

EAGLE IRON PARTNERS, LLC TERM SHEET

I. General Project Description

Mixed use redevelopment with approximately 384 below grade parking spaces, commercial space, and approximately 301 units of senior and life cycle housing (independent living, assisted living, and memory care). The project consists of 2 developments separated by a woonerf on the historic rail corridor. The west building will house first floor retail with 150 units of affordable housing above marketed, primarily to senior living. The east building will house 151 units of market rate independent and memory care housing.

II. Parties

City and Eagle Iron Partners, LLC. Partial assignments of the Redevelopment Contract obligations shall be approved to 322 Second Street Apartments, LLP and Ecumen Mill City Quarter, LLC in forms reasonably acceptable to the parties consistent with this term sheet.

III. Definitions

"Affiliate" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Assigned Developer" means an Affiliate of Master Developer or a separate entity designated by the Master Developer to undertake construction of any of the Phases as consented to by the City pursuant to the terms of this term sheet.

"City" means the City of Minneapolis, a Minnesota municipal corporation.

"Developer" means either the Master Developer or the Assigned Developer with respect to each Phase.

"East Improvements" means approximately 174 below grade parking spaces, 151 units of market rate senior living units plus Streetscape Improvements related to the East Property.

"East Property" means the east side of the City-owned property (legal to govern).

“Master Developer” means Eagle Iron Partners, LLC.

“Parking Agreement” means that certain Parking Rental Agreement dated May 1, 1986 by and between Bergerud – Whitney Corp., a Minnesota corporation, lessor, and Ceresota Mill Limited Partnership, a Minnesota limited partnership, tenant, and amended by Amendment No. 1, to Parking and Rental Agreement dated December 1, 1987, which has been assigned and assumed by agreement dated December 1, 1987 by and between Ceresota Mill Limited Partnership, assignor, and Standard Mill Limited Partnership, assignee, which became by merger or assignment Canal Street Limited Partnership, which Agreement has been further amended by Amendment to Parking Rental Agreement dated May 1996 by Minneapolis Community Development Agency as successor to lessor’s interest and Ceresota Mill Limited Partnership and Canal Street Limited Partnership (collectively, the assignees of tenant’s interest) as amended to date.

“Phase” means either the West Improvements or the East Improvements.

“Project” means the West Improvements on the West Property, the East Improvements on the East Property and the Woonerf on the Rail Corridor Property.

“Project Property” means the West Property and the East Property.

“Rail Corridor Property” means property owned by Mill Place, Inc. adjacent to the Project Property as depicted and described on Exhibit A hereto.

“Streetscape Improvements” means streetscaping improvements on all Property right-of-way frontages in accordance with specifications in the Historic Mills District Plan as amended. The Project should provide a 6 foot grass verge/boulevard with street trees and the City standard ‘acorn’ fixture and 10 foot sidewalks. The City standard ‘acorn’ fixture must also be used along 5th Avenue South and a 2 foot building setback is encouraged to enhance the pedestrian environments along 5th Avenue, or as approved by HPC/CPC, and the City Council.

“West Improvements” means approximately 210 below grade parking spaces, first floor commercial space, 150 affordable housing units to be marketed to, but not age restricted, primarily to senior living, an integrated Metro Transit shelter, a Nice Ride shared bicycle kiosk and a car sharing station plus Streetscape Improvements related to the West Property and the Woonerf Improvements.

“West Property” means the west side of the City-owned property (legal to govern).

“Woonerf Improvements” means a shared pedestrian, bike and vehicle right of way, including art and possible connection to the West River Road on the Rail Corridor Property from 1st Street to 2nd Street.

IV. Foundational Terms

- A. The Master Developer has accepted all existing title encumbrances on the Project Property, including the Parking Agreement.
- B. Master Developer has determined that the results of its environmental and geotechnical investigation of the property are acceptable and satisfactory to the Master Developer, in Master Developer's sole opinion.
- C. Master Developer has delivered to the City conceptual plans for the entire Project consisting of a minimum of: site plan, parking plans, floor plans, and building elevations. The Master Developer has met with the City to receive PDR review level of comments on the proposed Project.

V. Timeline

Anticipated Schedule:

On or before April 1, 2015 – Close on Property and start Project improvements.

On or before February 28, 2017 – Complete Project.

Schedule is subject to Unavoidable Delays, provided that closing deadline shall be no later than December 31, 2015.

VI. Assigned Developers

Subject to terms and conditions required by the City, the Master Developer may designate an Assigned Developer to undertake construction of either Phase. 322 Second Street Apartments, LLP shall be an approved Assigned Developer for the West Improvements and Ecumen Mill City Quarter, LLC shall be an approved Assigned Developer for the East Improvements. City Council consent would be needed for any other Assigned Developer designations. As a condition to the approval by the City of the transfer of any Phase to an Assigned Developer, the Master Developer shall cause to be delivered to the City:

- A. An agreement pursuant to which the Assigned Developer remakes as of the date of assignment all representations and warranties made in the Redevelopment Contract by the Master Developer as the same relate to the Phase to be transferred to the Assigned Developer.
- B. A written agreement by which the Assigned Developer assumes and agrees to perform all obligations of the Master Developer under the Redevelopment Contract with respect to the Phase to be transferred to the Assigned Developer, other than those retained by Master Developer pursuant to its Purchase Agreement/assignment with Assigned Developer..

- C. Copies of any written agreements between the Master Developer and the Assigned Developer with respect to the Phase to be transferred to the Assigned Developer.
- D. The City shall have received a Phase cost statement and evidence that the Assigned Developer has sufficient cash resources or has obtained financing sufficient for the construction of the Phase to be transferred to the Assigned Developer.
- E. An opinion of counsel to such Assigned Developer, dated as of the date of the proposed transfer, that such Assigned Developer has been duly organized under the state of its organization and is in good standing under the laws of such state; that such Assigned Developer is duly qualified to transact business in the State of Minnesota; that such Assigned Developer has the requisite power and authority to enter into and perform the activities necessary to construct or cause the construction of the assigned Phase as well as other typically required opinions, certificates of good standing, organizational documents, etc.
- F. Evidence in form and substance acceptable to the City that the Assigned Developer has the experience, qualifications and financial capacity to fulfill the obligations of the Master Developer under the Redevelopment Contract with respect to the Phase.

VII. Purchase Price and Deferred Purchase Price Note

\$3,161,000.00

\$2,811,000.00 of the Purchase Price shall be paid in cash at closing. The remaining \$350,000.00 shall be paid through a deferred purchase price note from 322 Second Street Apartments, LLP (the "Deferred Purchase Price Note"). The terms of the Deferred Purchase Price Note shall be as follows:

- Debt amortized and fully repaid over 10 years with equal monthly payments.
- Annual simple interest rate of 4%.
- First payment to be made on the date that is the first of the month that immediately follows the twenty seven (27) month anniversary of the Closing Date.
- Secured with a subordinate mortgage on the West Property and joint and several personal guarantees of Lucy Brown Minn and John Wall.
- To be repaid in full upon any sale or refinancing of the West Property other than permanent financing for West Improvement Costs.

VIII. Good Faith Deposit

At the time of execution of the Redevelopment Contract, Master Developer must pay to the City a good faith deposit in cash or acceptable letter of credit equal to 10% of the total Project Purchase Price to secure construction performance of both phases. The proportional share of the good faith deposit will be returned to the party who placed the deposit, exclusive of any interest earnings at the time the City issues a Certificate of Completion for each respective Phase. If the East Property is conveyed directly to an Assigned Developer, the good faith deposit for the East Property shall be \$175,000 and shall only secure completion of the East Improvements and the good faith deposit for the West Property shall be \$141,100 and shall only secure completion of the West Improvements.

IX. Deeds

Both deeds will be quitclaim deeds and shall be subject to the requirements of the Redevelopment Contract and a forfeiture provision (which will be subordinated to financing for that Phase) to be released upon issuance of a Certificate of Completion for each Phase. The portion of the East Property that is to be swapped with Mill Place, Inc. immediately upon closing and replat of the Property will be released from the City's forfeiture provision at such time.

X. Replat

The final replat of the Property will be filed at Closing pursuant to the terms of the Redevelopment Contract.

XI. Closings

- A. The obligation of the City to convey the Property (together or via two separate deeds) to a Developer or Developers will be subject to the Developer satisfying all of the following conditions:
1. The Developer shall have obtained and provided to the City evidence reasonably acceptable to the City of sufficient financing commitments, subject to contingencies reasonably acceptable to City, and/or equity for completion of the Project. The Developer shall have closed on such financing as is necessary for construction of the Phase.

The Master Developer shall have provided the City with evidence acceptable to the City that the Master Developer (alone or in conjunction with the Assigned Developers) has obtained sufficient control over the Rail Corridor Property that it can complete and ensure the maintenance of the Woonerf.
 2. The Developer will have prepared, executed, and/or provided all documents and agreements required under the Redevelopment Contract, including proof of insurance.

3. The Developer shall have submitted construction plans for the Phase and related improvements that have been approved by the CPED department.
 4. The City shall have received an opinion of the Developer's counsel, dated as of the closing date, that the Developer has been duly formed and is in good standing under the laws of the State of Minnesota; the Developer has the requisite power and authority to enter into and perform the Redevelopment Contract; the Redevelopment Contract has been duly authorized by all necessary action on the part of the Developer and has been duly executed and delivered; the execution, delivery and performance by the Developer of the Redevelopment Contract does not conflict or result in a violation of the Developer's Articles of Organization or member control agreement, if any; and the Redevelopment Contract is a valid and binding obligation of the Developer, enforceable in accordance with its terms.
 5. The Minneapolis Park Board shall have been provided a public access easement for a pedestrian and bike trail through the Woonerf and up through the Rail Corridor Property between Second Street South and First Street South meeting its requirements for privately owned public space dedication in lieu of public dedication of land or payment of fee.
- B. The obligation of the Master Developer and an Assigned Developer to close on the property is subject to the following conditions:
1. No new title issue has arisen since the Title Registration that makes title unmarketable.
 2. All permits and zoning, site plan, platting and environmental approvals necessary for the construction and operation of the Minimum Improvements have been obtained.
 3. Financing satisfactory to Master Developer has been obtained.

XII. Standard Redevelopment Contract Terms

The City's standard redevelopment contract provisions shall apply to this Project including, but not limited to:

- A. Developer shall pay all closing costs and fees. The City shall pay the State deed tax requirement in order to file the Deeds. The City shall pay all general real estate taxes due and payable in the year of closing for the Phase Property and all prior years along with all special assessments, which are due and payable as of the Closing Date for completed public improvements. Developer shall pay or take title to each Phase Property subject to all real estate taxes due and payable in subsequent years, along with all special assessments not the responsibility of the City herein.

The Developer shall promptly record the Deed on each Phase Closing and shall pay all costs of recording same. The City shall pay all costs of recording any other documents necessary to place record title in the City's name and to correct title.

- B. Developer shall comply with all City of Minneapolis regulatory and permitting requirements related to construction of the Project. This provision shall be interpreted to impose upon Developer the same obligations that Developer would have for such costs if Developer did not own the fee title to the southeasterly 20 feet of Lot 5, Block 17, Town of Minneapolis, according to the recorded plat thereof. As seller of the Property, the City is not required to pay for the cost of installation or relocation of any existing public or private utilities that may be caused or necessitated by the construction of the Project..Developer shall require its General Contractor to provide payment and performance bonds for the construction contract unless waived by the City's Director of Community Planning and Economic Development.
- C. "As Is" sale.
- D. Prohibition against transfer prior to completion of each Phase respectively, except to an Assigned Developer.

XIII. Release

Upon City request, the Developer waives its right to recover from, and forever releases and discharges, the City and the City's affiliates, employees, directors and officers for, from and against any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs or expenses whatsoever (including, without limitation, attorneys' fees and court costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with "hazardous substances," as defined in state or federal environmental laws and regulations, located in, on or about the Property.

XIV. Insurance

- A. Until receipt of a Certificate of Completion for each Phase, the Developer will obtain and continuously maintain insurance on the Phases for the Property and the improvements to be constructed thereon:
 - 1. Builder's risk insurance, written on the so-called "Builder's Risk—Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy, not including land value.

2. Commercial general liability insurance from the general contractor (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) naming the City as an additional insured, with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence and an aggregate limit of \$3,000,000.
 3. Workers compensation insurance, with statutory coverage.
 4. Automobile liability coverage in an amount not less than \$1,000,000 (combined single limit) for owned, hired and non-owned automobiles.
 5. Developer's commercial general liability insurance in an amount not less than \$1,000,000 naming City as an additional insured.
- B. All insurance required in Article XVIII of this Agreement will be obtained from financially sound and reputable insurance companies that are authorized under the laws of the State to assume the risks covered by such policies.

XV. Additional Responsibilities of the Developer

- A. The Developer will not construct any building or other structures on, over or within the boundary lines of any public utility easement unless such construction is provided for in such easement or has been approved by the utility involved.
- B. The Developer of each Phase will be responsible for the payment of all sewer availability charges with respect to such phase, including all SAC or WAC charges that may be assessed against such Phase.
- C. The Developer, at its own expense, will replace any public facilities and public utilities damaged by Developer or its agents, employees, or contractors during the construction of the Project in accordance with the technical specifications, standards and practices of the owner thereof.
- D.
- E. To the extent necessary to satisfy City requirements, if any, the Developer will install public sidewalks along the street frontage of the Property in accordance with the technical specifications, standards and practices of the City. The Developer will obtain any required permit for any new curb cuts necessary to provide for ingress and egress to the Property. The Developer will install, construct or replace all necessary curb cuts and driveways and shall replace any abandoned curb cuts with new curb and gutter. All such work shall be done in accordance with the technical

specifications, standards and practices of the City at the expense of the Developer.

- F. The City will waive the park land or fee requirements associated with Chapter PB 15 of the Minneapolis Code of Ordinances (Park land dedication) as described in the resolution approved by the City Council in exchange for private land maintained for public use contingent on an agreement acceptable to the City of Minneapolis, the Minneapolis Park & Recreation Board, 322 Second Street Apartments, LLP, Mill Place, Inc. and Ecumen Mill City Quarter, LLC.

XVI. Crown Roller Mill and Ceresota Mill Parking Agreement

- A. Ecumen Mill City Quarter, LLC intends to enter into a new parking agreement with Canal Street Limited Partnership (“Replacement Agreement”) at Closing that will replace the Parking Agreement and pursuant to which Canal Street Limited Partnership agrees to terminate the Parking Agreement. In the event that the Replacement Agreement becomes effective at Closing, the Parking Agreement shall then be terminated by the City. Unless the Parking Agreement is terminated at Closing, the Assigned Developers for both Phases of the Project shall jointly and severally indemnify and defend the City from all claims arising out of the Parking Agreement on or after the Closing Date.

XVII. Window Requirements

Developer agrees that the Deed(s) shall include a thirty-year restrictive covenant against each Phase of the Project at closing requiring that the views into or out of the windows of any retail space may not be blocked by signage, shelving, mechanical equipment or otherwise (whether attached to the window or not) in excess of ten percent (10%) of the window area, and shall not block any views into or out of the building at eye level. Violations of the restrictive covenant shall result in a \$1,000 per day penalty fee due to the City for every day of noncompliance. The restrictive covenant shall be senior to all Project financing.

XVIII. Other City Assistance

- Affordable Housing Trust Fund (AHTF) - \$1,500,000 awarded to the West Improvements Phase. AHTF funding has its own set of contracting requirements, which included, but are not limited to, Davis-Bacon Act, Apprenticeship, Small & Underutilized Business Enterprise Program (SUBP) and federal Section 3 requirements. These requirements shall only apply to the West Improvements Phase of the Project.
- No Metropolitan Council pass through grants for the project are being passed through the City to Ecumen Mill City Quarter, LLC.

EXHIBIT A

Rail Corridor Property

That part of Lot 1, Lot 2, and Lot 3, Block 1, Mill City Quarter, Hennepin County, Minnesota described as follows:

Commencing at the northwesterly corner of Lot 1, Block 1, Mill City Quarter thence South 59 degrees 35 minutes 24 seconds East and assumed bearing along northerly line of said Lot 1, a distance of 245.00 feet to the point of beginning of parcel to be described; thence South 30 degrees 43 minutes 14 seconds West 47.57 feet to a lot line of said Lot 1; thence along said lot line, North 59 degrees 35 minutes 10 seconds West 39.38 feet; thence continuing along said lot line; South 9 degrees 01 minutes 33 seconds East 36.50 feet; thence continuing along said lot line southeasterly a distance of 151.21 feet, along a non tangential curve concave to the northeast, having a radius of 248.13 feet, a central angle of 34 degrees 54 minutes 57 seconds, a chord bearing of South 25 degrees 28 minutes 50 seconds East; thence South 30 degrees 26 minutes 52 seconds West 23.69 feet; thence North 59 degrees 34 minutes 12 seconds West, 28.76 feet; thence southeasterly a distance of 201.28 feet, along a non tangential curve concave to the northeast having a radius of 524.79 feet, a central angle of 21 degrees 58 minutes 32 seconds, a chord bearing of South 26 degrees 31 minutes 47 seconds East; thence South 30 degrees 25 minutes 12 seconds West 7.38 feet; thence southeasterly a distance of 124.22 feet, along a non tangential curve concave to the northeast having a radius of 521.44 feet, a central angle of 13 degrees 38 minutes 56 seconds a chord bearing of South 45 degrees 04 minutes 09 seconds East to the southerly line of Lot 3, Block 1, said Mill City Quarter; thence North 59 degrees 35 minutes 42 seconds West along said southerly line of Lot 3 a distance of 275.00 feet; thence North 20 degrees 06 minutes 06 seconds East 50.05 feet; thence North 16 degrees 32 minutes 12 seconds West 26.39 feet; thence North 60 degrees 37 minutes 12 seconds West 6.25 feet; thence northwesterly a distance of 118.70 feet, along a non tangential curve concave to the northwest having a radius of 794.58 feet, a central angle of 8 degrees 33 minutes 33 seconds a chord bearing of North 15 degrees 12 minutes 52 seconds; thence South 59 degrees 48 minutes 17 seconds East 39.13 feet; thence North 6 degrees 42 minutes 14 seconds West 96.00 feet; thence northwesterly a distance of 19.00 feet, along a tangential curve concave to the southwest having a radius of 18.00 feet, a central angle of 60 degrees 28 minutes 44 seconds; thence North 2 degrees 15 minutes 40 seconds West 114.97 feet; thence South 59 degrees 35 minutes 24 seconds East 126.17 feet to the point of beginning.

WOONERF MAP

