

## Term Sheet

Between the City of Minneapolis and United Properties Development, LLC  
For the Nicollet Hotel Block

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1. Property: The development parcel located at 30 Third Street South, Minneapolis MN, commonly referred to as the Nicollet Hotel Block.
2. Developer: United Properties Development, LLC or an affiliated entity (“**Developer**”). Subject to prior written approval by the City, Developer may assign development rights for one or more elements of the Minimum Improvements to one or more assignees with demonstrated experience and adequate financial capacity to undertake the project or to one or more of its affiliates that it controls, provided the assignee assumes and agrees to be bound by applicable Developer obligations under the Redevelopment Contract (the “**Contract**”).
3. Minimum Improvements: Developer and the City each desire to maximize the development that may be feasibly completed on the Property. The Minimum Improvements will include, subject to Planning Commission approval:
  - A mixed use tower with at least 30 stories to include a hotel, residential, commercial and/or office uses with a façade, a portion of which includes a mullion pattern reflecting the topography of the Mississippi River (collectively, the “**Tower**”);
  - Active street-level retail space.
  - All parking shall be underground and comply with City requirements related to parking maximums as outlined in Chapter 541 of the Zoning Code.
  - A design to accommodate a skyway crossing Third Street South to connect the Tower to the Hennepin County Central Library (the “**Third Street Skyway Bridge**”).
  - A public plaza including a staircase connecting the plaza to the skyway level and lobby, interactive feature, sidewalk café seating, and an activated year round common space. The public plaza shall comply with the minimum standards as outlined in Chapter 535 of the Zoning Code.
  - Public artwork in the plaza area mutually acceptable to the City and Developer.
  - LEED certification or equivalent for building shell and core and incorporation of sustainable design features.

If Developer determines that the Minimum Improvements are financially infeasible, Developer shall have an opportunity to propose modifications to the Minimum Improvements provided that in any event, the Minimum Improvements must include a tower with at least 30 stories, underground parking, an outdoor public plaza and ground floor retail. The City’s CPED Director’s approval of modifications is required, but will not be unreasonably withheld, conditioned or delayed if the modified improvements continue to substantially meet the development goals of the City for the Property.

4. Purchase Price: The Purchase Price for the Property is \$10.4 million. The Purchase Price is due to the City on the Closing Date.
5. Public Engagement: Developer will work with the City to facilitate at least one public meeting before Planning Commission approvals are sought. Developer will reasonably consider public input received at these meetings when refining the design of the Minimum Improvements.
6. Due Diligence Period: Developer will have a period of twenty four (24) months (the "**Due Diligence Period**") starting on the date this term sheet is approved by the City Council and such action is signed by the Mayor and published in accordance with standard City procedures (the "**Commencement Date**") to complete the necessary due diligence activities and close on the Property. Developer will provide periodic reports to the City's CPED Director of its progress to complete such items.
7. Good Faith Deposit: Upon execution of the Contract, Developer shall deliver to the City a Good Faith Deposit in an amount equal to 10% of the Purchase Price. The Good Faith Deposit may be in the form of cash or letter of credit or some combination of the foregoing. At closing, the Good Faith Deposit will not be applied to the Purchase Price. The Good Faith Deposit shall be returned to the Developer by the City upon completion of the Project.
8. Closing Date: Developer is endeavoring in good faith to close on the purchase of the Property within eighteen (18) months of the Commencement Date. If Developer is unable to close within eighteen (18) months, the Developer will deposit an additional \$400,000 (the "Additional Deposit") to be applied to the Purchase Price at closing or forfeited to the City if closing does not occur within the Due Diligence Period along with \$400,000 of the original Good Faith Deposit.
9. Due Diligence Milestones and City Option: Developer must submit complete land use applications for the Minimum Improvements to the City by a date twelve (12) months from the Commencement Date ("**Due Diligence Milestone Date**"). If the Developer does not submit complete land use applications for the Minimum Improvements by the Due Diligence Milestone Date, the City may cancel the Contract and retain \$400,000 of the Good Faith Deposit and the remainder of the Good Faith Deposit will be returned to the Developer. In the event Developer submits complete land use applications for the Minimum Improvements to the City for approval of its project and the City does not approve or approves, but imposes unreasonable conditions, Developer may terminate the Contract, in which event the City shall return to Developer the Good Faith Deposit.
10. Skyway Connections: The City and Developer agree to work in good faith to secure agreement reasonably acceptable to the Developer from Hennepin County and Opus Development to create a skyway connection crossing Third Street South between the Property and the Hennepin County Library as well as a connection across Nicollet Mall from the Library into the downtown Minneapolis Skyway System. In no event will the City be responsible for the costs of any such Skyway Connections. . In the event that the City and Developer are unable to obtain the

foregoing agreements within six (6) months from the Commencement Date (the “**Skyway Due Diligence Period**”), Developer may elect to terminate the Contract, in which event the City shall return to Developer the Good Faith Deposit. If Developer does not terminate the Contract within the Skyway Due Diligence Period, this contingency shall be deemed to have been waived by the Developer.

11. Construction Start Date: No later than 3 months following Closing Date subject to Force Majeure. Construction will not begin until the project has received all necessary City entitlements including City Planning Commission approval.
12. Completion Date: No later than 30 months after Closing Date subject to Force Majeure
13. Property and Environmental Conditions: Property sold “as-is”. Developer may request City sponsorship of grant applications to outside funding sources (i.e. State of Minnesota DEED; Metropolitan Council; Hennepin County) to apply for available grants for any required environmental remediation or other extraordinary costs. The City shall have no other obligation in this regard, beyond consideration of Developer’s grant applications.
14. Streetcar Compatibility: Developer will work with the City or other appropriate public entity (“**Streetcar Operator**”) to accommodate integration of a future streetcar line on the Property, including one stop and a traction power substation to be located underground or at street level, as determined by Developer, all pursuant to the easement described below. It is anticipated that the streetcar will run diagonally through the public plaza space (the “**Cross Block Option**”) in the area depicted on Attachment 1. The Developer will design, engineer and perform the work, all as depicted and described on Attachment 2, or as may otherwise be depicted and described in another manner acceptable to Developer and the City. The Developer will provide the necessary accommodations for future installation, operation and maintenance of the traction power substation, as described in Attachment 3, including grounding, conduits, access and utility service.
15. Streetcar Easements: Developer will grant an easement to the Streetcar Operator, at no cost to Streetcar Operator or Developer, for the construction and operation of the streetcar. The easement will include area for two tracks, overhead catenary (including wires and poles), one stop and adjacent platforms, sidewalks to access platforms, access to all streetcar infrastructure for maintenance purposes, and related elements which will be located in the area depicted on Attachment 1. This area will be limited vertically and horizontally as set forth on Attachment 1. The easement will also include area for one underground or above ground traction power sub-station, as determined by Developer, in the area depicted on Attachment 1 or an alternative area to be agreed upon by the Developer and the Streetcar Operator, provided that any easement area will be subject to the requirements described in Attachment 3. (Collectively, such areas are referred to as the “**Streetcar Easement Area**”). Use of the Streetcar Easement Area shall be in accordance with an easement agreement, the terms of which shall be specified in the Contract. Those terms shall include the following: (a) Developer shall have the right to

approve the design of all streetcar improvements located on the Property, including configuration of the streetcar platform, which approval shall not be unreasonably withheld, conditioned or delayed and provided the Streetcar Operator (1) cannot be required to pay for aesthetic enhancements that add a material additional cost to the streetcar project and (2) has the ability to meet standard streetcar design standards, (b) no work may be performed by Streetcar Operator without complying with reasonable rules and regulations to minimize the interference that such work will have on the operation of the development and which shall be agreed to by the parties and identified in the Contract, (c) the Streetcar Operator shall restore any improvements on the property that were disturbed during installation of the streetcar improvements, and (d) the Streetcar Operator shall demonstrate to Developer's reasonable satisfaction that the Streetcar Operator will, at its sole cost and expense, design and construct the streetcar improvements to comply with all applicable legal requirements, including FTA guidelines for noise and vibration for a Streetcar system integrated into Developer's project.

16. Plaza Access: Developer will allow permanent public access to the plaza and corresponding plaza elements and programs.

17. Park Dedication Ordinance: The Developer will agree to one of the options below related to the Park Dedication Ordinance.

- (a) Dedicate to the Minneapolis Park and Recreation Board a reasonable portion of the land for public use for parks, playgrounds, recreational facilities, wetlands, trails or open space as an alternative to paying the park dedication fee.
- (b) Propose a privately owned park or plaza for public use. This option would need to meet the standards outlined in the ordinance, including a development agreement between the City of Minneapolis, the Minneapolis Park and Recreation Board, and the developer.
- (c) Pay a fee in lieu of a land dedication.

18. Workforce Plan: Developer will use good faith efforts to meet the goals established by the City related to Minority-owned Business Enterprises (MBE) and Woman-owned Business Enterprises (WBE) construction contracting participation and minority and female construction workforce participation. Working with Minneapolis partners, Developer will use good faith efforts to provide summer paid work for youth as well as out of school time programing directly related to the Gateway project.

19. Labor Peace: Although Section 422.190 of the Minneapolis Code of Ordinances does not apply to the proposed project because the City will not retain a proprietary interest in the project, the City strongly encourages the Developer's hotel operator to negotiate a labor peace agreement with the applicable labor organization(s) in the spirit of Section 422.190.

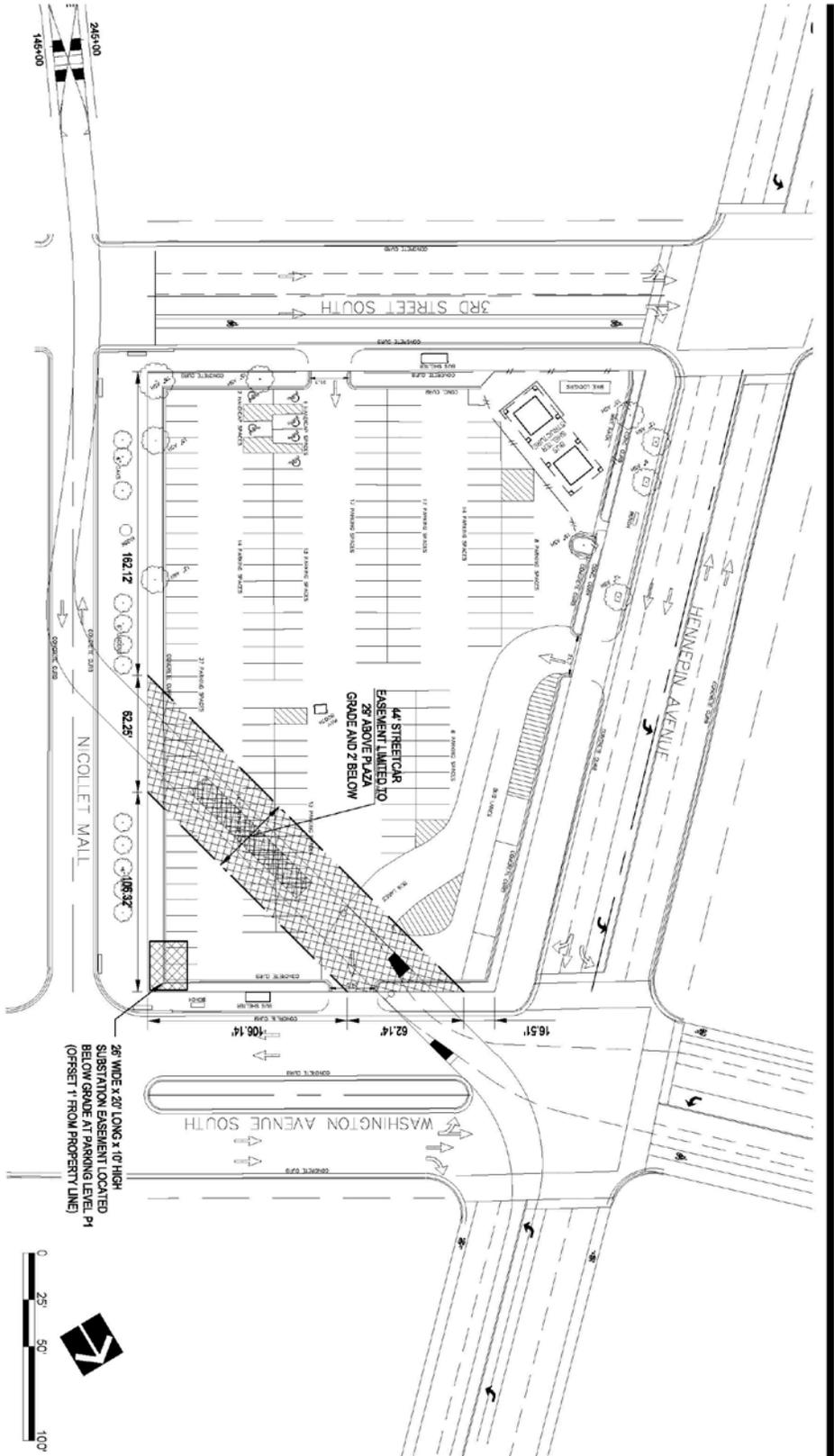
20. Other Requirements: The conveyance of property will be subject to other standard City contracting requirements, including but not limited to construction plan and

financing approvals prior to commencement of construction and transfer and encumbrance limitations until completion.

**ATTACHMENT 1**

Depiction of Streetcar Easement Areas

[see attached]



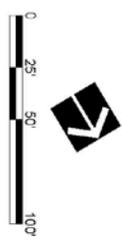
270 Hennepin Ave. # 300 2ND FLOOR Minneapolis, MN 55401 | (612) 338-2028

# THE GATEWAY STREETCAR EASEMENT EXHIBIT

CONVERT 2008 BY LTB, INC. ALL DIMENSIONS IN FEET

FILE: J:\48969800\Drawings\CI\40598 Exhibit-Streetcar  
 PROJ. NO.: 44666  
 DRAWING NO.:

## EX-1



ATTACHMENT 2

Streetcar Foundation Accommodation

[see attached]

CONCEPTUAL STREETCAR STRUCTURAL FRAMING IMPACT STUDY

**STREETCAR:  
OPTION A AND  
OPTION B**

24"x48" PT  
CONCRETE  
BEAM TYP AT  
12' ON CENTER

36"x60" PT  
CONCRETE  
GIRDER TYP

CONCRETE  
COLUMN TYP

**ASSUMED LOADS:**

**OUTSIDE STREETCAR  
ALIGNMENT:**  
DL = CONCRETE SELF-WEIGHT  
SDL = 70 PSF (PAVERS,  
INSULATION, CEILING, AND MEP)  
LL = 250 PSF (FIRETRUCK  
ACCESS)

**WITHIN STREETCAR  
ALIGNMENT:**  
DL = CONCRETE SELF-WEIGHT  
SDL = 50 PSF (TRACK, NOISE  
AND VIBRATION MITIGATION)  
LL = STREETCAR LOAD (MAX 30  
KIPS PER AXLE)

11" THICK  
ONE-WAY PT  
CONCRETE  
SLAB TYP

RESIDENTIAL (NIGHT)  
VIBRATION CRITERIA  
EXCEEDED WITHIN LINES.  
  
REFER TO FTA-VA-80-1003-06  
"Transit Noise and Vibration Impact  
Assessment," Figure 10-1.

NOTE: DISTANCES IN DOCUMENT  
APPLY TO TRACK ON GRADE  
ADJACENT TO STRUCTURE. IT  
APPEARS THAT THE DOCUMENT  
DOES NOT ADDRESS TRACK ON  
ELEVATED STRUCTURE SHARED  
BY TRACK AND BUILDING.  
EXTENT OF VIBRATION IMPACT  
WILL BE LARGER FOR THIS  
CONDITION.

11" THICK  
ONE-WAY PT  
CONCRETE  
SLAB TYP

8" THICK  
ONE-WAY PT  
CONCRETE  
SLAB TYP

8 ADDITIONAL  
COLUMNS  
REQUIRED FOR  
STREETCAR  
OPTION.

36"x60" PT  
CONCRETE  
BEAM TYP

**SECTION B-B**



**STREETCAR OPTION**  
- SINGLE COLUMN LINE AT STREETCAR  
ALIGNMENT  
- FRAMING SUPPORTING PARKING MONOLITHIC  
WITH FRAMING SUPPORTING STREETCAR  
- ISOLATION ACCOMPLISHED THROUGH SOME  
OTHER MEANS AT RAILS  
- THIS ANALYSIS WAS PERFORMED FOR  
STREETCAR ONLY. IT IS ASSUMED THAT ALL  
NOISE AND VIBRATION ARE FULLY MITIGATED  
BY THE CITY OF MINNEAPOLIS TO AN  
APPROPRIATE LEVEL FOR HIGH-END  
RESIDENTIAL AND HOSPITALITY BUILDINGS  
LOCATED ON THE SAME ELEVATED STRUCTURE

THE GATEWAY

CONCEPT  
DRAWINGS

2



PLAZA LEVEL

NOTE: BEAMS AND SLABS SHOWN REPRESENT THE  
STRUCTURE THAT WILL SUPPORT THE PLAZA LEVEL SLAB.

## **ATTACHMENT 3**

### **NICOLLET HOTEL BLOCK DEVELOPMENT RFP STREETCAR SUBSTATION REQUIREMENTS**

The proposed NHB development must include accommodations for future installation, operation and maintenance of a traction power substation (TPSS). The TPSS is a required element of one or more electrified streetcar systems that are being studied for implementation in the vicinity of the development site. Detailed design of the future TPSS installation will be completed during the final design and construction of the streetcar system. The accommodations required in the proposed NHB development are based upon preliminary design assumptions for the planned streetcar system, characteristics of similar systems in other locations, and consultation with Metro Transit. Specific TPSS considerations and required accommodations include:

#### **Location**

The TPSS may be located anywhere on the proposed NHB development site, subject to: a) satisfaction of all requirements, accommodations and constraints identified in this section; b) City of Minneapolis and Metro Transit review and consent; and c) compliance with all applicable codes, ordinances and regulations.

#### **Type**

The proposed NHB development will need to select and clearly depict one of two possible TPSS installations:

**Prefabricated:** A prefabricated TPSS comes preassembled in a freestanding metal building with electrical switchgear installed prior to TPSS delivery. The specific configuration and dimensions of the prefabricated units vary by supplier, but typical low-voltage (480 Vac) TPSS enclosures are no larger than 22 feet (L) x 14 feet (W) x 12 feet (H). With additional clearance for doors, steps and an electrical ground mat, the overall footprint required for the prefabricated TPSS installation is 30 feet long and 22 feet wide. If necessary, screen walls, fencing, or landscaping would be located beyond this footprint. Note that vertical clearance provisions must consider the prefabricated TPSS installation process using an overhead crane or laterally using jacks and rollers.

**Field Assembled:** The second possibility is to construct a dedicated TPSS room or freestanding building and install all of the substation equipment on-site. The required interior dimensions for a field-assembled low-voltage (480 Vac) TPSS room are 20 feet by 14 feet, with a minimum ceiling height of 10 feet. A TPSS room typically requires two doors, one of which is positioned and sized for installation and removal of large substation equipment. The room also must meet specific requirements and accommodations for HVAC, lighting, fire/smoke and electrical service, and must be designed to facilitate installation and operation of the TPSS equipment.

#### **Grounding**

The TPSS will require installation of a dedicated electrical ground mat. The area required for this ground mat will vary significantly depending on the primary Xcel feed voltage (480 Vac or 13.8

kVac), and the utility provided fault current characteristics. Assuming that a low-voltage (480 Vac) service is provided for the TPSS, the required ground grid would extend approximately 4 feet beyond the perimeter of any grounded metallic structure. Ground mats are installed in the earth directly beneath a prefabricated or field assembled TPSS and then bonded to the ground bus within the substation. Because of the electrical grounding requirements, a prefabricated TPSS typically must be located directly on the earth. The preferred location for a field-assembled TPSS is also directly on the earth. Although it is possible to install a field-assembled TPSS on a structural floor deck, that approach may require ground conductors that are integral with the structural slab and a separate area of the development site to be designated for installation of the required ground rods.

### **Conduits**

The TPSS will require installation of underground ductbanks and conduits from the TPSS to the public right-of-way for traction power, communications, and utility service feeds. The proposed NHB development must be arranged to maintain a clear and direct path for future construction of these conduits out to underground vaults in the public street right-of-way. To facilitate the installation of these ductbanks and conduits, the preferred TPSS location is directly on the earth and along the perimeter of the development site.

### **Access**

The TPSS will require 24/7/365 access by authorized personnel and vehicles to conduct periodic inspections, perform routine maintenance and respond to incidents or emergencies. Space must be available for parking a service vehicle at the TPSS without significantly impeding other traffic. A 15-foot wide clear zone along the front of the TPSS enclosure or room will be required when necessary to facilitate removal and replacement of large substation equipment. Assume a vertical clearance of 98 inches for the service vehicle access route to the TPSS location.

### **Utility Service**

The TPSS will require a dedicated direct Xcel Energy service connection. The proposed NHB development must make accommodations for electrical service to the TPSS, including space for additional Xcel transformers or other equipment if required. The requirements described in this section assume that the incoming Xcel service is low voltage (480 Vac).