by professionals
- "While You're Away" service
- Fitness Center and exercise class
- Pool Table
- Woodworking Shop - fully equipped
- Craft Room
- Library
- The Loft with games, puzzles, TV & DVD player and computer
- Individual Garden Plots
- Van and Two Bus Lines
- Decks for every apartment
- In-House US Postal Boxes and In-House Banking with BMO Harris
- Weekly Newsletter & Monthly Calendar
- Capable, Trustworthy Staff
- A Community of Friends, both old and new, who offer care, support and security

AFFORDABLE

Unit Type	Sq. Ft.	*Share Payment	**Monthly Charge
1 Bedroom Units			
C	669	\$29,174	\$563
D	740	\$34,290	\$660
B	827	\$36,176	\$677
2 Bedroom Units			
EE	984	\$40,696	\$715
I	1,057	\$45,348	\$811
G	1,090	\$46,870	\$869
E	1,124	\$48,410	\$886
J	1,152	\$48,860	\$893
K	1,195	\$50,544	\$913
F	1,422	\$57,162	\$1,055
H	1,460	\$60,274	\$1,123

(updated 4/3/16)

* These values go up on April 3rd of each year.

** Monthly charges subject to change if cost of living expenses go up.

Compare our prices and square footage with other buildings; you won't be disappointed.



March 28, 2017

Matt Gersemehl
Bloomington City Assessor

Dear Mr. Gersemehl,

The Members of Realife Cooperative of Bloomington do not argue the math of the tax rate, so much as the philosophy of grouping cooperative members with condominium owners. We greatly appreciate the opportunity to explain Senior Housing Cooperatives and what they do for the greater good. As you can see in the letter below, many other government agencies classify senior housing cooperatives, especially limited equity cooperatives, in such a way as to mutually support their senior community.

While they are not qualified as low-income, Senior Housing Cooperatives were developed with a specific need in mind: affordable housing for seniors who are on fixed incomes. Senior cooperatives are collectively owned and governed by the members themselves. *That's what's...*

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cooperative
living enviro**

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**Limited eqi
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discourage and avoid speculation either in the sale and resale of Memberships and rights under Occupancy Agreements by members or by the Cooperative. They also usually qualify as a 501c organization for the fact that they exist exclusively to provide for the housing needs of its senior Members.

Rising real estate taxes are usually caused, in a time of inflation, by rising valuation as a result of comparable sales in the neighborhood. Since it is cooperative shares, not an actual parcel of real estate, that are transferred between departing members and new members, there is never any real estate sold or recorded that would respond to extreme changes in market value. Therefore, any increases in cooperative members' real estate taxes are usually a function of mill rates assessed, not market price increases. **The overall consistency of share valuation is what keeps Cooperative Members' costs from being affected by the volatility of the housing market.**

14823 Energy Way, Apple Valley, MN 55124
Tel: (952) 953-5020; Fax: (952) 953-5030; www.realifemanagement.com

The affordability creates a strong waitlist so that shares can be turned over quickly, which is essential for Members moving to settings with more care. Again, the returns are not speculative.

Senior Housing Cooperatives still fit the unique needs of the aging community today. Seniors can find housing that is predictable and affordable. They can maintain the integrity of the decision-making. This is more than a place to live. We provide community. We appreciate that this community recognizes the value of having a senior housing cooperative present to support the needs of the aging population.

Sincerely,

Dawn M. Mince
Director of Management Services
On behalf of the Members of Realife Cooperative of Bloomington

Most senior housing cooperatives follow a limited equity appreciation plan and are financed with a master mortgage insured by the Department of Housing and Urban Development. Initial owners will pay an upfront share price that is approximately 35% percent of the total value of the unit. There are cooperatives in a variety of price ranges to fit a broad spectrum of personal means and budgets, but cooperatives are designed to be affordable. In limited equity cooperatives, share equity grows according to a predetermined formula (generally around 1.5% annually).



REALIFE COOPERATIVE OF BLOOMINGTON ON NICOLLET

2017 MARKET VALUE ANALYSIS

Unit Type	Size "SF"	# of Units	2017 Assessment		Condo Approach	Extended	Income GRM	Market Value Analysis			Share Payment Analysis	
			EMV's	Extended				Income Pro Forma	Income	Share Payment		
C	676	3	\$82,500	\$247,500	\$84,500	\$253,500	\$92,500	\$277,500	\$86,700	\$260,100	\$83,400	\$250,200
D	728	6	\$90,600	\$543,600	\$91,000	\$546,000	\$99,600	\$597,600	\$93,400	\$560,400	\$98,000	\$588,000
D	730	2	\$90,700	\$181,400	\$91,000	\$182,000	\$99,600	\$199,200	\$93,700	\$187,400	\$98,000	\$196,000
B	832	3	\$99,800	\$299,400	\$119,800	\$359,400	\$113,800	\$341,400	\$106,700	\$320,100	\$103,400	\$310,200
EE	988	12	\$113,200	\$1,358,400	\$130,900	\$1,570,800	\$123,900	\$1,486,800	\$116,200	\$1,394,400	\$116,300	\$1,395,600
I	1,057	4	\$117,100	\$468,400	\$134,800	\$539,200	\$132,500	\$530,000	\$124,300	\$497,200	\$129,600	\$518,400
G	1,092	5	\$125,800	\$629,000	\$139,200	\$696,000	\$136,900	\$684,500	\$128,400	\$642,000	\$133,900	\$669,500
E	1,118	17	\$123,800	\$2,104,600	\$142,000	\$2,414,000	\$140,200	\$2,383,400	\$131,500	\$2,235,500	\$138,300	\$2,351,100
J	1,152	4	\$130,400	\$521,600	\$144,000	\$576,000	\$137,900	\$551,600	\$129,400	\$517,600	\$139,600	\$558,400
K	1,196	9	\$135,200	\$1,216,800	\$161,500	\$1,453,500	\$143,200	\$1,288,800	\$134,300	\$1,208,700	\$144,400	\$1,299,600
F	1,378	11	\$150,100	\$1,651,100	\$155,700	\$1,712,700	\$157,100	\$1,728,100	\$147,300	\$1,620,300	\$163,300	\$1,796,300
H	1,456	2	\$162,300	\$324,600	\$196,600	\$393,200	\$166,000	\$332,000	\$155,700	\$311,400	\$172,200	\$344,400
		78		\$9,546,400		\$10,696,300		\$10,400,900		\$9,755,100		\$10,277,700
		Garage Parcel		\$549,300		\$549,300		\$549,300		\$412,900		\$549,300
		Total Value		\$10,095,700		\$11,245,600		\$10,950,200		\$10,168,000		\$10,827,000
		Average Unit Value		\$129,432		\$144,174		\$140,387		\$130,359		\$138,808



REALIFE COOPERATIVE OF BLOOMINGTON ON NICOLLET
2017 MARKET VALUE ANALYSIS



Unit Type Yr Built Date of Value 2017 Value Unit Size
 "B" - 1 Bedroom Unit 1998 1/2/2017 99,800 832

Market Approach: Condo Comparables						
Bloomington Address	Yr Built	Sale Date	Sale Price	Adj Price	Size	Price Per SF
8830 Nicollet Ave S, Unit 2	1966	8/22/2016	121,250	124,562	832	\$149.71
5347 Highpointe Terrace	1985	6/17/2016	124,791	129,892	874	\$148.62
5120 W 102nd, Unit 212	1974	5/9/2016	94,000	98,594	812	\$121.42
7300 Woodstock Curve	1983	4/15/2016	153,200	161,444	864	\$186.86
5120 W 102nd, Unit 104	1974	4/15/2016	89,711	94,539	812	\$116.43
5120 W 102nd, Unit 207	1974	10/21/2015	93,120	101,512	725	\$140.02
	Avg's		112,679	118,424	820	\$143.84
	Median's		107,625	113,037	822	\$144.32
	Market Value			832	\$144.00	\$119,800

Single Family Home Comparables						
Bloomington Address	Yr Built	Sale Date	Sale Price	Size	Analysis	
8320 11th Ave S	1953	9/2/2016	196,860	856		
9812 Stevens Ave S	1949	8/19/2016	164,803	792		
10829 Normandale Blvd	1952	8/15/2016	179,353	858	Informational Only Not Used in Valuation	
8726 Dupont Ave S	1951	8/5/2016	164,300	864		
8250 11th Ave S	1952	8/3/2015	164,803	856		
8525 1st Ave S	1950	6/30/2016	203,700	800		
	Avg		178,970	838		
	Median		172,078	856		

Apartment Style Analysis	
Unit Size	832
Rent Per SF	\$1.20
Monthly Rent	\$998.40
Annual Rent	\$11,980.80
GRM	9.5
Market Value	\$113,800

Share Payment Analysis	
Date of Pricing	4/3/2016
Share Payment	36,176
% of Market Value*	35%
Market Value	\$103,400

*per 3/28/2017 letter from Dawn Munce, Director of Management Services at Realife

Range of Value Conclusions	
Condo Comparables	\$119,800
Income Approach	\$113,800
Share Payment Analysis	\$103,400
2017 Assessment	\$99,800

ASSESSMENT HISTORY		
YEAR	Market Value	% Chg
2017	99,800	31.5%
2016	75,900	3.5%
2015	73,300	8.0%
2014	67,900	4.9%
2013	64,700	0.0%
2012	64,700	0.0%
2011	64,700	0.0%
2010	64,700	-10.0%
2009	71,900	-2.4%
2008	73,700	2.5%
2007	71,900	3.0%
2006	69,800	3.6%
2005	67,400	



REALIFE COOPERATIVE OF BLOOMINGTON ON NICOLLET

2017 MARKET VALUE ANALYSIS



Unit Type: "1" - 2 Bedroom Unit
 Yr Built: 1998
 Date of Value: 1/2/2017
 2017 Value: 117,100
 Unit Size: 1057

Market Approach: Condo Comparables

Bloomington Address	Yr Built	Sale Date	Sale Price	Adj Price	Size	Price Per SF
5283 Balmoral Ln	1981	11/22/2016	133,000	134,122	1067	\$125.70
5326 Highpointe Dr	1985	11/1/2016	135,703	137,433	1088	\$126.32
11251 Oregon Circle	1990	10/27/2016	135,500	137,363	1074	\$127.90
7501 W 101st St, Unit 105	1983	10/21/2016	122,400	124,236	1004	\$123.74
10700 Toledo Curve	1980	9/29/2016	138,000	140,691	1067	\$131.86
10718 Toledo Curve	1982	9/15/2016	137,125	140,193	1067	\$131.39
Avg's			133,621	135,673	1,061	\$127.82
Median's			135,602	137,398	1,067	\$127.11
Market Value			1057	\$127.50		\$134,800

Single Family Home Comparables

Bloomington Address	Yr Built	Sale Date	Sale Price	Size	Analysis
4419 W Old Shakopee Rd	1954	9/19/2016	205,000	1040	Informational Only Not Used in Valuation Analysis
8521 Haeg Drive	1954	9/16/2016	271,503	1050	
8338 Ewing Rd	1964	7/7/2016	263,355	1081	
8926 Dupont Ave S	1952	6/29/2016	235,000	1056	
8528 5th Ave S	1951	6/17/2016	280,000	1056	
8517 Haeg Circle	1954	6/16/2016	261,000	1050	
Avg			252,643	1,056	
Median			262,178	1,053	

Apartment Style Analysis

Unit Size	1057
Rent Per SF	\$1.10
Monthly Rent	\$1,162.70
Annual Rent	\$13,952.40
GRM	9.5
Market Value	\$132,500

Share Payment Analysis

Date of Pricing	4/3/2016
Share Payment	45,348
% of Market Value*	35%
Market Value	\$129,600

*per 3/28/2017 letter from Dawn Munce, Director of Management Services at Realife

Range of Value Conclusions

Condo Comparables	\$134,800
Income Approach	\$132,500
Share Payment Analysis	\$129,600
2017 Assessment	\$117,100

ASSESSMENT HISTORY

YEAR	Market Value	Chg %
2017	117,100	21.5%
2016	96,400	3.0%
2015	93,600	8.0%
2014	86,700	5.0%
2013	82,600	0.0%
2012	82,600	0.0%
2011	82,600	0.0%
2010	82,600	-10.0%
2009	91,800	-2.5%
2008	94,200	2.5%
2007	91,900	3.0%
2006	89,200	3.5%
2005	86,200	



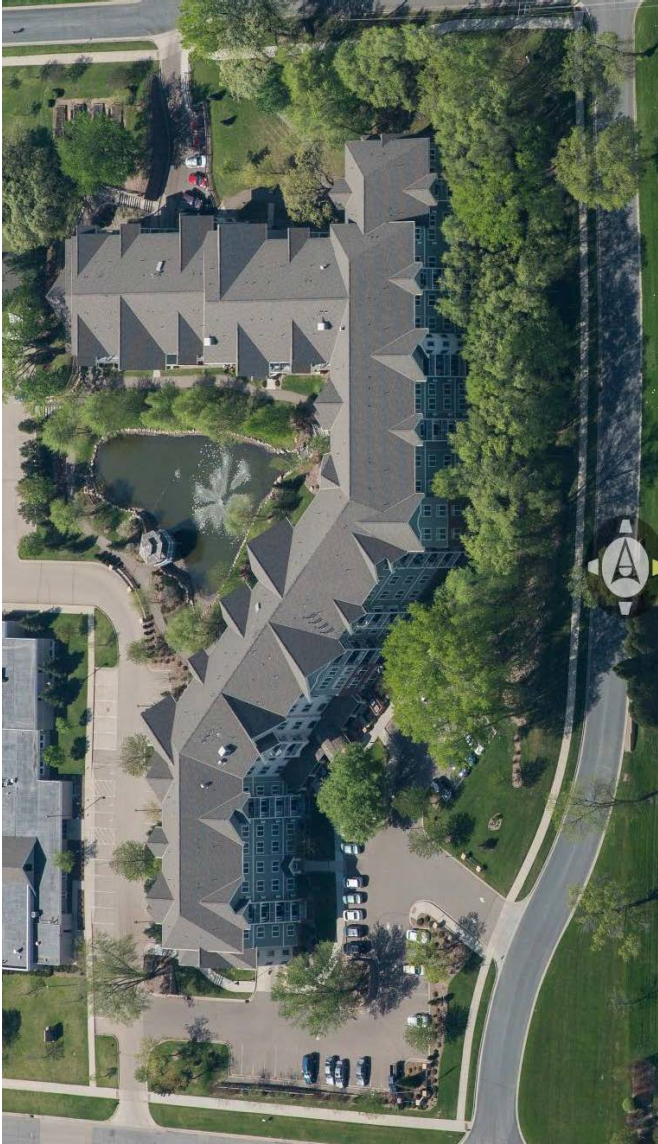
- Appletwood Pointe of Bloomington
- Built 2004
- 2.5% Annual Appreciation

Dwelling Unit Appreciation Chart- Appletwood Pointe of Bloomington

Initial Dwelling Unit Value	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
\$ 133,600	\$ 136,940	\$ 140,384	\$ 143,873	\$ 147,469	\$ 151,168	\$ 154,936	\$ 158,808	\$ 162,779	\$ 166,848	\$ 171,019	\$ 175,295	\$ 179,677	\$ 184,169	\$ 188,773	\$ 193,483	\$ 198,300	\$ 203,288	\$ 208,370	\$ 213,690	\$ 218,919	
\$ 160,480	\$ 164,492	\$ 168,904	\$ 172,819	\$ 177,140	\$ 181,568	\$ 186,109	\$ 190,760	\$ 195,528	\$ 200,418	\$ 205,428	\$ 210,564	\$ 215,831	\$ 221,233	\$ 226,764	\$ 232,423	\$ 238,203	\$ 244,188	\$ 250,294	\$ 256,551	\$ 262,965	
\$ 187,360	\$ 192,044	\$ 197,882	\$ 203,782	\$ 209,748	\$ 215,781	\$ 221,882	\$ 228,051	\$ 234,292	\$ 240,606	\$ 247,000	\$ 253,478	\$ 260,041	\$ 266,690	\$ 273,426	\$ 280,243	\$ 287,145	\$ 294,126	\$ 301,190	\$ 308,334	\$ 315,558	
\$ 206,920	\$ 212,424	\$ 218,048	\$ 223,795	\$ 229,668	\$ 235,668	\$ 241,798	\$ 248,058	\$ 254,441	\$ 260,950	\$ 267,587	\$ 274,354	\$ 281,253	\$ 288,288	\$ 295,461	\$ 302,775	\$ 310,233	\$ 317,837	\$ 325,490	\$ 333,293	\$ 341,247	
\$ 218,480	\$ 224,336	\$ 230,312	\$ 236,411	\$ 242,635	\$ 248,985	\$ 255,463	\$ 262,071	\$ 268,810	\$ 275,681	\$ 282,686	\$ 289,827	\$ 297,107	\$ 304,528	\$ 312,093	\$ 319,805	\$ 327,667	\$ 335,682	\$ 343,854	\$ 352,084	\$ 360,475	
\$ 232,200	\$ 238,376	\$ 244,784	\$ 251,427	\$ 258,208	\$ 265,129	\$ 272,193	\$ 279,403	\$ 286,761	\$ 294,270	\$ 301,931	\$ 309,747	\$ 317,722	\$ 325,860	\$ 334,163	\$ 342,635	\$ 351,279	\$ 360,098	\$ 369,095	\$ 378,272	\$ 387,621	
\$ 244,000	\$ 250,100	\$ 256,353	\$ 262,761	\$ 269,330	\$ 276,064	\$ 282,968	\$ 290,039	\$ 297,280	\$ 304,723	\$ 312,341	\$ 320,149	\$ 328,153	\$ 336,357	\$ 344,764	\$ 353,376	\$ 362,200	\$ 371,239	\$ 380,498	\$ 390,000	\$ 399,758	
\$ 255,280	\$ 271,912	\$ 278,710	\$ 285,678	\$ 292,819	\$ 300,140	\$ 307,643	\$ 315,335	\$ 323,218	\$ 331,298	\$ 339,561	\$ 348,011	\$ 356,651	\$ 365,485	\$ 374,518	\$ 383,755	\$ 393,200	\$ 402,857	\$ 410,730	\$ 420,823	\$ 431,140	
\$ 175,295	\$ 179,677	\$ 184,169	\$ 188,773	\$ 193,483	\$ 198,300	\$ 203,288	\$ 208,370	\$ 213,690	\$ 218,919	\$ 224,295	\$ 229,721	\$ 235,298	\$ 240,926	\$ 246,607	\$ 252,443	\$ 258,436	\$ 264,588	\$ 270,899	\$ 277,372	\$ 284,009	\$ 290,815
\$ 210,664	\$ 215,628	\$ 221,223	\$ 226,764	\$ 232,423	\$ 238,203	\$ 244,188	\$ 250,294	\$ 256,551	\$ 262,965	\$ 270,592	\$ 278,427	\$ 286,472	\$ 294,730	\$ 303,204	\$ 311,898	\$ 320,816	\$ 330,000	\$ 339,361	\$ 348,902	\$ 358,625	\$ 368,534
\$ 246,262	\$ 252,409	\$ 258,719	\$ 265,197	\$ 271,856	\$ 278,698	\$ 285,726	\$ 292,943	\$ 300,352	\$ 307,956	\$ 315,759	\$ 323,764	\$ 331,974	\$ 340,392	\$ 349,021	\$ 357,864	\$ 366,925	\$ 376,201	\$ 385,696	\$ 395,414	\$ 405,359	\$ 415,535
\$ 263,467	\$ 270,064	\$ 276,961	\$ 284,161	\$ 291,568	\$ 299,186	\$ 306,918	\$ 314,858	\$ 322,999	\$ 331,345	\$ 339,890	\$ 348,641	\$ 357,592	\$ 366,747	\$ 376,109	\$ 385,681	\$ 395,466	\$ 405,368	\$ 415,391	\$ 425,628	\$ 436,084	\$ 446,755
\$ 287,246	\$ 293,927	\$ 300,775	\$ 307,785	\$ 314,960	\$ 322,304	\$ 329,820	\$ 337,512	\$ 345,384	\$ 353,439	\$ 361,681	\$ 370,104	\$ 378,712	\$ 387,508	\$ 396,495	\$ 405,676	\$ 415,055	\$ 424,636	\$ 434,422	\$ 444,417	\$ 454,625	\$ 465,050
\$ 273,644	\$ 280,382	\$ 287,322	\$ 294,577	\$ 301,941	\$ 309,494	\$ 317,229	\$ 325,151	\$ 333,264	\$ 341,571	\$ 350,076	\$ 358,782	\$ 367,691	\$ 376,806	\$ 386,130	\$ 395,666	\$ 405,417	\$ 415,387	\$ 425,570	\$ 435,971	\$ 446,594	\$ 457,444
\$ 282,858	\$ 290,179	\$ 297,684	\$ 305,378	\$ 313,259	\$ 321,330	\$ 329,594	\$ 338,054	\$ 346,714	\$ 355,578	\$ 364,650	\$ 373,934	\$ 383,434	\$ 393,164	\$ 403,128	\$ 413,331	\$ 423,778	\$ 434,474	\$ 445,424	\$ 456,633	\$ 468,106	\$ 479,848
\$ 320,149	\$ 328,153	\$ 336,357	\$ 344,764	\$ 353,376	\$ 362,200	\$ 371,239	\$ 380,498	\$ 390,000	\$ 399,758	\$ 409,758	\$ 419,906	\$ 430,217	\$ 440,694	\$ 451,341	\$ 462,163	\$ 473,166	\$ 484,355	\$ 495,734	\$ 507,308	\$ 519,073	\$ 531,034
\$ 347,231	\$ 355,911	\$ 364,809	\$ 373,929	\$ 383,278	\$ 392,860	\$ 402,681	\$ 412,748	\$ 423,067	\$ 433,644	\$ 444,485	\$ 455,596	\$ 466,984	\$ 478,654	\$ 490,601	\$ 502,830	\$ 515,346	\$ 528,154	\$ 541,260	\$ 554,670	\$ 568,389	\$ 582,422
\$ 348,070	\$ 356,772	\$ 365,691	\$ 374,834	\$ 384,205	\$ 393,810	\$ 403,655	\$ 413,748	\$ 424,090	\$ 434,685	\$ 445,538	\$ 456,656	\$ 468,044	\$ 479,718	\$ 491,684	\$ 503,947	\$ 516,511	\$ 529,382	\$ 542,566	\$ 556,069	\$ 570,000	\$ 584,264

Annual Appreciation
2.5%
Value Increases 2.5% each year over previous years value

Initial Dwelling Unit Value does not correlate exactly to a purchase price as is the case in a single family home or condominium. Initial Dwelling Unit Value is used to give an estimate of the cost to deliver the cooperative unit to the members, and more importantly is a benchmark for determining annual appreciation of the unit. It should specifically be noted that the Initial Dwelling Unit Value may be more or less than the sum of down payments made, plus the mortgage amount allocated to a unit.



Applewood Southtown

Built 2009

2.5% Annual Appreciation

EXHIBIT A

Dwelling Unit type	Initial Dwelling Unit Value **	Option A Total Down Payment	Option B Total Down Payment	Option C Total Down Payment	Option D Total Down Payment
DELICIOUS	160,395	24,276	56,355	96,237	160,395
FUJI	195,595	29,596	68,705	117,327	195,545
FUJI PLUS	208,495	31,556	73,255	125,097	208,495
GOLDEN FUJI	214,600	32,480	75,400	128,760	214,600
LIBERTY	216,635	32,788	76,115	129,981	216,635
BRAEBURN	232,175	35,140	81,575	139,305	232,175
WASHINGTON	245,680	37,184	86,320	147,408	245,680
ROME	258,075	39,060	90,675	154,845	258,075
CORTLAND	260,480	39,424	91,520	156,288	260,480
ROME BEAUTY	264,180	39,984	92,820	158,508	264,180
HONEYCRISP	282,125	42,700	99,125	169,275	282,125
GOLDEN HONEYCRISP	283,235	42,868	99,515	169,941	283,235
GALA	305,990	46,312	107,510	183,594	305,990
FIRESIDE	306,915	46,452	107,835	184,149	306,915

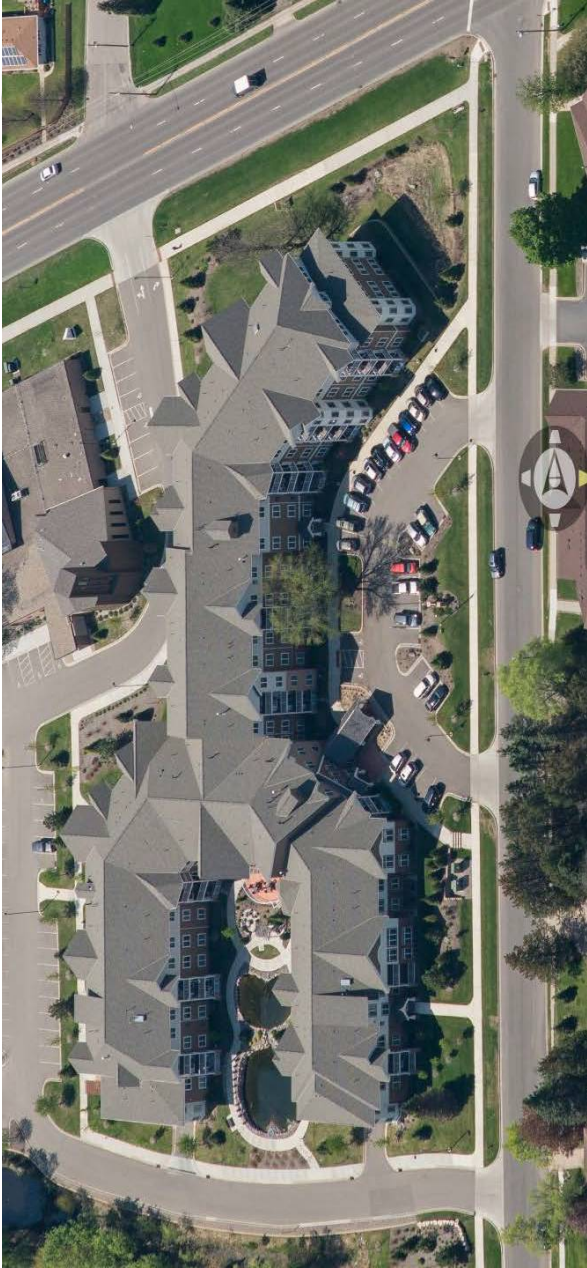
Illustration of Transfer Value Calculations

Dwelling Unit Type	Initial Dwelling Unit Value	Payment Option A
DELICIOUS	160,395	24,276

Year	Annual Compounded Interest	Cumulative Dwelling Unit Value
Year 1	4,010	164,405
Year 2	4,110	168,515
Year 3	4,213	172,728
Year 4	4,318	177,046
Year 5	4,426	181,472

	First Transfer Occurs in Year 3	Second Transfer of Same Membership Occurs in Year 5
Applicable Down Payment	24,276	24,276
Annual Compounded Interest Accrued	12,333	21,077
Approved Upgrades	10,000	10,000
Transfer Value	46,609	55,353

* Assume the second Member made no additional upgrades.



- Applewood ValleyWest
- Built 2015
- 2.0% Annual Appreciation

EXHIBIT A (to be amended later)

Dwelling Unit type	Initial Dwelling Unit Value **	Option A Total Down Payment	Option B Total Down Payment	Option C Total Down Payment	Option D Total Down Payment
Regent	\$244,400	\$38,775	\$66,950	\$148,050	\$231,475
Reburn	\$261,040	\$41,415	\$82,870	\$158,130	\$247,235
Rebush	\$266,864	\$42,339	\$84,942	\$161,658	\$252,751
Rebushington	\$276,224	\$43,824	\$88,272	\$167,328	\$261,616
Reburn wisunroom	\$284,544	\$45,144	\$101,232	\$172,368	\$269,496
Reburn	\$290,160	\$46,035	\$103,230	\$175,770	\$274,815
Reburn land	\$292,864	\$46,464	\$104,192	\$177,480	\$277,376
Reburnycrisp	\$317,200	\$50,325	\$112,850	\$192,150	\$300,425
Reburn land Plus	\$323,024	\$51,249	\$114,922	\$195,678	\$305,941
Reburnycrisp Plus	\$329,680	\$52,305	\$117,290	\$199,710	\$312,245
Reburn	\$344,032	\$54,582	\$122,396	\$208,404	\$325,838
Reburn Honeycrisp	\$345,072	\$54,747	\$122,786	\$209,034	\$326,823
Reburn Plus	\$358,592	\$56,882	\$127,576	\$217,224	\$339,628
Reburn	\$362,752	\$57,552	\$129,056	\$219,870	\$343,588
Reburn Regent	\$393,744	\$62,469	\$140,082	\$238,644	\$372,921

Illustration of Transfer Value Calculations

Dwelling Unit Type	Initial Dwelling Unit Value	Payment Option A
Fuji	\$244,400	\$38,775
Annual Compounded Interest		
Year 1	\$4,888	
Year 2	\$4,966	
Year 3	\$5,045	
Year 4	\$5,125	
Year 5	\$5,205	
Cumulative Dwelling Unit Value		
Year 1	\$249,288	
Year 2	\$254,274	
Year 3	\$259,359	
Year 4	\$264,546	
Year 5	\$269,837	

	First Transfer Occurs in Year 3	Second Transfer of Same Membership Occurs in Year 5
Applicable Down Payment	\$38,775	\$38,775
Annual Compounded Interest Accrued	\$14,959	\$25,437
Approved Upgrades	\$5,000	\$5,000
Transfer Value	\$68,734	\$69,212

* Assume the second Member made no additional upgrades.
 ** Initial Dwelling Unit Value does not correlate exactly to a purchase price as is the case in a single family home or a condominium. Initial Dwelling Unit Value is used herein to give an estimate of the cost to deliver the Dwelling Units to the members and, more importantly, is the benchmark for determining annual appreciation for Transfer Value purposes. It should be specifically noted that the Initial Dwelling Unit Value may be more or less than the sum of down payments made plus the mortgage amount allocated to a Dwelling Unit.

	Applewood Lyndale	Applewood Southtown	Applewood Valleywest
Year Built	2004	2009	2015
Appreciation %	2.5%	2.5%	2.0%
Unit Size/Description	1255 SF / Braeburn	1255 SF / Braeburn	1255 SF / Braeburn
Initial Equity Value	200,800	232,175	261,040
Comparison Value			
2004/05	200,800		
2009/10	221,646	232,175	
2015/16	257,041	262,685	261,040
2017	270,054	275,983	271,586
Assessment Values			
2015 EMV	134,400	155,000	
2016 EMV	168,300	195,600	220,800
2017 EMV	188,500	210,800	220,800
2017 EMV PSF	\$150	\$168	\$176

	Applewood Lyndale	Applewood Southtown	Applewood Valleywest
Year Built	2004	2009	2015
Appreciation %	2.5%	2.5%	2.0%
Unit Size/Description	1255 SF / Braeburn	1255 SF / Braeburn	1255 SF / Braeburn
Initial Equity Value	200,800	232,175	261,040
Comparison Value			
2004/05	200,800		
2009/10	221,646	232,175	
2015/16	257,041	262,685	261,040
2019	283,725	289,955	282,588
Assessment Values			
2017 EMV	188,500	210,800	220,800
2018 EMV	188,300	211,200	220,600
2019 EMV	190,800	211,100	225,600
2018 EMV PSF	\$152	\$168	\$180



Applewood Pointe Metro Wide Complex Comparison

Project Name	Coop Master Parcel	Address	Year Built	Land SF	Land Acres	EFF	Unit Mix			Number of Units	GLA	
							1 BR	2 BR	3 BR		GLA	Per Unit
Applewood Pointe of Maple Grove	35-119-22-33-0144	6222 Quinwood Lane N	2003	213,984	4.91	0	16	57	0	73	85,736	1,174
Applewood Pointe of Roseville	03-29-23-32-0078	1480 Applewood Court	2004			0	4	60	30	94	121,428	1,292
Applewood Pointe of Bloomington	03-027-24-32-0065	8341 Lyndale Ave S	2005	164,587	3.78	0	5	65	25	95	121,877	1,283
Applewood Pointe of Woodbury	18-028-21-22-0028	6050 Lake Rd	2005	129,415	2.97	0	12	34	30	76	101,952	1,341
Applewood Pointe of New Brighton	17-30-23-44-0014	1900 Rush Lake Trail	2006			0	0	57	63	120	173,339	1,444
Applewood Pointe of Bloomington at Southtown	05-027-24-14-0033	8100 Russell Ave S	2009	185,941	4.27	0	5	31	65	101	137,407	1,360
Applewood Pointe of Roseville at Langton Lake	04-29-23-32-0132	1996 Langton Lake Drive	2013			0	1	14	74	89	135,248	1,520
Applewood Pointe of Bloomington at ValleyWest	20-027-24-32-0066	10650 Beard Ave S	2015	152,956	3.51	0	0	18	59	77	113,532	1,474
Applewood Pointe of Shoreview	13-30-23-31-0129	4785 Hodgson Road	2015			0	0	18	59	77	118,154	1,534
Applewood Pointe of Champlin	19-120-21-22-0010	309 Dayton Road	2016	184,262	4.23	0	0	13	57	70	104,052	1,486
Applewood Pointe of Minnetonka	14-117-22-24-0011	12201 Minnetonka Blvd	2016	177,637	4.08	0	0	19	70	89	138,561	1,557
Applewood Pointe of Roseville at Central Park	02-29-23-34-0025	2665 Victoria St. N	2017			0	0	11	94	105	166,728	1,588
Applewood Pointe of Eagan	10-62630-01-010	1565 Quarry Road	2018	264,526	6.07	0	0	11	85	96	151,747	1,581
Applewood Pointe of Maple Grove at Arbor Lakes	23-119-22-24-0095	8250 Kirkwood LN	2019	201,763	4.63	0	0	12	90	102	158,903	1,558
Applewood Pointe of Champlin at Mississippi Crossings	19-120-21-24-0041	345 East River Entry	2019	172,264	3.95	0	0	12	73	85	135,839	1,598
Applewood Pointe of Eden Prairie	17-116-22-14-0086	16389 Glory LA	2019	192,260	4.41	0	0	15	84	99	155,255	1,568



Applewood Pointe Metro Wide Unit Comparison

Complex Name	Address	Unit Num	Property ID#	Year Built	Unit Size	2019 Value	PSF																
Unit Size of 1250																							
Applewood Pointe of Maple Grove	6222 Quinwood Lane N	119	35-119-22-33-0160	2003	1,218	172,700	142																
Applewood Pointe of Roseville	1480 Applewood Court	112	03-29-23-32-0064	2004	1,255	133,200	106																
Applewood Pointe of Woodbury	6050 Lake Rd	104	66.028.21.05.0004	2005	1,248	133,000	107																
Applewood Pointe of Bloomington	8341 Lyndale Ave S	107	03-027-24-32-0139	2005	1,255	190,800	152																
Applewood Pointe of New Brighton	1900 Rush Lake Trl	112	17-30-23-44-0017	2006	1,282	131,300	102																
Applewood Pointe of Bloomington at Southtown	8100 Russell Ave S	103	05-027-24-14-0037	2009	1,255	211,100	168																
Applewood Pointe of Roseville at Langton Lake	1996 Langton Lake Drive	210	04-29-23-22-0130	2011	1,255	131,000	104																
Applewood Pointe of Bloomington at ValleyWest	10650 Beard Ave S	113	20-027-24-32-0077	2015	1,255	225,600	180																
Applewood Pointe of Shoreview	4785 Hodgson Road	122	13-30-23-31-0128	2015	1,255	198,100	158																
Applewood Pointe of Minnetonka	12201 Minnetonka Blvd	112	14-117-22-24-0021	2016	1,290	248,000	192																
Applewood Pointe of Champlin	309 Dayton Road	112	19-120-21-22-0018	2016	1,255	230,000	183																
Applewood Pointe of Roseville at Central Park	2659 Victoria St. N	116	19-120-21-22-0018	2017	1,293	240,200	186																
Applewood Pointe of Eagan	1565 Quarry Road	120	02-29-23-34-0025	2018	1,296																		
Applewood Pointe of Maple Grove at Arbor Lakes	8250 Kirkwood Lane N	107		2018	1,296																		
Applewood Pointe of Champlin at Mississippi Crossings	345 East River Entry	105		2018	1,232																		
Applewood Pointe of Eden Prairie	16389 Glory LA	117		2019	1,298																		
Unit Size of 1525																							
Applewood Pointe of Maple Grove	6222 Quinwood Lane N	312	35-119-22-33-0204	2003	1,418	200,000	141																
Applewood Pointe of Roseville	1480 Applewood Court	202	03-29-23-32-0078	2004	1,528	163,300	107																
Applewood Pointe of Woodbury	6050 Lake Rd	120	66.028.21.05.0016	2005	1,588	162,400	102																
Applewood Pointe of Bloomington	8341 Lyndale Ave S	103	03-027-24-32-0135	2005	1,523	229,500	151																
Applewood Pointe of New Brighton	1900 Rush Lake Trl	109	17-30-23-44-0014	2006	1,557	159,600	103																
Applewood Pointe of Bloomington at Southtown	8100 Russell Ave S	110	05-027-24-14-0040	2009	1,525	252,000	165																
Applewood Pointe of Roseville at Langton Lake	1996 Langton Lake Drive	212	04-29-23-32-0132	2011	1,535	159,700	104																
Applewood Pointe of Bloomington at ValleyWest	10650 Beard Ave S	123	20-027-24-32-0087	2015	1,525	266,500	175																
Applewood Pointe of Shoreview	4785 Hodgson Road	123	13-30-23-31-0129	2015	1,525	235,600	154																
Applewood Pointe of Minnetonka	12201 Minnetonka Blvd	121	14-117-22-24-0011	2016	1,525	292,500	192																
Applewood Pointe of Champlin	309 Dayton Road	115	19-120-21-22-0021	2016	1,525	278,000	182																
Applewood Pointe of Roseville at Central Park	2659 Victoria St. N	119	02-29-23-34-0025	2017	1,554	288,700	186																
Applewood Pointe of Eagan	1565 Quarry Road	101		2018	1,555																		
Applewood Pointe of Maple Grove at Arbor Lakes	8250 Kirkwood Lane N	117		2018	1,557																		
Applewood Pointe of Champlin at Mississippi Crossings	345 East River Entry	101		2018	1,556																		
Applewood Pointe of Eden Prairie	16389 Glory LA	116		2019	1,535																		
<table border="0"> <tr> <td>Min</td> <td>1,218</td> <td>131,000</td> <td>102</td> </tr> <tr> <td>Median</td> <td>1,255</td> <td>194,450</td> <td>155</td> </tr> <tr> <td>Average</td> <td>1,265</td> <td>187,083</td> <td>148</td> </tr> <tr> <td>Max</td> <td>1,298</td> <td>248,000</td> <td>192</td> </tr> </table>								Min	1,218	131,000	102	Median	1,255	194,450	155	Average	1,265	187,083	148	Max	1,298	248,000	192
Min	1,218	131,000	102																				
Median	1,255	194,450	155																				
Average	1,265	187,083	148																				
Max	1,298	248,000	192																				
<table border="0"> <tr> <td>Min</td> <td>1,418</td> <td>159,600</td> <td>102</td> </tr> <tr> <td>Median</td> <td>1,532</td> <td>232,550</td> <td>153</td> </tr> <tr> <td>Average</td> <td>1,533</td> <td>223,983</td> <td>147</td> </tr> <tr> <td>Max</td> <td>1,588</td> <td>292,500</td> <td>192</td> </tr> </table>								Min	1,418	159,600	102	Median	1,532	232,550	153	Average	1,533	223,983	147	Max	1,588	292,500	192
Min	1,418	159,600	102																				
Median	1,532	232,550	153																				
Average	1,533	223,983	147																				
Max	1,588	292,500	192																				

MINNESOTA HOMESTEAD CREDIT REFUND AND RENTER'S PROPERTY TAX REFUND

- Homeowners and Renters
- Principal place of residence
- New legislation in 2013 enhanced the program
- Two types available
 1. **Regular Property Tax Refund**
 - Property taxes versus your total household income
 - Renter \$61,320 Homeowner \$113,150
 2. **Special Property Tax Refund**
 - Increase in taxes beyond State Set level – not income based.
 - For 2018 to 2019: increase of 12% AND at least \$100 increase.

The form required for filing for this refund is known as Form M1PR. Contact www.taxes.state.mn.us or 651-296-4444 or 1-800-657-3676 or call your Assessor's office for more information.

PROPERTY TAX REFUND

2017 Value	2018 Tax Estimate	
\$129,400	\$1,450	
(Median- Value)		
Refund Table		
Household Income	Refund	% of Tax Paid
\$0 to \$1,670	\$1,215	83.8%
\$5,000	\$1,179	81.3%
\$10,000	\$1,039	71.7%
\$20,000	\$789	54.4%
\$30,000	\$553	38.1%
\$40,000	\$423	29.2%
\$50,000	\$292	20.1%
\$60,000	\$149	10.3%
\$70,000	\$0	0.0%

Note - This is an estimate only based on 2016 income tax rules per MN Department of Revenue
 Only your accountant can provide you an accurate estimation based on your specific situation.

**QUESTIONS, COMMENTS OR OTHER
OPINIONS WELCOMED!**