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# *Property Condition Report*

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High Point Shopping Center  
1234 Main Street  
Rochester, MN 55901

**Inspection Date:** 02/12/2016

**Prepared By:**

Integri-Spec LLC  
479 Mankato Ave Suite 204  
Winona, MN 55987  
507-458-4566



[www.integrispecinspections.com](http://www.integrispecinspections.com)



February 12th, 2016

CLIENT

RE: Property Condition Assessment:

High Point Shopping Center  
1234 Main Street  
Rochester, MN 55901

Dear Mr. Smith:

Integri-Spec LLC has completed a Property Condition Report (PCR) of the above referenced property. The report was conducted in accordance with American Society for Testing and Materials (ASTM) *Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process E 2018-15* and generally accepted industry standards.

Integri-Spec LLC certifies that to the best of its knowledge this report is true and accurate. We hope you find the report complete and informative. Please do not hesitate to contact us if you have any questions or if we can be of further service to you.

Sincerely,

Integri-Spec LLC

Aaron Slavey  
Site Inspector/Owner

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## 1.0 Executive Summary

### 1.1 Property Overview

#### THE BUILDING IN PERSPETIVE

This project summary is not to be used alone. The attached report is intended to be read in its entirety. Definitions of the terms used in the Report Overview to describe average or overall conditions include the following: **Excellent** – In “like new” condition and/or high quality materials used. **Good** –no remedial work is recommended; **Fair** – system is aging and/or minor remedial work is recommended; and **Poor** – replacement or major remedial work is recommended. Where it seemed more appropriate, Integri-Spec assigned combination assessments such as “fair to good” in evaluating various construction components. The table displays estimated repair and/or replacement costs. The estimated costs are preliminary and are based upon Structure & Site’s experience in conducting similar projects. The actual cost will be affected by factors such as duration of time to correction, site access, market conditions, and other contingencies applied by the owner.

### 1.2 Property Summary

High Point Shopping Center  
1234 Main Street  
Rochester, MN 55901

### 1.3 Summary of Repairs

Based upon the walk-through of the subject property conducted by Integri-Spec LLC, the following repairs are recommended.

#### 1.3.1 Summary of Necessary Repairs

The following table summarizes the recommendations made in this report that are of an immediate, necessary nature.

Recommendations	Report Reference	Budget Cost (2016 Dollars)
Roof replacement	6.3	\$150,000 - \$200,000
Replace non-working HVAC units	8.2	\$40,000 - \$60,000
Install vertical signage at three ADA spaces	9.2	\$1,000 - \$2,000
Remove/ replace water damaged building materials	9.3	\$2,000 - \$4,000
Replace damaged masonry at loading doors.	6.4	\$1,000 - \$2,000
Electrical distribution wiring repairs.	8.3	\$4,000 - \$5,000
Plumbing fixture repairs.	8.1	\$1,000 - \$2,000
Replace damaged masonry at north side	6.2	\$3,000 - \$5,000

### 1.3.2 Summary of Short-Term Repairs

The following table summarizes the recommendations made in this report that should be addressed within the next 2 years.

<b>Recommendations</b>	<b>Report Reference</b>	<b>Budget Cost (2016 Dollars)</b>
Repair/replace damaged/deteriorated asphalt pavement	5.2	\$80,000 - \$100,000
Repair, clean and maintain CMU walls	6.2	\$25,000 - \$35,000
Exterior maintenance	6.2	\$40,000 - \$50,000
Concrete paving repairs at the eastside.	5.3	\$30,000 - \$40,000

### 1.3.3 Summary of Unpredictable Repairs

The following table summarizes the recommendations made in this report that are unpredictable by nature, but may require addressing within the next few years.

<b>Recommendations</b>	<b>Report Reference</b>	<b>Budget Cost (2016 Dollars)</b>
Replace older heating and cooling rooftop units, as necessary.	8.2	\$25,000 +
Replace older compressors at rooftop units, as necessary.	8.2	\$15,000 +
Water heater replacement	8.2	\$500 - \$1,000

The timing for replacement of components is unpredictable and may vary. Statistically, components have an expected service life.

No PCA can wholly eliminate the uncertainty regarding the presence of physical deficiencies and the performance of a subject property's building systems. The presentation of this PCA is intended to reduce, but not eliminate, the uncertainty regarding the potential for component or system failure and to reduce the potential that such component or system may not be initially observed.

## **1.4 Property Description**

The subject property consists of an irregularly shaped parcel of land totaling approximately 1.5 acres. It is improved with one, single-story retail building containing four tenant spaces totaling 41,868 net rentable square feet (NRSF). The main building was constructed in 1993, and is of steel and concrete masonry unit (CMU) construction with CMU, split-face CMU, concrete block, and EIFS exterior walls. The primary roofing system on the retail building is flat and covered with rubber membrane, topped with ballast. Awnings topped with pitched standing seam metal roofs are present at the store entrances. The foundation consists of reinforced concrete slabs on grade. Additional site improvements include two storm water detention ponds, which are located along the southern property boundary, along Broadway Avenue. A storm water retention pond is located in the northernmost portion of the subject property. The building is heated and cooled by electric rooftop package units. The property is serviced by municipal water and sewer.

The remainder of the property is improved with asphalt paved driveways and parking areas, concrete sidewalks, a concrete patio for exterior sales, and landscaping. A vacant space is also present, accessed in the rear of the building. The surrounding properties consist of undeveloped land and residential properties.

## **1.5 General Physical Condition**

General Condition: Fair – Short term needs were observed during the inspection, and are discussed in greater detail below.

Level of Maintenance: Fair

## **1.6 Recommendations & Discussion**

### **Paving and Curbing:**

While the majority of the main parking lot and driveways have been sealed recently, it appears that many areas with pavement damage, such as alligator cracking, were sealed over, rather than repaired. Alligator cracking and raveling was observed in many locations. Additionally, the rear (north) service drive exhibits significant cracking and raveling. The damaged/deteriorated asphalt pavement should be repaired/replaced, in order to prevent further deterioration. Minor cracks can be crack filled, some areas can be patched/ overlain and the more significantly deteriorated areas should be removed and repaved. An opinion of costs for this work has been included in the Short Term Costs Table.

### **Superstructure:**

Cracking of the CMU walls throughout the rear building areas was observed, some of which is significant. Some of the cracking appears to have led to interior water intrusion issues.

Additionally, a concrete block at the northeast corner of the building was damaged. The walls showing damage on both the interior and exterior should be repaired, cleaned and maintained, and testing should be completed to positively determine the reason for the observed water intrusion. An opinion of costs for this work has been included in the Short Term Costs Table.

### **Roofing:**

Based on the age of the roof, reported significant roof leaks, and a EUL of 20 years for flat roofs, replacement will likely be required at the beginning of the term. An opinion of costs for this work is included in the Short Term Costs Table.

### **Façades:**

Any deteriorated caulking/pointing should be replaced. Exterior maintenance such as painting, power washing, caulking, stucco patching, etc., is typically required every six to eight years depending on the quality of preparation of the surfaces, the quality of materials used and weather conditions. The building currently requires this exterior maintenance. An opinion of costs for the above work is included in the Short Term Costs Table.

### **HVAC:**

The five inoperable HVAC units should be removed from the roof to prevent any water intrusion issues. The curbs should then be covered. This can be handled as part of routine maintenance. As the property owner is responsible for providing a working system at tenant turnover, the replacement of the units at the vacant tenant space (approximately 30 tons) will likely be necessary. Costs for the replacements are included in the Short Term Needs Table. Otherwise, given a EUL of 20 years for the packaged units, it is not anticipated that any of the other HVAC equipment will require replacement during the term.

### **ADA Issues:**

Three of the ADA parking spaces were observed to lack vertical signage. As such, vertical signage should be installed at these spaces. Costs for this work are included in the Short Term Costs table.

### **Mold:**

A comprehensive mold survey was beyond the scope of this assessment; however, during the assessment, visual evidence of active water and mold damage was observed throughout the interior areas inspected by Integri-Spec. In particular, mold growth appeared to be associated with water damage from multiple roof leaks. Mold growth was observed on water piping in the Mackenzie's space, and according to a Mackenzie's store employee, mold grows through the floor tiles and must be cleaned every once in a while.

It is recommended that mold-impacted building materials are removed and replaced in

accordance with EPA guidelines. Additionally, due to the history and continued presence of water intrusion issues at the subject property, a Moisture Minimization Plan should be implemented at the subject property. The plan takes a proactive, preventative approach in order to minimize any moisture damage and/or mold impact by insuring the early identification and repair of potential problems. Integri-Spec has included costs for this work in the Short Term Costs Table.

No other building components or systems were identified that would require additional investigation at this time.

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## **2.0 Purpose, Scope and Limitations**

### **2.1 Purpose**

Integri-Spec was retained to conduct a Property Condition Assessment of the subject property. The purpose of the assessment was to provide an objective, independent, professional opinion of the potential repair costs associated with the subject property.

### **2.2 Scope of Work**

The assessment was conducted in accordance with American Society for Testing and Materials (ASTM) Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process E 2018-15 and generally accepted industry standards.

The specific scope of work included the following:

Document Review and Interviews - Efforts were made to review records or documents, if readily available, to specifically identify, or assist in the identification of, physical deficiencies, as well as any preceding or ongoing efforts, or costs to investigate or remediate the physical deficiencies, or a combination thereof including building certificates of occupancy, outstanding and recorded material building code violations, and recorded material fire code violations. Only such record information that is reasonably ascertainable from standard sources was reviewed. Any information not practically reviewable or not provided to Integri-Spec in a reasonable time to formulate an opinion and complete the PCA, will be stated in the PCA, and Integri-Spec will have no further obligation of retrieving such documentation or reviewing it if it is subsequently provided. It is understood that information will be provided to Integri-Spec within ten business days of the source receiving appropriate inquiry, without an in-person request being required, and at no more than a nominal cost to cover the source's cost of retrieving and duplicating the information. The inspection does not include a regulatory or code compliance audit of the facility.

Integri-Spec provided the owner or owner's representative, or both, with a pre-survey questionnaire. In addition, if readily available, Integri-Spec reviewed the following documents and information that may be in the possession of or provided by the owner, owner's representative, user, or combination thereof, as appropriate: appraisal, Certificate of Occupancy, safety inspection records, warranty information (roofs, boilers, chillers, cooling towers, etc.), records indicating the age of material building systems such as roofing, paving, plumbing, heating, air conditioning, electrical, etc., historical costs incurred for repairs, improvements, recurring replacements, etc., pending proposals or

executed contracts for material repairs or improvements and descriptions of future work planned, outstanding citations for building, fire and zoning code violations, any ADA survey and status of any improvements implemented to effect physical compliance, previously prepared property condition reports or studies pertaining to any aspect of the subject property's physical condition, records indicating building occupancy percentage, records indicating building turnover percentage, building rent roll, leasing literature, listing for sale, marketing/promotional literature such as photographs, descriptive information, reduced floor plans, etc., and drawings and specifications (as-built or construction).

Integri-Spec requested that the owner or user identify a person or persons knowledgeable of the physical characteristics, maintenance, and repair of the property. Integri-Spec interviewed the property manager or agent of the owner so as to inquire about the subject property's historical repairs and replacements and their costs, level of preventive maintenance exercised, pending repairs and improvements, frequency of repairs and replacements, and existence of ongoing or pending litigation related to subject property's physical condition.

Walk-Through Survey - The report is based on observations made during the property "walk-through." Observations were limited to "representative" property improvements including exterior surfaces and open spaces, accessible areas of the roof, representative units, and mechanical, staff, vacant and common areas. No inspection or investigation behind walls, inside plenums or in any other generally inaccessible areas was performed. The investigation of the building facade was performed from street and/or balcony level. The riding of scaffolding equipment was not part of the scope of Integri-Spec's services. No physical tests were made nor were any samples for engineering analysis collected. As such, Integri-Spec makes no warranties regarding EIFS systems, curtain walls or other building skin conditions that would not be readily observable and would, therefore, be considered outside the scope of this assignment. Reliance was placed on the accuracy and disclosure of property representatives.

A visual survey for mold was conducted. The survey was limited to visual observations in the areas walked and should not be considered a comprehensive survey of the property. No sampling was conducted. No inspection or investigation behind walls or in any other generally inaccessible areas was performed. A conclusion that no mold was observed, therefore, should not be taken as the property is mold free or concerns do not exist in areas that were not inspected.

The condition of building structures and components evaluated were broken down into one of the following descriptions: 1) Poor - Requiring action immediately or within 12 months; 2) Marginal - Serviceable, but showing age and wear, and will require maintenance, repair or replacement during the loan term; 3) Satisfactory - No major signs of age or wear, may need replacement during the loan term.

Property/Site Features - Observations were conducted at the property as to the type, condition and adequacy of the following items: general topography, storm water drainage, ingress and egress, paving, curbing and parking, flatwork, landscaping and appurtenances, recreational facilities, amenities and ancillary structures, and utilities.

Building Frame and Envelope - Observations were conducted at the property as to the type, condition and adequacy of the following items: substructure, superstructure, facade, and roofing.

Interior Elements - Observations were conducted at the property as to the type, condition and adequacy of the following items: interior finishes, fixtures, appliances, and furnishings.

Plumbing, Mechanical and Electrical - Observations were conducted at the property as to the type, condition and adequacy of the following items: plumbing, heating, ventilation and air conditioning, electrical, and vertical transportation.

The Property Condition Assessment included a Baseline Americans with Disabilities Act (ADA) Evaluation which is a Visual Accessibility Survey consisting of a limited scope visual survey and based on the checklist provided in ASTM E 2018-15. The baseline scope of work excludes limited measurements and counts. Since the evaluation is limited in scope and is based on representative sampling, non-compliant conditions may exist which will not be identified as a result of the assessment. This evaluation screening is not to be considered an in-depth ADA or FHA survey or audit. The opinion regarding ADA compliance should be considered preliminary. The purpose of the limited visual survey is to provide a general observation of the level of attention paid to keeping the property ADA compliant.

Life Safety/Fire Protection- Observations were conducted at the property as to the type, condition and adequacy of the life safety and fire protection systems

Opinions of Costs to Remedy Physical Deficiencies – Opinions of Cost are segregated into immediate costs and short term costs. Immediate Needs are defined as opinions of Costs that require immediate action as a result of any of the following: (1) material existing or potential unsafe conditions, (2) material building or fire code violations, or (3) conditions that if left uncorrected, have the potential to result in or contribute to critical element or system failure within one year or will result most probably in a significant escalation of its remedial cost. The deficiencies and/or items identified are based on our observations unless otherwise noted. Short terms costs are opinions of Costs to remedy physical deficiencies, such as deferred maintenance, that may not warrant immediate attention, but require repairs or replacements that should be undertaken on a priority basis in addition to routine preventive maintenance. Such opinions of Costs may include costs for testing, exploratory probing, and further analysis should this be deemed warranted by the consultant. The performance of such additional services are beyond this guide. Generally, the time frame for such repairs is within one to two years.



Quantities are estimates and extrapolations from representative areas observed. Unit prices and replacement costs are based on a combination of construction cost guide data, Integri-Spec's experience and discussions with property managers, facility engineers and/or individuals who are familiar with the local market. Generally, repair or replacement items that total less than \$1,000 are considered routine maintenance items and are not included in the itemized list of recommended repairs or as immediate needs, unless they are associated with a regulatory compliance, safety issue or, in the opinion of Integri-Spec, have the potential to significantly impact the marketability of the property to prospective tenants or purchasers.

Assumptions regarding the overall condition of the subject property have been developed based upon inspection of "representative" property improvements. As such, estimations of mechanical and structural system conditions, remaining useful lives and costs associated with the correction of identified deficiencies are based upon the limited inspection and are also limited with respect to completeness. Where quantities could not be derived from actual takeoffs or measurements, lump sum figures or allowances are used. Estimated costs to correct are based on professional judgment and the probable or actual extent of the observed defect, exclusive of the cost to design, procure, construct and manage the corrections.

Useful life estimates of components are based on published sources including, but not limited to, Life Expectancy Guidelines published by Marshall & Swift, United States Department of Housing and Urban Development guidelines, industry standards and Integri-Spec's professional experience in evaluating life and performance of elements, components and systems. Expected remaining useful lives for the building and components assume the current level of maintenance and capital improvements are maintained and the recommendations in this report are implemented.

Quantity estimates are typically based on our field observations or information provided by property management. Replacement costs are based on published sources including, but not limited to, the Means Facility Cost Data, and Means Repair and Remodeling Cost Data, historical costs provided by property management or ownership, Integri-Spec's professional experience and contractor cost quotations, when available.

Photographs representative of Integri-Spec's observations are included throughout the report and in Appendix A. In addition to visual observations, letters to and responses from municipal and regulatory agencies are included in Appendix D. Integri-Spec relied on the sources and contacted the individuals listed within the report and the appendices.

## **2.3 Limitations**

Integri-Spec has performed the services and prepared this report in accordance with generally accepted consulting practices, and makes no other warranties, either expressed or implied, as to the character and nature of such services or product.

Integri-Spec, its officers, and its employees have no present or contemplated interest in the property. Our employment and compensation for preparing this report are not contingent upon

our observations or conclusions.

Information in this report, concerning equipment operation, condition of spaces and concealed areas not observed or viewable and for the disclosure of known problems, if any, is from sources deemed to be reliable, including, but not limited to property managers and maintenance personnel; however, no representation or warranty is made as to the accuracy thereof.

No PCA can wholly eliminate the uncertainty regarding the presence of physical deficiencies and the performance of a subject property's building systems. Preparation of a PCA in accordance with the ASTM guide is intended to reduce, but not eliminate, the uncertainty regarding the potential for component or system failure and to reduce the potential that such component or system may not be initially observed. ASTM also recognizes the inherent subjective nature of a consultant's opinions as to such issues as workmanship, quality of original installation, and estimating the Remaining Useful Life (RUL) of any given component or system. ASTM recognizes a consultant's suggested remedy may be determined under time constraints, formed without the aid of engineering calculations, testing, exploratory probing, the removal of materials, or design. Furthermore, there may be other alternate or more appropriate schemes or methods to remedy the physical deficiency.

## **2.4 Property Access and Non-Access Disclosure**

Inspector: Aaron Slavey

Date of Inspection: 02/12/2016

Weather Conditions: Sunny

Property Contact: Mr. Bart Engles

Property Escort: None

Property Questionnaire Sent to: Mr. Bart Engles

**Questionnaire Results:** A questionnaire was completed by Mr. Bart Engles of Rivers Edge Management, the property manager. A copy of this questionnaire is included in Appendix 3 of this report. Mr. Bart Engles also provided information regarding the lease agreements and physical condition of the property, including recent capital improvements and required repairs. This information is included in the appropriate sections of the report.

Under the terms of the leases, the tenants are responsible for the maintenance and replacement of their respective interior finishes/fixtures, as well as the water heaters. The landlord is responsible for the maintenance of the buildings' structures, common areas, pavement and grounds, roofing systems, and HVAC equipment.

**Areas Accessed:** Integri-Spec accessed each of the four tenant spaces, the fire sprinkler room, and the public restrooms. Integri-Spec also assessed the building's exteriors and the property grounds, including the lumber storage sheds.

Inaccessible Areas: Integri-Spec did not access the vacant space accessed from the rear of the building, or the roof.

Exceptions/Deletions from Scope: None

## **2.5 User Reliance**

This report is for the use and benefit of, and may be relied upon by, CLIENT and any of its affiliates, and third parties authorized by CLIENT and Integri-Spec, including the lender(s) in connection with a secured financing of the property, and their respective successors and assigns.

### 3.0 Property Description

#### 3.1 Property Details

**Property Size:** 1.5 acres

**Source:** MLS Listing

**Property Usage:** Retail

**Number of Buildings:** One

**Number of Tenant Spaces:** Four

**Net Rentable Square Footage:** 41,868 sq.

**Source:** MLS Listing

**Dates of Construction:** 1993

A legal description was not provided to Integri-Spec; however, a brief legal description was obtained from Rochester County as follows:

BEG 829.05 W LY & 556.61 S LY OF NE COR OF SE1 4 OF NW1 4 S32-T1N-R6E; TH E LY 210 ; N LY 33.10 ; E LY 413.5 ; S LY ; S LY 93.38 ; E LY 48.45 ; S LY 402.43 TO N R W LINDBERG AVE; W LY 358.24 ALG SD N R W; N LY 185.44 ; W LY 180.80 ; 41.18 ; S LY 85.96 ; W LY 113.64 ; S LY 124.47 ; W LY 19.94 N LY 528.59 TO POB CN TG 8.5 AC (C)

#### 3.2 Utilities and Service Providers

<b>Electricity:</b> Excel Energy	<b>Gas:</b> Excel Energy
<b>Potable Water:</b> City of Rochester	<b>Sanitary Service:</b> City of Rochester
<b>Storm Water:</b> City of Rochester	<b>Solid Waste:</b> City of Rochester
<b>Pest Control:</b> Plunketts	<b>Landscaping:</b> Winona Nursery
<b>Fire Systems:</b> Ridgeline Protection Systems	<b>Security:</b> Securities Plus
<b>Roof Maintenance:</b> Ledegar Roofing	<b>Elevator:</b> Not Applicable
<b>Electrical Maintenance:</b> Bauer Electrotech	<b>Plumbing Maintenance:</b> Trademark Services
<b>HVAC Maintenance:</b> Schneider Heating & Air Conditioning	

#### 3.3 Neighboring Properties

North of property: Retail Shopping Center

East of property: Vacant Land

South of property: Automotive Dealership

West of property: Retail Shopping

## **4.0 Code Compliance**

### **4.1 Municipal Departments**

**Building Department:** City of Rochester Building Inspections/Permits & Code Enforcement

**Pertinent Information:** Integri-Spec requested information pertaining to any outstanding building code violations for the subject property as well as any information regarding dates of construction and Certificates of Occupancy. According to Chris Black, Building Inspector, there are no open permits or documented building code violations for the subject property.

**Fire Department:** City of Rochester Fire

**Pertinent Information:** Integri-Spec requested information pertaining to any outstanding fire code violations for the subject property. As of the writing of this report, a response to this request has not been received.

**Zoning Department:** City of Rochester Building Inspections/Permits & Code Enforcement

**Pertinent Information:** Integri-Spec requested information regarding the current zoning of the property and whether the property is a legal conforming use or a legal non-conforming use according to density, parking, and today's codes. According Chris Black, Building Inspector, the property is zoned B-2: General Business district. There are no documented zoning violations associated with the property.

**Health Department:** Rochester County Health Department, Environmental Health

**Pertinent Information:** Integri-Spec requested information regarding inspections and/or code violations regarding applicable activities or facilities (such as restaurants) that require inspections for the subject property. As of the writing of this report, Integri-Spec has not received a response to this request.

**Recommendations:** No concerns were uncovered based on information obtained from the City of Rochester Building Inspections/Permits & Code Enforcement.

Integri-Spec has not received a response from the City of Rochester Fire Department or Rochester County Health Department as of the writing of this report. It should be noted that it is often the case that the municipal departments either do not, or are very slow to respond to these requests. However, based on the other sources of information obtained and reviewed, the absence of this information is not deemed critical.

## **5.0 Property Grounds**

### **5.1 Topography and Drainage**

**Topography:** The elevation of the subject property is approximately 280 feet above mean sea level (AMSL). The property is generally flat, with a gentle slope to the southeast. No unusual or problematic features were noted or reported.

**Property Drainage:** The runoff from the building's roof is directed to scuppers, gutters, and downspouts, and subsequently flows via sheet flow to catch basins, raceways, and drainage culverts which discharge to two detention ponds (south) and one retention pond (north).

**Surface Water Bodies:** There are no onsite surface water bodies, with the exception of the above-mentioned retention pond in the northern portion of the subject property.

**Flood Plain Designation:** The subject property is situated within Zone X (not shaded) which is defined as areas determined to be outside of the 0.2% annual chance floodplain.

**Seismic Zone:** The property is located in Zone 0.

**General Condition:** Good - The topography and drainage at the property are maintained as part of routine maintenance.

**Concerns:**

**Signs of Ponding:** No significant ponding problems were noted or reported.

**Signs of Erosion:** No signs of significant erosion were noted or reported. Minor signs of erosion were observed at some of the culverts and raceways.

**Drainage Problems:** No major drainage problems were noted or reported.

**Indications of Wetlands:** Evidence of wetlands was noted on the subject property in the northernmost portion. A storm water retention pond is located in this area, and vegetation typical of wetlands was also observed within this area.

**Recommendations:** No physical deficiencies/deferred maintenance or immediate/ short term needs were noted. The areas of minor erosion can be addressed as part of routine maintenance.

Potential wetland areas were identified. It is Integri-Spec's recommendation that a determination be made regarding whether or not this area would be considered a jurisdictional wetland prior to any development activities likely to impact the area.

## 5.2 Paving and Curbing

Driveways: The driveways consist of asphalt over a stabilized base.

Parking Areas/Garages: The parking areas consist of asphalt over a stabilized base.

Curbs/Swales/Other: Poured concrete curbs are present throughout the parking areas and driveways, along the sidewalks and around the landscape medians. Preformed concrete parking stops are present in select areas.

Ingress/Egress: Primary ingress and egress for the subject property is provided via one driveway off of Lindberg Avenue. Access to the areas behind the building to the north is provided via one service driveway off of South Presley Street.

Number of parking spaces: There are approximately 220 onsite parking spaces, 12 of which are ADA parking spaces.

General Condition: Poor to Good – Limited pavement repairs, sealing and striping appear to have been conducted recently. The western driveway along loading docks, the pavement in front of Mackenzie's appears to have been overlain recently. No other recent pavement work was reported.

### Concerns:

Inadequate Ingress or Egress: No concerns relating to ingress to or egress from the property were noted or reported.

Inadequate number of spaces: No problems regarding inadequate parking were noted or reported.

Faded pavement striping: No concerns relating to pavement striping were noted or reported.

Spalling/Cracking: While the majority of the main parking lot and driveways have been sealed recently, it appears that many areas with pavement damage, such as alligator cracking, were sealed over, rather than repaired. Alligator cracking and raveling was observed in many locations. Additionally, the rear (north) service drive exhibits significant cracking and raveling.

Depressions or potholes: No significant depressions or potholes were observed, other than depressions associated with the above-described damage.

Ponding: No significant areas of ponding were noted or reported.

Other: No other concerns relating to the paving and curbing were noted or reported.

Recommendations: The damaged/deteriorated asphalt pavement should be repaired/replaced, in order to prevent further deterioration. Minor cracks can be crack filled, some areas can be patched/overlain and the more significantly deteriorated areas should be removed and repaved. An opinion of costs for this work has been included in the Short Term Costs Table.

Asphalt parking areas typically have a EUL of 20 to 25 years depending on the level of maintenance, traffic and weather conditions. The EUL can be extended significantly with periodic sealing of these surfaces. Integri-Spec has included costs for periodic sealing and striping of the parking areas in the Replacement Reserve Schedule.

Recommendations	Overall Condition	Budget Cost (2016 Dollars)	Timeframe
Repair/replace damaged/deteriorated asphalt pavement	Fair	20,000 sq ft @ \$4/sqft = \$80,000 - \$100,000	Within 2 years



### 5.3 Flatwork

**Sidewalks/Patios:** The sidewalks, located along the storefronts and in some cases, the rear of the building, consist of standard poured concrete slabs. A concrete patio for exterior sales is present along the west side of the building. One concrete loading dock area is present at the northeast corner of the building, with another present behind Mackenzie's.

**Other:** Concrete pads support the electrical transformers and switchboxes. Concrete raceways are present at pavement edges, which help to facilitate drainage to the detention/retention ponds. Concrete is also present at water meters/drainage lines located throughout the property.

**General Condition:** Fair to Good – Minor to moderate cracking was observed in flatwork throughout the property. Some sections of sidewalk appear to have been recently replaced, or recently repainted.

**Concerns:**

**Significant Cracks, Heaving and Settlement:** No significant cracking, heaving or settlement was observed or reported. Minor to moderate cracking was observed in flatwork throughout the property.

**Trip Hazards:** No trip hazards were observed or reported.

**Other:** Damaged concrete was observed at water meters and drainage lines located in the rear of the building. No other significant concerns were noted or reported.

**Recommendations:** The damaged concrete observed at water meters and drainage lines in the rear of the building should be repaired in order to prevent further damage. This can be handled as part of routine maintenance. No other physical deficiencies/deferred maintenance or immediate/ short term needs were noted.

Concrete flatwork generally has a EUL in excess of 25 years if constructed over a properly stabilized base and maintained regularly. Integri-Spec has included costs for ongoing concrete repairs in the Replacement Reserve Schedule.

## DRAINAGE, PAVING AND FLATWORK



Area of soil erosion at concrete raceway to detention pond



Detention pond with drainage culverts in the southern portion of the subject property



## **DRAINAGE, PAVING AND FLATWORK**



Retention pond located on the southern portion of property



Parking lot

## DRAINAGE, PAVING AND FLATWORK



Parking lot



Recently patched pavement



## DRAINAGE, PAVING AND FLATWORK



Recently overlain pavement



Typical alligator cracking

## **DRAINAGE, PAVING AND FLATWORK**



Typical pavement condition



Typical alligator cracking and raveling



## DRAINAGE, PAVING AND FLATWORK



Typical pavement damage



Recently overlain pavement

## DRAINAGE, PAVING AND FLATWORK



Typical sidewalk



Typical sidewalk



## DRAINAGE, PAVING AND FLATWORK



Typical cracking in sidewalk



Concrete pad for loading dock

## DRAINAGE, PAVING AND FLATWORK



Driveway; note cracking



Typical alligator cracking and other pavement damage

## DRAINAGE, PAVING AND FLATWORK



Northern service drive



Pavement damage in northern service drive

## 5.4 Landscaping and Appurtenances

**Landscaping:** The landscaping consists of trees, manicured lawns, and landscaped islands and medians.

**Irrigation/Sprinkler:** The landscaping is not serviced with an underground sprinkler system.

**Property Lighting:** Pole-top, building and soffit-mounted fixtures illuminate the driveways, parking areas, property grounds and building exteriors.

**Retaining Walls:** No retaining walls are present on the property.

**Fencing/Walls:** No fencing is present on the property.

**Property Signage:** Building mounted lettering, some illuminated, identifies the various tenants. A ground mounted concrete and metal monument sign is present at the main entrance.

**Other:** No other significant landscaping or appurtenances were observed.

**General Condition:** Good - The landscaping and appurtenances are maintained as needed.

### Concerns:

**Overgrown or dead landscaping:** No significant areas of overgrown landscaping were noted.

**Damaged fences/retaining walls/signs:** No significant concerns were noted.

**Inadequate/broken property lighting:** No significant concerns relating to inadequate or non-functional property lighting were noted.

**Other:** No other concerns were noted or reported.

**Recommendations:** The slight damage to chain link fencing should be repaired, to prevent further deterioration. Additionally, missing letters can be replaced on the main property sign. This can be handled as part of routine maintenance. No other physical deficiencies/deferred maintenance or immediate/ short term needs were noted.

## **5.5 Amenities and Ancillary Structures/Areas**

Ancillary Structures: No ancillary structures were reported.

Mechanical/Electrical/Boiler Room: Dedicated electric and storage rooms are located within the building.

Other: No other amenities or ancillary structures are present.

General Condition: Good – No recent repairs were reported.

Concerns: No concerns were noted or reported.

Recommendations: No other physical deficiencies/deferred maintenance or immediate/ short term needs were noted.



## LANDSCAPING, APPURTANCES AND ANCILLARY STRUCTURES



Property signage



Property signage

## LANDSCAPING, APPURTANCES AND ANCILLARY STRUCTURES



Landscaping



Landscaping and parking median

## **6.0 Structural Frame and Building Envelope**

### **6.1 Substructure**

Foundation: The foundation consists of concrete slabs on grade.

Basement/Crawl Spaces: There are no basements, crawlspaces or subgrade building areas.

General Condition: Good - The building's foundation is original.

Concerns:

Foundation cracks/settlement: No significant foundation cracks or indications of settlement were noted or reported.

Insufficient exposed slab: In some areas, the foundation elements are exposed, while in other areas, they are obscured by the abutting pavement and façade elements. This should not pose a significant concern.

Flooding/water damage: No major areas of flooding or water damage due to foundation issues were noted or reported.

Other: No other concerns with the substructures were noted or reported.

Recommendations: No physical deficiencies/deferred maintenance or immediate/ short term needs were noted. No significant expenditures for the foundations are anticipated during the term.



## 6.2 Superstructure

**Framing System:** The building is of steel and concrete masonry unit (CMU) construction.

**Roof Framing and Decking:** The roof decks are corrugated steel. Mackenzie's features a storage mezzanine in the rear of the building, which consists of wood framing and decking.

**General Condition:** Fair to Good - The superstructure is original.

### Concerns:

**Cracks on exterior walls:** Cracking of the CMU walls throughout the rear building areas was observed, some of which is significant. Some of the cracking appears to have led to interior water intrusion issues. Additionally, a concrete block at the northeast corner of the building was damaged.

**Bowed walls or sagging ceiling or floors:** No evidence of bowed walls or sagging ceilings were noted or reported.

**Deteriorated framing or support members:** No evidence of deteriorated framing or support members were noted or reported.

**Fire Retardant Wood Decking:** Fire retardant wood decking was not observed

**Other:** No other concerns relating to the superstructures were noted or reported.

**Recommendations:** CMU walls showing damage on both the interior and exterior should be repaired, cleaned and maintained, and testing should be completed to positively determine the reason for the observed water intrusion. An opinion of costs for this work has been included in the Short Term Costs Table.

## SUBSTRUCTURE AND SUPERSTRUCTURE



CMU wall, steel framing and roof decking



Steel framing and roof decking

## SUBSTRUCTURE AND SUPERSTRUCTURE



Cracking of exterior wall



Cracking of exterior wall

## SUBSTRUCTURE AND SUPERSTRUCTURE



Evidence of water intrusion



Evidence of water intrusion

### 6.3 Roofing

Type: The primary roofing system on the building is flat and covered with a rubber membrane, topped with ballast. In some areas, a reflective sealant has been applied over the membrane. Awnings topped with pitched standing seam metal roofs are present at the store entrances.

Drainage: Storm water from the roofs is directed to one main gutter and downspout system located along the northern perimeter of the roof, which discharges to the surrounding pavement. Scuppers provide additional drainage.

Parapets and Coping: Extension of the exterior CMU walls serve as parapets, and are covered with the rubber membrane and capped with aluminum coping. Decorative parapets are present above the awnings at the store entrances, which are covered with EIFS, and are topped with aluminum coping.

Roof penetrations: Roof penetrations are present for sanitary stacks, vent fans, HVAC equipment, plumbing and electrical lines, etc.

Other: No other significant roof elements were observed.

General Condition: Poor to Fair - The roofs are original. According to a few of the retail store managers, major roof leaks have occurred during the recent past. In 2014, extensive repairs to the roof occurred in order to prevent further leaking issues.

#### Concerns:

Leaks: No current leaks were reported or noted.

Evidence of ponding: No significant areas of ponding were observed. In general, the roofs have sufficient slope to facilitate drainage to the roof drains.

Evidence of repairs: Ballast was removed and reflective coating was applied to damaged areas in 2014.

Deteriorated membrane/damaged shingles: No significant deterioration or damage to the roof surfacing was observed.

Deteriorated/damaged decking: No damaged roof decking was noted or reported.

Damaged parapets/flashing: No damaged flashing was noted.

Damaged drains, scuppers, etc.: Several downspouts were observed to be damaged. No other concerns with the roof drains were noted or reported.

Other: No other concerns relating to the roofs were observed or reported.

Recommendations: Based on the age of the roof, reported significant roof leaks, and a EUL of 20 years for flat roofs, replacement will likely be required at the beginning of the term. An opinion of costs for this work is included in the Short Term Costs Table. In addition, activities including, but not limited to, keeping drains clear and repairing leaks promptly, should be done as part of routine maintenance. Additionally, damaged or missing downspouts can be replaced as part of routine maintenance.

Recommendations	Overall Condition	Budget Cost (2016 Dollars)	Timeframe
Roof replacement	Fair	25,000 sq ft @ \$6/sqft = \$150,000 - \$200,000	Immediate



## ROOFS



Roof



Roof repair



## ROOFS



Roof surface, note reflective sealant



Roof surface



## 6.4 Facades

**Exterior Walls:** The exterior walls consist of CMU, split-face CMU, concrete block, and EIFS exterior walls.

**Fascia, Soffits and Trim:** The fascia, in some areas, consists of EIFS. The soffits and trim consist of aluminum.

**Entrances/Doors/Windows:** The building features typical aluminum and glass, storefront doors and associated window systems. The windows are non-opening. Service doors are metal in metal frames. Two overhead doors are also present, associated with the loading dock areas.

**Exterior Stairs and Landings:** One set of wood framed stairs with wood plank treads and landings and wood railings is located in one of the lumber storage sheds.

**Other:** No other significant façade features were observed.

**General Condition:** Poor to Fair – No recent repairs were reported and the date of the last exterior painting was unknown. Minor damage to EIFS was observed, while peeling and chipping paint was observed throughout. As noted previously, there are issues with exterior cracking in the CMU walls, which lead to water infiltration.

### Concerns:

**Deteriorated wood, siding, EIFS, etc.:** No exposed wood was observed. Minor damage to EIFS was located along the storefront facades. A recent repair to EIFS at one of the entrances was also observed. As noted previously, there are issues with exterior cracking in the CMU walls, which lead to water infiltration.

**Use of Masonite/Hardboard:** No hardboard siding is present.

**Deteriorated paint:** The paint on the building was generally faded; especially on the rear facades, which exhibit chipping and peeling of paint.

**Deteriorated caulking/pointing:** Evidence of deteriorated caulking and pointing was noted, particularly at the rear facades.

**Damaged/deteriorated masonry:** As noted previously, there are issues with exterior cracking in the CMU walls, which lead to water infiltration.

**Damaged/deteriorated soffits/trim, etc.:** No concerns were noted or reported.

**Damaged exterior doors:** No damaged exterior doors were observed or reported.

**Broken or non-airtight windows:** No broken or damaged windows were observed.

Damaged exterior stairs: No concerns were noted or reported.

Inadequate insulation: No areas of inadequate insulation were noted or reported.

Vapor/moisture penetration: As previously noted, damage to exterior CMU walls likely contributes to moisture penetration. No other areas of vapor or moisture penetration due to leaks in the building sidewalls were noted or reported.

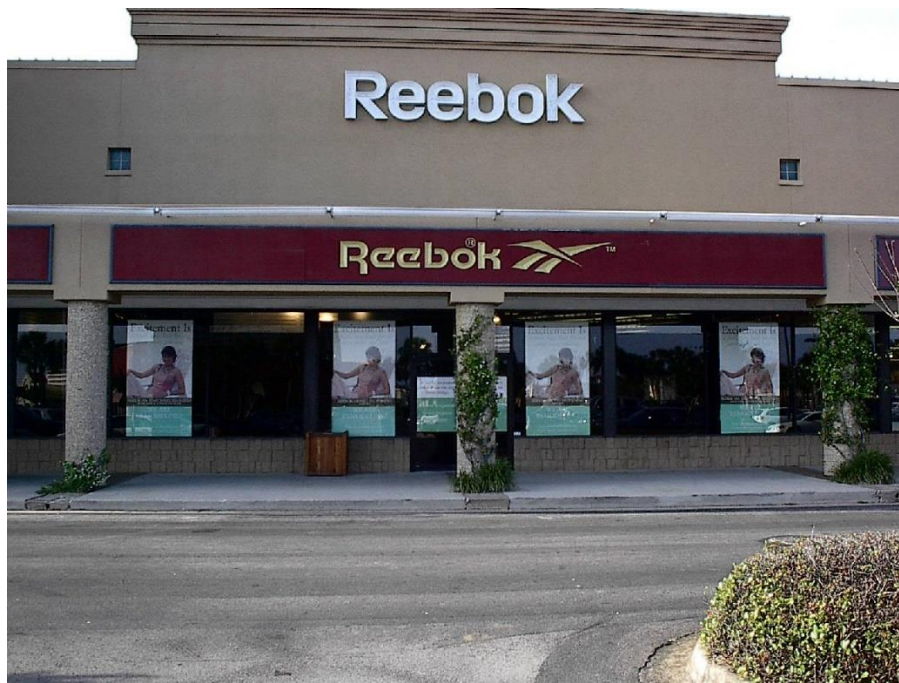
Evidence of termites: No obvious evidence of termites or other wood boring insects was observed or reported. Given the primarily CMU and steel construction, termites are not considered a concern.

Other: No other issues with the facades were noted or reported.

Recommendations: Any deteriorated caulking/pointing should be replaced. Exterior maintenance such as painting, power washing, caulking, stucco patching, etc., is typically required every six to eight years depending on the quality of preparation of the surfaces, the quality of materials used and weather conditions. The building currently requires this exterior maintenance. An opinion of costs for the above work is included in the Short Term Costs Table. Damage to the CMU walls have been previously addressed in the report. The building will likely require maintenance again during the term and costs are included in the Replacement Reserve Schedule. Damaged exterior components should be repaired or replaced as part of the on-going routine maintenance of the property and during pre-painting preparation.

Minor EIFS damaged can be patched as part of routine maintenance. The remaining portions of the facade should be monitored and addressed as part of the routine maintenance of the property.

## FACADES



Facade elements – Public elevations, note tenant signage



Facade elements – Public elevations, note tenant signage

## FACADES



Facade elements – Store entrance



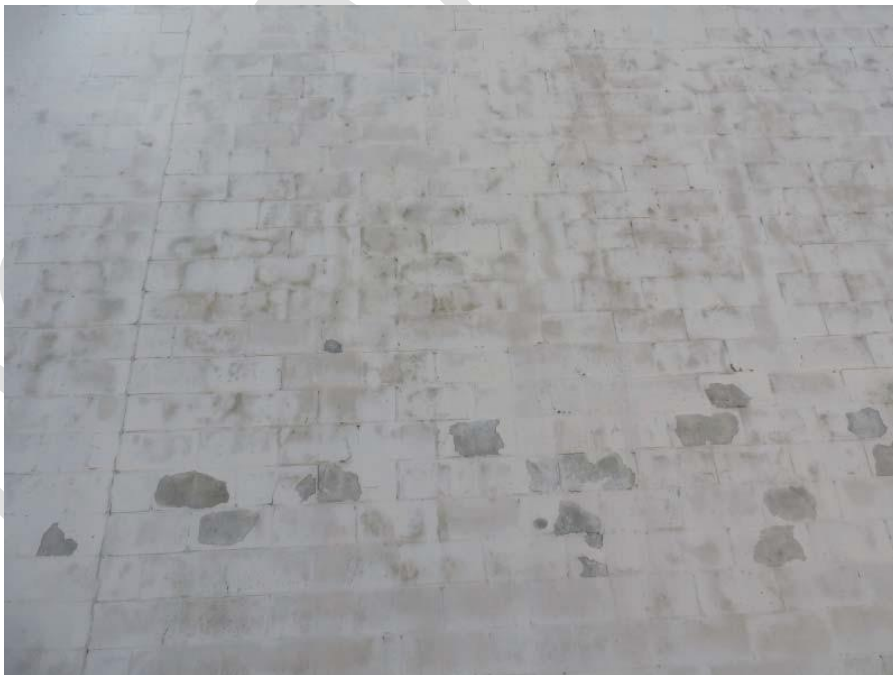
Facade elements – Rear façade



## FACADES



Facade elements – Rear façade



Deteriorated paint

## FACADES



Deteriorated paint



Deteriorated caulking/pointing

## FACADES



Walkway soffit



Storefront awning and entrance

## FACADES



Damaged EIFS (minor)



Recent EIFS repair



## **7.0 Interior Elements**

### **7.1 Finishes**

**Walls:** The interior walls consist primarily of painted and/or wallpapered gypsum board, with other varying wall finishes based on tenant needs. In some areas, the CMU exterior walls are exposed.

**Ceilings:** The ceilings are primarily suspended ceiling systems with either 2'x2' or 2'x4' lay-in ceiling panels and light fixtures or gypsum board. In some areas, the metal roof decking is exposed.

**Flooring:** Flooring consists of a variety of carpeting, vinyl flooring, ceramic tile, etc. In some areas, the bare concrete slabs are exposed. The tenant spaces are built out in accordance with the tenants' needs.

**Interior Stairs:** A flight of wood stairs leading to a storage mezzanine was noted. Otherwise, there are no interior stairs as the spaces are single-story.

**Interior Doors:** Interior doors consist of a variety of solid and hollow core wood and insulated metal units in metal frames and aluminum and glass storefront doors.

**General Condition:** Fair (unfinished/vacant tenant space) to Good - Interior finishes are replaced as part of tenant improvement (TI) allowances negotiated as part of the lease, or by the tenant during the term of the lease. Common and mechanical area finishes are replaced as needed.

**Concerns:**

**Water damage:** With the exception of stained ceiling tiles from past roof leaks and evidence of water intrusion through the CMU walls, no damage to the interior elements was noted or reported.

**Holes or other damage:** No major holes or other damage were observed or reported. The vacant space is largely unfinished; however, this would be addressed during tenant build-out.

**Soiled or worn flooring:** No significant areas of soiled or worn flooring that could not be addressed during tenant build-out were noted or reported.

**Other:** No other concerns relating to the finishes were reported.

Recommendations: No physical deficiencies/deferred maintenance or immediate/ short term needs were noted. Interior finishes are the responsibility of the tenant and are either addressed as part of TI allowances at the beginning of the lease or are handled by the tenant during the lease; therefore, no replacement costs for interior finishes are addressed in the Replacement Reserve Schedule. Any common area finishes can be handled as part of routine maintenance. Stained ceiling tiles can also be replaced as part of routine maintenance.

## **7.2 Fixtures**

Lighting: Primary lighting in the building is provided by a variety of suspended fluorescent ceiling fixtures and a variety of incandescent, halogen, track and display lighting in the tenant spaces. The tenant spaces are built out in accordance with the tenants' needs.

Bathroom Fixtures: The common and tenant restrooms include standard toilets, urinals, sinks, partitions, counters, etc.

Kitchen Fixtures: Some of the tenant spaces feature kitchenettes or coffee stations. The fixtures generally consist of plastic laminate cabinets and countertops and a sink and vary based on tenant needs. These are typically the responsibility of the tenant.

General Condition: Fair (unfinished/vacant tenant space) to Good - Interior fixtures are replaced as part of TI allowances negotiated as part of the lease. Property management is responsible for the replacement of interior lights, which are replaced as needed. Common area fixtures are replaced as needed.

### **Concerns:**

Damaged/Obsolete fixtures: No significantly damaged or obsolete building fixtures that could not be addressed during tenant build-out were noted or reported.

Other: No other concerns relating to the fixtures were noted or reported.

Recommendations: Interior fixtures are generally the responsibility of the tenant and are either addressed as part of TI allowances at the beginning of the lease or are handled by the tenants during the lease; therefore, replacement costs for interior fixtures are not addressed in the Replacement Reserve Schedule. The replacement of interior lights and the maintenance/ replacement of common area fixtures should be handled as part of routine maintenance.

### **7.3 Appliances, Equipment, Furnishings, etc.**

Appliances: There are no property-owned appliances. Various kitchen appliances are located in some of the tenant kitchenettes and coffee stations. All of the equipment is the responsibility of the respective tenants.

Equipment: Property-owned equipment consists of maintenance items and equipment related to various mechanical systems. With the exception of Mackenzie's, which has several forklifts onsite, the retail tenants have no significant equipment.

Furnishings: There are minimal property-owned furnishings in the maintenance areas, as well as any items remaining in vacated tenant spaces. The tenants provide and are responsible for the furnishings and décor for their respective operations.

General Condition: Fair to Good – No recent capital expenditures or repairs/replacements were reported.

Concerns:

Damaged/Obsolete items: No concerns were observed or reported.

Recommendations: Any repairs or replacements required for the property owned items can be addressed as part of routine maintenance. The tenants are responsible for their respective items.

### **7.4 Down Areas**

While one of the tenant spaces is vacant, no down areas due to damage or other serious concerns etc., were noted or reported. The vacant unit is mostly gutted with some finishes remaining. These areas would be addressed and built-out/renovated as part of TI allowances at the beginning of the lease; therefore, no costs to address these areas have been allocated.

## FINISHES, FIXTURES, APPLIANCES AND EQUIPMENT



Typical occupied tenant space



Typical occupied tenant space

## FINISHES, FIXTURES, APPLIANCES AND EQUIPMENT



Typical occupied tenant space



Typical occupied tenant space



**FINISHES, FIXTURES, APPLIANCES AND EQUIPMENT**



Vacant tenant space



Vacant tenant space



**FINISHES, FIXTURES, APPLIANCES AND EQUIPMENT**



Typical tenant restroom



Typical tenant restroom

## FINISHES, FIXTURES, APPLIANCES AND EQUIPMENT



Mezzanine storage area



Stairs to the mezzanine

## **8.0 Plumbing, Mechanical & Electrical**

### **8.1 Plumbing**

Supply Piping: The supply lines are copper. The sprinkler lines are black steel.

Drainage/Wastewater Piping: Drainage/wastewater piping was not observed during this investigation.

Hot Water Production: Domestic hot water for the restrooms and kitchenettes is produced by 30 gallon, electric water heaters located in various tenants spaces.

Wells: There are no wells on the subject property.

Septic or Wastewater Treatment Systems: There are no septic or wastewater treatment systems located on the subject property.

Ejector Pumps/Lift Stations: There are no ejector pumps or lift stations on the subject property.

General Condition: Fair to Good - The plumbing systems are of various ages depending on tenant build-out and maintained as needed. Much of the piping is original. The water heaters are replaced as needed. The water heater observed in the Mackenzie's space appeared to be out-dated.

#### **Concerns:**

Inoperable or obsolete equipment: All of the required systems and equipment were operational.

Leaks, corrosion or deterioration: No plumbing leaks, corrosion or deterioration was noted or reported.

Galvanized steel/lead piping: No galvanized or lead supply piping was noted.

Polybutylene (PB) or Acrylonitrile-Butadiene-Styrene (ABS) piping: No evidence of polybutylene piping or ABS piping was observed.

Sewage/Grease/Oil backups or spills: No concerns were noted or reported.

Insufficient Pressure: No evidence of insufficient water pressure was reported.

Inadequate hot water: No evidence of inadequate hot water was reported.

Tenant complaints: Integri-Spec did not receive any complaints from the tenants regarding the plumbing at the property.

Other: No other concerns relating to the plumbing were noted or reported.

Recommendations: No physical deficiencies/deferred maintenance or immediate/ short term needs were noted. The water heaters are the responsibility of the tenants or replaced as part of TI allowances at the beginning of the lease; therefore, no costs for their replacement are included in the Replacement Reserve Schedule.

## **8.2 Heating, Air Conditioning and Ventilation**

Heating and Cooling: Heating and cooling is provided by 16 roof-mounted, electric packaged units. The units are all made by Carrier, and range from approximately 8.3 to 15 tons capacity.

General Condition: Poor to Good – All currently functioning units (16) were installed from 2006 to 2014. However, five units are no longer functioning, and are covered with tarps. Additionally, at some point, two units were removed, and the curbs were covered. The maintenance and replacement of the equipment is the responsibility of property management.

Concerns:

Inoperable/obsolete equipment: As mentioned above, five units are inoperable.

Insufficient capacity: No concerns regarding the HVAC capacity were noted or reported.

Use of chlorofluorocarbon (CFC) refrigerants: As of July 1, 1992, it became illegal to intentionally vent CFC refrigerants to the atmosphere, and the manufacture of CFC refrigerants was phased out in 1995. CFC refrigerants include R-11, R-12, R-113, R-114 and R-115. No CFC usage was reported.

Tenant complaints: Integri-Spec did not receive any complaints from the tenants regarding the HVAC systems at the property.

Other: No other concerns relating to the HVAC systems were noted or reported.

Recommendations: The five inoperable HVAC units should be removed from the roof to prevent any water intrusion issues. The curbs should then be covered. As the property owner is responsible for providing a working system at tenant turnover, the replacement of the units at the vacant tenant space (approximately 30 tons) will likely be necessary. Costs for the replacements are included in the Short Term Needs Table. Otherwise, given a EUL of 20 years for the packaged units, it is not anticipated that any of the other HVAC equipment will require replacement during the term.

Recommendations	Overall Condition	Budget Cost (2016 Dollars)	Timeframe
Replace non-working HVAC units	Fair	4 units @ ~\$10K/unit = \$40,000 - \$60,000	Immediate

### 8.3 Electrical

**Level of Service:** Each tenant space unit is provided the level of service required for their operation. Electrical service to the building runs from pole-mounted transformers into the main electrical panels, switchgear and meters located within the Mackenzie's tenant space. From there, the power is routed to electrical panels and breakers inside each tenant space. The tenants are supplied 2000 amp, 3-phase, 4-wire service, at 480/277 volts.

**Type of wiring:** Copper branch wiring is used throughout the property.

**Overload Protection:** Overload protection is provided by circuit breakers and disconnect switches.

**Other:** There are no emergency generators.

**General Condition:** Good - The active systems are maintained as needed by the applicable tenants.

**Concerns:**

**Inadequate capacity:** No evidence of inadequate electrical capacity was noted or reported.

**Aluminum wiring:** No aluminum branch wiring was observed.

**GFCI:** In general, GFCI receptacles were present in the wet areas such as the bathrooms and kitchenettes and have been installed as needed as part of TI.

**Complaints:** Integri-Spec did not receive any complaints regarding the electrical service at the property.

**Other:** No damaged or obsolete equipment was observed.

**Recommendations:** No physical deficiencies/deferred maintenance or immediate/ short term needs were noted. The electrical system should be maintained as part of routine

maintenance, including periodic infrared surveys.

#### **8.4 Vertical Transportation**

Elevators: No elevators are present on the subject property.

Escalators: No escalators are present on the subject property.

DO NOT COPY



**PLUMBING, HVAC, and ELECTRICAL**



Tenant space water heater



Tenant space water heater

## PLUMBING, HVAC, and ELECTRICAL



Rooftop packaged HVAC units



Inoperable unit

## PLUMBING, HVAC, and ELECTRICAL



Covered curb- location of former unit



Utility electrical transformers

## PLUMBING, HVAC, and ELECTRICAL



Electrical distribution panel and switchgear



Typical electrical equipment in tenant space



## **9.0 Life Safety/Fire Protection**

### **9.1 Life Safety Systems**

**Smoke/Heat Detectors:** The property does not feature smoke or heat detectors; however, some of the tenants have installed smoke detectors in their spaces.

**Sprinkler/Alarm System:** The building is fully sprinkled with a wet type fire suppression system. The systems operate under city water pressure. The sprinkler riser and the alarm panel is located in the rear storage area of Mackenzie's. Fire department hose connections are present at the northwest corner of the building. Alarm bells are situated on the building's exteriors, as well as throughout the interior tenant spaces. The systems are monitored by an outside service.

**Fire Extinguishers:** Portable extinguishers are located throughout the building.

**Restricted Access Gates:** There are no restricted access vehicle gates at the property.

**Security Cameras/Guards/Alarms:** There are no central security systems or guards. Tenant owned intrusion alarms, security and video surveillance systems are present.

**Other:** Emergency lighting, illuminated exit signs, and alarms are present throughout the building. Fire hydrants are present in the parking areas.

**Fire Inspection/Safety Reports:** No concerns were noted or reported. However, as of the writing of this report, Integri-Spec has not received a response regarding fire code violations from the City of Rochester Fire Department.

**General Condition:** Good – The fire/life safety systems are maintained under a service contract.

**Concerns:**

**Out of date inspection:** The inspection tags on the sprinkler risers and fire extinguishers were current. In general, the tenants are responsible for the fire extinguishers.

**Inoperable equipment:** No inoperable equipment was noted or reported.

**Other:** No other concerns were noted or reported.

**Recommendations:** No physical deficiencies/deferred maintenance or immediate/ short term needs were noted. The fire/life safety systems should be maintained under a service contract.



## LIFE SAFETY



Sprinkler riser and alarm panel



Interior alarm bell, sprinkler head and exit sign

## LIFE SAFETY



Fire extinguisher



Emergency lighting and exit sign

## LIFE SAFETY



Fire department connection



Fire hydrant

## **10.0 ADA**

### **10.1 ADA Issues**

All places of public accommodation and commercial facilities constructed for first occupancy after January 26, 1993 must be constructed to be accessible. Any alteration made to a place of public accommodation or commercial facility after January 26, 1992, must be made so as to ensure that, to the maximum extent feasible, the altered portions of the facility are readily accessible to and useable by individuals with disabilities. Alterations include, but are not limited to, remodeling, renovations, rehabilitation, reconstruction, historic restoration, changes or rearrangement in the plan configuration of walls and full-height partitions. Normal maintenance, reroofing, painting or wallpapering, asbestos removal, or changes to mechanical and electrical systems are not alterations unless they affect the usability of the building or facility.

A public accommodation is required to remove architectural barriers in existing facilities, prior to the making of any alterations, where such removal is readily achievable, i.e., easily accomplished and able to be carried out without much difficulty or expense. Examples include, but are not limited to, providing designated handicapped parking spaces, adding small ramps and curb cuts, widening doorways, rearranging furniture, adding raised markings on elevators, installing grab bars in toilet stalls and rearranging toilet partitions to increase maneuvering space. If not readily achievable, alternative methods of providing service, such as access to the management office, must be offered. Alternative methods include, but are not limited to, installing an intercom system between the leasing office and an accessible area, or relocating activities to accessible locations. It is the property owner's burden to prove that a modification is not readily achievable, or would pose an undue financial or administrative burden.

The Property Condition Assessment included a Baseline Americans with Disabilities Act (ADA) Evaluation which is a Visual Accessibility Survey consisting of a limited scope visual survey and based on the checklist provided in ASTM E 2018-15. The baseline scope of work excludes limited measurements and counts. Since the evaluation is limited in scope and is based on representative sampling, non-compliant conditions may exist which will not be identified as a result of the assessment. This evaluation screening is not to be considered an in-depth ADA or FHA survey or audit. The opinions regarding ADA compliance should be considered preliminary. The purpose of the limited visual survey is to provide a general observation of the level of attention paid to keeping the property ADA compliant.

**Parking Spaces:** The property has approximately 220 total parking spaces, which requires seven ADA parking spaces and at least one van accessible ADA parking space. The property has twelve ADA spaces, at least one of which is van accessible. However, three of the parking spaces were observed to be lacking vertical signage.

Required ADA Parking Spaces		
Total Spaces	Total ADA	ADA-Van
1-25	1	1
26-50	2	1
51-75	3	1
76-100	4	1
101-150	5	1
151-200	6	1
201-300	7	1
301-400	8	1
401-500	9	2
501-1000	2% of total	1 of 8
> 1000	20, plus 1 for each 100, or fraction thereof, over 1,000	1 of 8

**Accessibility/Path of Travel:** The property has sufficient curb cuts and ramps as well as walkways and entrances that meet the ADA accessibility guidelines.

**Public Restrooms:** The public restrooms inspected at the subject property were in general compliance with the ADA guidelines.

**Elevators:** N/A

**Recommendations:** Three of the ADA parking spaces were observed to lack vertical signage. As such, vertical signage should be installed at these spaces. Costs for this work are included in the Short Term Costs table. Any future renovations should be reviewed to insure compliance with ADA guidelines.

Recommendations	Overall Condition	Budget Cost (2016 Dollars)	Timeframe
Install vertical signage at three ADA spaces	Missing / Not Present	3 units @ ~\$500/unit = \$1,500	Immediate



## ADA



ADA parking spaces



ADA parking spaces missing vertical signage

## **11.0 Microbial Contamination (Mold)**

### **11.1 Microbial Contamination**

A visual/olfactory survey for mold was conducted. The survey was limited to observations in the areas walked and should not be considered a comprehensive survey of the property. No sampling was conducted. No inspection or investigation behind walls or in any other generally inaccessible areas was performed. In addition, inquiries were made of the owner and/or manager of the Property regarding past and current leaks or any known mold issues, any tenant complaints regarding health problems, musty odors or water leaks. In addition, when applicable, areas of reported or likely significant leaks or water intrusion/penetration were inspected.

#### **Concerns:**

**Mold growth:** A comprehensive mold survey was beyond the scope of this assessment; however, during the assessment, visual evidence of active water and mold damage was observed throughout the interior areas inspected by Integri-Spec. In particular, mold growth appeared to be associated with water damage from multiple roof leaks. Mold growth was observed on water piping in the Mackenzie's space, and according to a Mackenzie's store employee, mold grows through the floor tiles and must be cleaned every once in a while.

**Recommendations:** It is recommended that mold-impacted building materials are removed and replaced in accordance with EPA guidelines. Additionally, due to the history and continued presence of water intrusion issues at the subject property, a Moisture Minimization Plan should be implemented at the subject property. The plan takes a proactive, preventative approach in order to minimize any moisture damage and/or mold impact by insuring the early identification and repair of potential problems. Integri-Spec has included costs for this work in the Short Term Costs Table. As previously mentioned, water damaged ceiling tiles can be removed and replaced as part of routine maintenance.

### Mold Contamination



### Mold growth



### Water damaged ceiling tiles with mold growth

## 12.0 Specifications and Details

### 12.1 Plumbing Systems

Water Heater Unit #	Year Built	Capacity	Serial #	Operating Mode	Manufacturer	Area Serviced
1	2001	40 gallon	0110A00222005	Operable	AO Smith	Unknown
2	2016	40 gallon	1116903259	Operable	GE	Unknown
3	2010	50 gallon	1009A00211125	Operable	AO Smith	Unknown

Water Heater Unit #	Last Service Date	Est. Life Expectancy	Est. Replacement Cost	Comments
1	Unknown	6-12 years	\$500.00	
2	08/05/14	6-12 years	\$500.00	
3	01/10/16	6-12 years	\$650.00	

### 12.2 Air Conditioning / Heating Systems

#### 12.2.1 Summary of Rooftop Equipment

HVAC Unit #	Year Built	Cooling Capacity X 1000 BTUs	Heating Capacity X 1000 BTUs (output)	Operating Mode	Manufacturer	Area Serviced
1	2004	4 tons	92,000	Heating	Carrier	Unknown
2	1999	5 tons	115,000	Heating	York	Unknown
3	1994	4 tons	92,000	Heating	Trane	Unknown
4	2012	4 tons	92,000	Heating	Trane	Unknown
5	2001	3.5 tons	80,500	Heating	Trane	Unknown
6	2014	5 tons	115,000	Heating	Carrier	Unknown

HVAC Unit #	Last Service Date	Est. Annual Maint. Cost	Est. Life Expectancy	Est. Replacement Cost	Comments
1	Unknown	\$250.00	14-18 years	\$50,000.00	Unit not responding to thermostat
2	10/09/16	\$350.00	14-18 years	\$60,000.00	
3	10/09/16	\$250.00	14-18 years	\$50,000.00	
4	Unknown	\$250.00	14-18 years	\$50,000.00	
5	Unknown	\$250.00	14-18 years	\$45,000.00	Unit not responding to thermostat
6	11/05/16	\$350.00	14-18 years	\$60,000.00	

### 12.3 Electrical Systems

Unit #	Amperage/Voltage	Manufacturer	Breakers/Fuses	Condition	Area Serviced
1	200	General Electric	Breakers	Good	Unknown
2	400	General Electric	Breakers	Good	Unknown
3	400	Federal Pacific	Breakers	Good	Unknown
4	200	Eaton	Breakers	Good	Unknown
5	240	Eaton	Breakers	Good	Unknown
6	480	Square D	Breakers	Good	Unknown

### 12.3 Roofing Systems

Roof Location	Roof Style	Est. Annual Maint. Cost	Est. Life Expectancy	Est. Replacement Cost	Comments
1	Asphalt BUR	<b>\$250.00</b>	20-25 years	\$50,000.00	Unit not responding to thermostat
2	Tar/Gravel	\$350.00	20-25 years	\$60,000.00	
3	Rubber	\$250.00	20-25 years	\$50,000.00	



## **APPENDIX A**

### **PROPERTY PHOTOGRAPHS**

DO NOT COPY

## Appendix A

### Property Photographs



Property overview – Building and pavement



Property overview – Building and pavement

## Appendix A

### Property Photographs



Property overview – Interior of lumber storage sheds



Property overview – Lumber storage area

## **APPENDIX B**

### **PROPERTY MAPS AND DRAWINGS**

**Appendix B**  
**Property Maps**

**PROPERTY LOCATION MAP**



**High Point Shopping Center**  
1234 Main Street  
Rochester, MN 55901



North

Google Maps





# Appendix B Property Maps

## PARCEL MAP



**High Point Shopping Center**  
1234 Main Street  
Rochester, MN 55901



North

Escambia County



Appendix B  
Property Maps

AERIAL PHOTOGRAPH



**High Point Shopping Center**  
1234 Main Street  
Rochester, MN 55901



North



**Appendix B  
Property Maps**

**TOPOGRAPHIC MAP**



**High Point Shopping Center**  
1234 Main Street  
Rochester, MN 55901

↑  
North





Appendix B  
Property Maps

SITE PLAN



High Point Shopping Center  
1234 Main Street  
Rochester, MN 55901

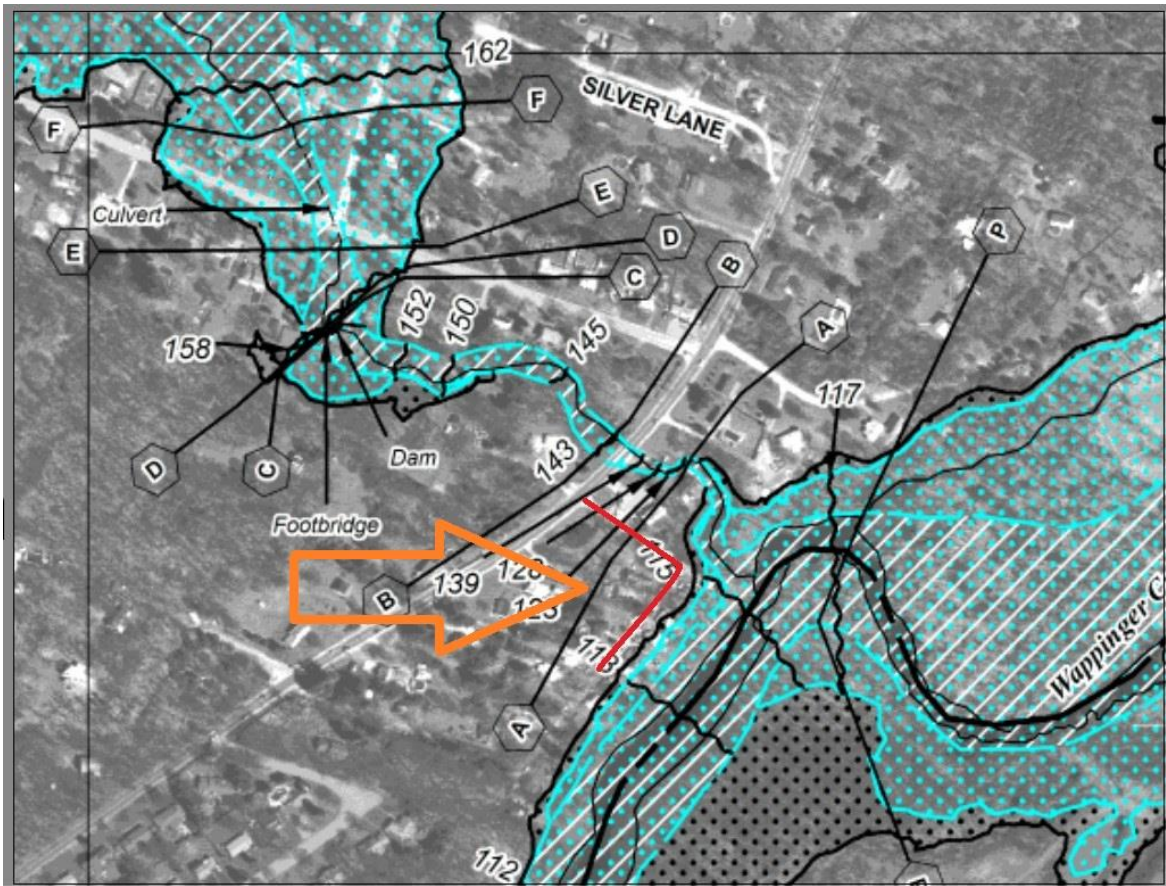


North



## Appendix B Property Maps

### FLOOD ZONE MAP



**High Point Shopping Center**  
1234 Main Street  
Rochester, MN 55901

↑  
North





## **APPENDIX C**

### **PROPERTY QUESTIONNAIRE**



## COMMERCIAL PCA QUESTIONNAIRE

INSTRUCTIONS: As soon as possible, please complete to the best of your knowledge and return (email preferred) to:

Integri-Spec  
479 Mankato Ave. Suite 204  
Winona, MN 55987  
Phone: 507-458-4566  
[aaron@integrispecinspections.com](mailto:aaron@integrispecinspections.com)

**Property Name**

**Address (City, State, Zip)**

**Property Size (in acres)**

**# of Buildings**

**Gross Building Square Footage**

**Net Rentable Square Footage**

**# of Parking spaces**

**# of ADA Parking spaces**

**Please attach a Property Site Plan and a current Tenant List or Rent Roll  
when submitting the completed Questionnaire**

**UTILITY AND SERVICE PROVIDERS**

**Electric**

**Gas**

**Pest Control**

**HVAC Maintenance**

**Drinking Water**

**Roof Maintenance**

**Sanitary Sewer**

**Fire Systems**

**Storm Water**

**Security Systems**

**Solid Waste**

**Elevator**

**Landscaping**

**Electrical maintenance**

**Pool Maintenance**

**Plumbing Maintenance**

**The questionnaire information was provided by:**

**Name**

**Title**

**Signature**

**Phone Number**

**Date**

## PROPERTY CONDITION INFORMATION

### PREVIOUS REPORTS

Are you aware if a Property Condition Assessment or structural assessment has ever been performed on the subject property? If yes, are you aware of the recommendations made in the report or please provide a copy of the report?

☐ Yes    ☐ No    ☐ Do Not Know

### CAPITAL IMPROVEMENTS

Have any capital improvements been conducted on the subject property in the past five years? If yes, please provide any information such as the type of improvement, approximate date of improvement and the cost associated with each improvement. As an example, have any of the roofs been replaced, concrete/asphalt repairs, the buildings' exteriors painted, new HVAC equipment installed, improvements to the parking garage, etc.?

☐ Yes    ☐ No    ☐ Do Not Know

Are you aware of any budgeted capital improvements to be conducted this year? If yes, please provide any information such as the type of improvement and cost associated with the improvement or attach any contractor bid.

☐ Yes    ☐ No    ☐ Do Not Know

## REGULATORY COMPLIANCE

Are you aware of any outstanding building code violations? ☐ Yes ☐ No ☐ Do Not Know

Are you aware of any outstanding fire code violations? ☐ Yes ☐ No ☐ Do Not Know

Are you aware of any outstanding health/environmental department violations? ☐ Yes ☐ No ☐ Do Not Know

If yes to any of the above, please provide more information.

Is the property in compliance with the Americans with Disability Act? For example, are there a sufficient number of handicapped accessible parking spaces? ☐ Yes ☐ No ☐ Do Not Know

## CURRENT PROPERTY CONDITION/REQUIRED CAPITAL IMPROVEMENTS

Please discuss any noted property condition concerns that require repair or replacement. This would include roof leaks, damaged asphalt and/or concrete, structural or foundation concerns, problems with the HVAC systems, the waste or supply plumbing, sprinkler systems, erosion, electrical systems, etc. Is there any evidence of mold on the property? If yes, please note where the concerns are located and the extent of the concern.

## LEASE TERMS

Please briefly describe the terms of the lease. What are the responsibilities of the tenant(s)? What are the responsibilities of the landlord?



## **APPENDIX D**

### **MUNICIPAL/REGULATORY INFORMATION**

## **APPENDIX E**

### **REPLACEMENT RESERVE SCHEDULE**

Item	EUL	Units	Unit Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Topography and Drainage	NA	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Paving and Curbing (seal & stripe)	5-7 yrs.	~210,000 SF	\$.25/SQ FT	\$0	\$0	\$0	\$52,500	\$0	\$0	\$0	\$0	\$0	\$52,500	\$105,000
Paving and Curbing (full depth)	25 yrs.	~210,000 SF	\$4/SQ FT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Flatwork	25+ yrs.	~8,500 SF	\$10/SQ FT	\$0	\$0	\$500	\$0	\$500	\$0	\$500	\$0	\$500	\$0	\$2,000
Landscaping and Appurtenances	NA	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Substructure	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Superstructure	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Roofing (flat)	20 yrs.	~94,000 SF	\$7/SQ FT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exterior maintenance	7 yrs.	~25,000 SF	\$2/SQ FT	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$50,000
Finishes - Common areas	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fixtures & Furnishings-common	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plumbing- TI or tenant responsibility	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
HVAC- packaged units	20 yrs.	~160 tons	\$1,800/ton	\$0	\$0	\$36,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,000
Electrical	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Life Safety Systems	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADA	NA	lump	lump	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL				\$0	\$0	\$36,500	\$52,500	\$500	\$0	\$50,500	\$0	\$500	\$52,500	\$193,000
Inflation 3%				\$1	\$1.03	\$1.06	\$1.09	\$1.13	\$1.16	\$1.19	\$1.23	\$1.27	\$1.30	
Total Inflation				\$0	\$0	\$38,723	\$57,368	\$563	\$0	\$60,300	\$0	\$633	\$68,501	\$226,087