

## Term Sheet

Between the City of Minneapolis and Mortenson Development, Inc.  
For the Guthrie Liner Parcel

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1. Property: The development parcel located at 800 South Washington Avenue, Minneapolis MN, commonly referred to as the “Guthrie Liner Parcel”.
2. Developer: Mortenson Development, Inc. or an affiliated entity (“Developer”).
3. Minimum Improvements: The Minimum Improvements will include, subject to Planning Commission approval a nine-story mixed-use building that will include:
  - a. Approximately 5,300 sq. ft. of restaurant and bar space on the ground floor at the Chicago Avenue and Washington Avenue corner;
  - b. Approximately 2,500 sq. ft. of retail space on the ground floor at the 9<sup>th</sup> Avenue and Washington Avenue corner;
  - c. Approximately 106,669 sq. ft. of hotel space; and
  - d. Approximately 14,000 sq. ft. of office space.
4. Purchase Price: The Purchase Price for the Property is \$3,784,945. The Purchase Price will be due to the City on the Closing Date. At the time of execution of the Redevelopment Contract, a non-refundable good faith deposit equal to 10% of the Purchase Price must also be paid to the City (in cash or a letter of credit) to secure construction performance (the “Good Faith Deposit”), provided that the Good Faith Deposit will be refunded to Developer in the event that Developer does not receive all City approvals necessary to construct the Project, including without limitation City entitlements and City Planning Commission approval. The Good Faith Deposit will not be applied to the Purchase Price for the Property, and will be returned to the Developer upon completion of the Project.
5. Closing Date: On or before the one year anniversary of City Council approval of the land sale/redevelopment contract (to occur simultaneously and contingent on project financing).
6. Construction Start Date: No later than two 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.
7. Completion Date: No later than 24 months after Closing Date subject to Force Majeure
8. Property and Environmental Conditions: Property sold “as-is”. Developer will release the City from liability to the Developer for any hazardous substances located on the Property at the date of the Term Sheet. Developer’s release will not be deemed to waive any claims Developer may have against third parties or to require Developer to indemnify the City for claims made by persons other than Developer to

the extent any claim is due to hazardous substances conditions prior to closing. 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.

9. Riverfront Ramp Parking Arrangements:

- a. Pedestrian Connection: Developer will be permitted to construct a pedestrian connection to the adjacent City-owned Riverfront Parking Ramp (the "Ramp") consistent with the plans attached as Exhibit 1 provided that there will be sufficient railing/bollards to satisfy the City's concerns that pedestrian traffic will be separated from parking spaces and ramp traffic.
- b. Snow Removal: The City agrees that after closing, it will no longer remove snow from the Ramp by dumping the snow into the alley located between the Ramp and the Project. If Closing occurs prior to October 15, 2016, Developer agrees to allow the City reasonable access to the alley and the Property at no expense to the City up until October 15, 2016 to install snow melting equipment if the City chooses to install such equipment.
- c. For a period of 20 years following completion of the Improvements, the hotel operator in the project will be granted the following parking rights in the Riverfront Ramp for the benefit of hotel and restaurant guests only, subject to all prior rights granted to the Guthrie Theater Foundation (the "Guthrie"):
  - i. The hotel operator may provide validated one, two or three day parking in the Ramp to hotel guests. This type of parking would be provided through the use of a "Validated Daily Ticket" that allows unlimited exit and re-entry into the Ramp during the prescribed time period. The cost to the hotel operator of each Validated Daily Ticket that is used would be calculated at the same daily rate charged to the general public. If an event (e.g. Vikings game or Guthrie event) occurs on the day that a Validated Daily Ticket is used, then the cost of that ticket for that day would be calculated using the same event rate charged to the general public. Validated Daily Tickets would be obtained from the City or Ramp operator as needed, and the City would bill the hotel operator on a monthly basis for the cost of the Validated Daily Tickets used each month.
  - ii. The hotel operator may charge hotel guests no more than the cost of a Validated Daily Ticket plus \$ 1.00 per validation ticket.

- iii. The hotel operator may provide valet parking in the Ramp to hotel guests. This type of parking would be provided through the use of a Validated Daily Ticket as described above. The City will put no restriction on service charges associated with valet parking provided to hotel guests.
- iv. The hotel is entitled to use 78 Validated Daily Tickets for hotel guests each day (the "Hotel Parking Allotment"). If the City's Ramp operator determines that the Ramp is becoming "FULL" and the hotel has not used its entire Hotel Parking Allotment for that day, the City may require the hotel to release any remaining unused spaces. The hotel agrees to release unused Hotel Parking Allotment, provided that at the hotel's option, the hotel may reserve some or all of the unused allotment, but agrees to pay the prevailing rate for those allotted accesses regardless of the actual usage. Failure of the hotel to respond to the Ramp operator's request within one half hour will result in the Ramp operator releasing any remaining unused Hotel Parking Allotment. On days when the Ramp is not "FULL," the hotel may use more than the Hotel Parking Allotment if needed.
- v. The restaurant operator may provide valet parking in the Ramp to restaurant patrons to the extent that parking is available on a first come-first served basis. This type of parking would be provided through the use of a "Validated Hourly Ticket" that allows a single exit from the Ramp or through means of a validation device installed in the restaurant. Validated Hourly Tickets would be obtained from the City or Ramp operator as needed. The cost of each ticket used would be calculated based on the actual value of the validation at the prevailing rate at the time of validation. The restaurant will specify that the validations are valid for a specific amount of time (e.g. "Good for two hours of parking") or the restaurant may install, at its own expense, a validator which allows the restaurant to specify parameters configured in the validator. The City would bill the restaurant operator monthly for the Validation used at the prevailing rate at the time of validation. The City will put no restriction on service charges associated with valet parking provided to restaurant patrons.

10. Easements: As described on Exhibit 2.

11. Affirmative Action: Developer must have a current Affirmative Action Plan approved by the City's Department of Civil Rights as required under chapter 139.50, Minneapolis Code of Ordinances

12. 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.

13. 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

Exhibit 1  
Preliminary Plans for Pedestrian Parking Ramp Connection

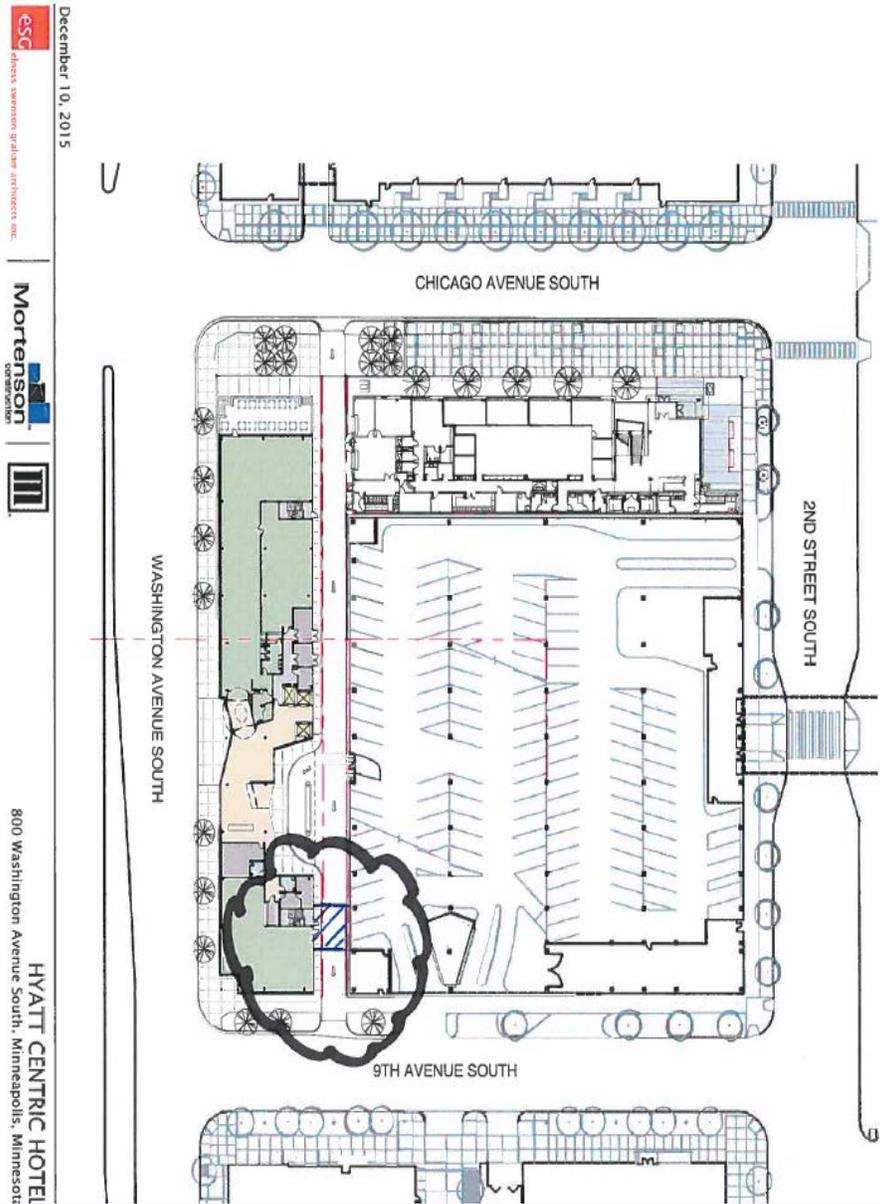


EXHIBIT 1

Exhibit 2  
Description of Easements

1. Snow Removal: As described in Section 9(b) of the Term Sheet, after closing, the City will no longer dump snow from the Ramp into the alley and any easements for such snow dumping shall be terminated. At the City's option, prior to October 15, 2016, the City shall be permitted reasonable access to the alley and the Property to install snow melting equipment in the Ramp and Developer will grant maintenance easements in the alley sufficient to maintain and replace such equipment.
2. Pedestrian Ramp Access: The Developer will be permitted to construct and maintain and the Hotel's users to utilize a pedestrian connection (designed to the City's reasonable satisfaction) to be located at grade near the southeast corner of the Ramp as described in Section 9(a) of the Term Sheet. The pedestrian connection will be available 24 hours per day, 7 days per week. The cost of the construction and maintenance of such connection will be borne entirely by the Developer and/or Hotel. Developer and/or Hotel will compensate the City for the fair market value of any lost parking stalls due to the creation of the pedestrian connection and any costs incurred by the City to move the existing pay-on-foot station in the Ramp if necessitated by the pedestrian connection.
3. Signage: The Hotel will be permitted to install and maintain reasonable directional signage within the Ramp to direct Ramp users to the pedestrian connection and the Hotel. If necessary or expedient for the safety of users of the alley, Hotel will be permitted to install reasonable directional signage and safety equipment (such as traffic mirrors and warning indicators) to the exterior of the Ramp on the alley side of the Ramp.
4. Screening: The Developer will be permitted to install upon the Ramp and to maintain, remove and alter from time to time, installments to screen the Ramp from the Hotel, subject to City approval, which approval shall not be unreasonably withheld, conditioned or delayed. Such installments will be subject to the reasonable approval of City as to design and method of attachment and Developer will be responsible for all costs associated with installation and maintenance of the screening installations. No commercial signage (other than directional signage as described in Section 3 above) shall be permitted on or in the Ramp.
5. Accidental Encroachment: The Developer will be granted an easement for any accidental encroachment of the alley onto the Ramp property.
6. Crane Swing: The City will grant Developer (or its general contractor) a license to permit one or more tower crane booms to swing over and above the Ramp as may be necessary or convenient for the development of the Hotel.

City and Developer will cooperate (and Developer will request the cooperation of the American Academy of Neurology) to modify or amend as necessary any existing easements within the alley area to be consistent with the easements described in this Exhibit 2.