

Property Agreements Summary
Centre Village
Air Rights Lease
Ted Glausrud Associates

Terms and Conditions:

Lessee has the air rights above the parking ramp and certain portions of the ground level with the intention of building 319 condominiums and office space.

Requirements of the City:

Utility costs as follows:

1/3 of Building signage and directories

1/3 of emergency call service

1/3 of fire alarm service

100% of Emergency Generator #1

(Article 2 First Amendment to Restated Reciprocal Easement Agreement)

Scheduled Events:

Financial Requirements:

Rental price and schedule of payments:

Lease of \$638,000 for air rights in exhibit B

Letter of Credit in the amount of \$644,000

No rent due.

Length of agreement:

99 years.

Agreement renewal options:

None

Contacts for the City of Minneapolis:

Executive Director
Minneapolis Community Development Agency
250 South Fourth Street
Minneapolis, MN 55415

Contacts for the other agreement party:

Ted Glasrud Associates
151 East County Road B2
St. Paul, MN 55117

EXHIBIT B

AIR RIGHTS LEASE

THIS LEASE, made and entered into this _____ day of _____, 19____, by and between the CITY OF MINNEAPOLIS, a municipal corporation, Hennepin County, Minnesota (hereinafter "Lessor") and TED GLASRUD ASSOCIATES, INC., a Minnesota corporation (hereinafter "Lessee").

WITNESSETH:

WHEREAS, the Lessor has constructed a Parking Ramp on certain land in the City of Minneapolis; and

WHEREAS, Lessor and Lessee have entered into a Development Agreement which provides for the construction by Lessee of a 319 Condominium Unit within the air space above the Parking Ramp and related facilities within the Parking Ramp pursuant to said Development Agreement which provides for this Lease; and

*
to office
space

WHEREAS, the Lessor wishes to lease to the Lessee, and Lessee wishes to lease from the Lessor, air space above the Parking Ramp and certain portions of the ground level of the Parking Ramp for the construction and maintenance by Lessee, its successors and assigns, of the Condominium units and related facilities;

NOW, THEREFORE, in consideration of the respective promises contained herein and of other good and valuable consideration, given by each party to the other, the receipt of which is hereby acknowledged, the parties hereby agree with each other as follows:

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

1.1 Definition - The terms defined in this Section 1.1 shall for all purposes

a. Development Agreement - The contract for development between the Lessor and Lessee which provides the terms and conditions upon which this Lease is executed and delivered and upon which the Improvements are to be constructed.

b. Easement Agreement - The Agreement between Lessor, Lessee and the developer of the residential condominium units, which agreement describes the easement rights and the agreements for maintenance and insurance of shared facilities with respect to the Parking Ramp, hotel and condominium units.

c. Condominium Parcel -

1) That volume of air space described in Exhibit A hereto.

2) The Condominium lobby located on the ground floor of the Parking Ramp as shown on the Plans.

3) The easements described in the Easement Agreement.

* change
to above
990.50'

All references herein to the Condominium Parcel are intended to refer also to any and all buildings, structures and other improvements which are a part of, or which are appurtenant to, the Condominium units and which are constructed or installed on or within the Condominium Parcel.

d. Improvements (or "Lessee's Improvements") - Condominium units designed and constructed in accordance with the Plans, including all facilities appurtenant thereto, whether located within the Condominium Parcel or within the Parking Ramp.

e. Leasehold Mortgage - Any mortgage or mortgages made by Lessee of its estate hereunder in the Condominium Parcel or any part thereof. Leasehold Mortgage shall mean the holder of a Leasehold Mortgage.



f. Parking Ramp - The structure which has been constructed by the Lessor as a Public Parking Facility. The Parking Ramp also contains certain areas leased, or subject to easements, for hotel and condominium uses, for use as a drive-in bank, and for other purposes.

g. Plans - The approved plans, specifications and designs for all work to be performed in connection with the Project. A full and correct copy of the Plans shall remain on file in the offices of Lessor throughout the term of this Lease.

h. Project - The Parking Ramp, the hotel and the residential condominium units constructed according to the Plans.

i. Public Parking Facility - That portion of the Parking Ramp designed and used exclusively for vehicle parking and the facilities appurtenant thereto.

1.2 Exhibits - The following Exhibits are attached to and by reference made a part of this Agreement:

a. Exhibit A - Description of the air space constituting the Condominium Parcel.

b. Exhibit B - The Easement Agreement.

1.3 Rules of Interpretation.

a. The construction, interpretation and validity of this Lease shall be in accordance with and governed by the laws of the State of Minnesota.

b. The words "herein" and "hereof" and words of similar import, without reference to any particular article, section or subdivision, refer to this Agreement as a whole rather than to any particular article, section or subdivision hereof.

c. References herein to any particular section or subdivision hereof are to the section or subdivision of this instrument as originally executed.

d. Any titles of the several articles and sections of this Agreement are inserted for convenience only and shall be disregarded in construing or interpreting any of its provisions.

ARTICLE II

REPRESENTATIONS AND COVENANTS

2.1 Representations by Lessor. Lessor represents to Lessee as follows:

a. That Lessor is duly organized and existing under the laws of the State of Minnesota as a municipal corporation;

b. By proper action of its governing body the Lessor has authorized the execution and delivery of this Lease by the proper City officers;

c. That the execution and delivery of this Lease by the Lessor and the performance of its covenants and obligations hereunder do not and will not conflict with or result in a breach of any of the terms, conditions or provisions of any of its ordinances or resolutions, or of any agreement or instrument to which the Lessor is now a party.

*
contract?
OK?

2.2 Representations of Lessee. Lessee represents and warrants to Lessor as follows:

a. That Lessee is duly organized and existing under the laws of the State of Minnesota, has the requisite power to enter into this Lease, and has authorized the execution and delivery of this Lease by its undersigned officers.

b. The execution and delivery of this Lease by the Lessee, and the performance of its covenants and obligations hereunder are authorized by and in full compliance with its articles of incorporation and bylaws, and do not and will not conflict with or result in a breach of any agreement or instrument to which the Lessee is now a party.

ARTICLE III

DEMISE OF CONDOMINIUM PARCEL

3.1 Demise. Lessor does hereby demise and lease the Condominium Parcel unto Lessee, and Lessee does hereby hire and take the Condominium Parcel from Lessor, upon and subject to, all the provisions of this Lease, the Development Agreement and the Easement Agreement.

3.2 Leasehold Term. Lessee shall have and hold said premises for a term of ninety-nine (99) years from the date of the execution and delivery of this Lease which is the date first hereinabove written.

3.3 Rent. Lessee shall pay, as compensation to the Lessor for conveying the leasehold estate created herein, a total rent equal to the greater of the following amounts:

(a) \$638,000 or (b) the number of Condominium units which are to be constructed according to the Plans multiplied by two thousand dollars (\$2,000.00). The above rent shall be paid in one lump sum on the date this Lease is executed and delivered (Date of Leasing). The rent paid hereunder shall not be subject to abatement, diminution or set-off for any reason whatever, including, but not limited to, the termination of this Lease prior to the expiration of the term hereof.

3.4 Easement Agreement. All easements appurtenant to, or which are a burden on the Condominium Parcel shall be as described in the Easement Agreement, Exhibit B hereto which shall be a part hereof as though fully set forth herein.

ARTICLE IV

CONSTRUCTION OF LESSEE'S IMPROVEMENTS

4.1 Construction of Condominiums. Commencing not later than the time required in the Development Agreement, Lessee shall commence and diligently pursue to completion the construction of the Improvements according to the Plans therefor, and pursuant to the terms and provisions of the Development Agreement. All of the terms, covenants, agreements and conditions contained in said Development Agreement are hereby made a part hereof by reference as though fully set forth herein; provided, however, that reference to and incorporation of said Development Agreement in this Lease shall automatically expire upon the issuance of the Certificate of Completion.

4.2 Certificates of Completion. Lessee's work in construction of the Improvements shall be deemed complete at such time as Lessee is issued a Certificate of Completion with respect to the Improvements in accordance with the terms and conditions provided in the Development Agreement. Said Certificate of Completion shall be issued in recordable form and Lessee shall promptly upon receipt of each such certificate cause it to be recorded in the office of the proper recording officer of Hennepin County.

4.3 Additional Improvements. Lessee shall not, during the term of this Lease, or extended term, make or cause to be made any improvements on the Condominium Parcel other than those Improvements which are specifically described and set forth in the Plans. Any other improvements not shown in the Plans shall be submitted to the City for review and approval. Notwithstanding any provision of this Lease or the Development Agreement to the effect that approvals shall not be unreasonably withheld, the approval or disapproval of any of said additional improvements shall be within the absolute discretion of the City and the City shall have the absolute right to disapprove any such additional improvements. The absolute right of the City to approve such additional improvements shall not apply to the replacement, repair or normal remodeling of the equipment, fixtures or other improvements within the structure of the Condominium Units as shown in the Plans, but, rather, to structural additions and modifications.

4.4 Ownership of Improvements. The title to all of Lessee's Improvements and all additions or improvements to any part thereof, shall vest in and be and become the absolute property of the Lessee, its successors and assigns; provided, however, that upon the termination of this Lease, any and all such Improvements constructed by the Lessee, its successors or assigns on the Condominium Parcel shall become the absolute property of the Lessor. Upon termination of this Lease, on expiration of the term, or sooner as provided for herein, the Lessee, and all successors and assigns of the Lessee, shall be required to convey to Lessor all right, title and interest of the Lessee, its successors and assigns, in and to the Lessee's Improvements.

4.5. Condition on Surrender. Lessee and Lessee's successors and assigns shall peaceably give up and surrender possession of the Condominium Parcel and every part thereof to Lessor at the expiration, or upon sooner termination, of this Lease, together with all Lessee's Improvements forming a part thereof, in good condition and state of repair, reasonable use and wear excepted. It is understood and agreed, however, that Lessee shall have the right to remove its equipment, furnishings and personal property from the Condominium Parcel at the expiration of the term hereof.

ARTICLE V

TAXES

5.1 Apportionment of Taxes. Lessor and Lessee agree to cooperate, if necessary, in an application to the City Assessor of the City of Minneapolis, or such other governmental or assessing authority as may be appropriate, for a division of the tax parcels upon which the taxes and special assessments are based, so that the taxes and special assessments shall be separately assessed, levied and changed.

5.2 Right to Contest. Lessee or Lessee's successors and assigns shall have the right to contest the amount or validity, in whole or in part, of any tax, assessment or any other governmental imposition by appropriate legal or administrative proceedings, provided that Lessee or Lessee's successors and assigns shall make the payments or partial payments of any such tax, assessment or governmental imposition required in order to pursue any said legal or administrative remedy, and provided that the collection of the tax, assessment or imposition so contested and the sale of the

Condominium Parcel or any part thereof to satisfy the same shall be prevented or stayed by reason of such proceedings or pursuant to any statute or rule of law. Lessee or Lessee's successors and assigns shall pay any said contested tax, assessment or other governmental imposition when the amount thereof has finally been determined and shall furnish to Lessor proof satisfactory to Lessor of the amount of any such imposition as finally determined in such proceedings and the amount of any costs, fees, interest, penalties, or other liabilities in connection therewith, together with proof of payment thereof.

Notwithstanding the foregoing provisions of this Section 5.5, Lessee and Lessee's successors and assigns agree that during the first ten (10) year period that this Lease is in effect, the Lessee and Lessee's successors and assigns will not commence real estate tax abatement proceedings with respect to the Condominium Parcel or the Improvements, including the commencement of any judicial or administrative proceeding to reduce the assessed valuation of the Condominium Parcel and Improvements or to reduce or abate the taxes paid or to be paid in respect thereto. Provided, however, that the assessor shall have assessed the property subject to this lease on the same basis and in like manner to other similar properties in the City of Minneapolis.

ARTICLE VI COVENANTS OF LESSEE

6.1 Use of Condominium Parcel. The Lessee or Lessee's successors and assigns shall not use the Condominium Parcel for any purpose other than residential. If Lessee or Lessee's successors and assigns desires to use the Condominium Parcel for any other purpose, it must obtain the consent and approval of the City, which consent may not be unreasonably withheld; provided however that the City may not approve any use that is incompatible with the Project or any use that will result in the Condominium Parcel or the Improvements becoming exempt from ad valorem property taxation.

6.2 Repairs and Maintenance. Lessee and its successors and assigns assumes the full and sole responsibility for the condition, repair and maintenance of the Improvements, whether interior or exterior, structural or non-structural, ordinary or extraordinary and whether foreseen or unforeseen, and including, without limitation, signs, utility lines and pipes, heating, ventilation, air conditioning and electrical systems which service the Condominium Parcel, whether located within the Condominium Parcel or within Lessor's Parking Ramp. Lessee shall at all times keep, maintain and preserve the Condominium Parcel and all of the Improvements in good condition, repair and working order and make all needful repairs, replacements, additions, betterments and improvements thereto.

6.3 Alterations by Lessee. Subject to the provisions of Section 4.3 hereof, the Lessee and its successors and assigns may, at its own cost and expense, make any additions, alterations, modifications or improvements (hereinafter "Alterations"), to the Demised Premises that it may deem desirable for its purposes provided that the same shall not appreciably diminish the value of the Demised Premises or adversely affect the structural integrity of the Hotel, Condominiums or the Parking Ramp. All Alterations must be done in a good and workmanlike manner. The Lessor's approval shall be required before Lessee may erect any sign which was not approved with the Plans.

6.4 Liens. Lessee and its successors and assigns shall pay or cause to be paid all costs for work done by it or caused to be done on the Condominium Parcel and Improvements by Lessee, and Lessee shall not suffer or permit any vendor's, mechanic's, laborer's or materialman's, statutory or similar lien to be filed against the Condominium Parcel, the Improvements, or the Parking Ramp or any interest of Lessor therein by reason of work, labor, services, or materials supplied or claimed to have been supplied to Lessee or anyone holding the Condominium Parcel, or any part thereof, through or under Lessee. Lessee shall have the right to contest liens in good faith.

6.5 Lessee to Indemnify Lessor. Lessee or Lessee's successors and assigns agrees to indemnify and save Lessor harmless from and against any and all claims, suits or causes of action by or on behalf of any person, firm or firms, corporation or corporations, arising from the conduct, management or occupancy of, or from any work or thing whatsoever done in and on the Condominium Parcel or with respect to any of Lessee's Improvements during construction and prior to issuance of final Certificate of Completion.

6.6 Insurance. Lessee and Lessee's successors and assigns covenants and agrees to maintain, or cause to be maintained during the term hereof, at its sole cost and expense, the following types of insurance in the amounts specified and in the form provided for below:

a. Fire and extended coverage insurance covering all of the Condominium Parcel and the Improvements including all Alterations thereto and all fixtures, merchandise, and equipment from time to time in, on or upon the Condominium Parcel, in an amount not less than ninety percent (90%) of their full replacement cost from time to time during the Lease Term. Any policy proceeds shall be used for the repair or replacement of the property destroyed or damaged as provided in Section 8.1 hereof.

b. Comprehensive general public liability insurance against claims for bodily injury, death or property damage occurring upon or in the Condominium Parcel and the Improvements, such insurance to afford protection to limits not less than \$500,000 with respect to death or injury to any one person, \$2,000,000 with respect to death or injury to any group of persons in any single occurrence, and \$500,000 with respect to property damage. All such insurance shall specifically insure the performance by Lessee of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property.

All policies of insurance provided for in this Section 5.10 shall be issued by insurance companies with a general policyholder's rating of not less than A and a financial rating of AAA as rated in the most current available "Best's Insurance Reports" and licensed to do business in the State of Minnesota.

Lessor shall be named as an additional named insured under all policies required to be maintained by Lessee under paragraph b. of this Section 6.6 and executed copies of all such policies of insurance or certificates thereof shall be delivered to Lessor promptly upon their issuance and thereafter within thirty (30) days prior to the expiration of the term of each such policy. The policies of insurance required hereby shall satisfy the Lessee's obligation to indemnify the City except as to the indemnity in Section 6.5. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Lessee in like manner and to like extent. All policies of insurance delivered to Lessor shall contain a provision that the insurer

will give Lessor thirty (30) days' notice in writing in advance of any cancellation or lapse or the effective date of any reduction of the amounts of insurance. All comprehensive public liability, property damage and other casualty policies shall be written as primary policies, not contributing with and not in excess of any coverage which Lessor may carry.

6.7 Lessor's Right to Inspect. Lessee and Lessee's successors and assigns shall permit the Lessor's authorized representatives to enter the Condominium Parcel at all times during the usual business hours for the purpose of inspecting the common areas and of curing Lessor's defaults as the Lessor is permitted to do under Section 11.5 hereof.

ARTICLE VII COVENANTS OF LESSOR

7.1 Use and Operation of Public Parking Facility. Lessor covenants and agrees that during the first sixty (60) years of this Lease the Public Parking Facility will continue to be operated and maintained as a public parking facility. Lessor shall not, during said sixty (60) years, make or permit any alterations or modifications to the Public Parking Facility which will decrease its parking capacity to the extent that it will unreasonably interfere with the ownership of the Condominium units. Lessor shall have the responsibility for the condition, operation repair and maintenance of the Parking Ramp, except for the portions thereof which are leased to Lessee or others, or except as is otherwise provided in the Easement Agreement. Lessor shall at all times at its expense keep, maintain and preserve the Parking Ramp exterior and interior, except those portions which are leased to Lessee or others, in good condition and repair so as to maintain good capatible facilities, subject to the provisions of the Easement Agreement. Lessor may enter into agreements with any other person or persons for the management and operation of the Public Parking Facility upon such terms and conditions as it deems to be in its best interests, so long as Lessor's obligations hereunder are carried out. Lessor shall have no obligation whatsoever to continue the operation and maintenance of the Public Parking Facility after this Lease has been in effect for sixty (60) years; provided, however, that if Lessor shall not operate the Parking Ramp as a parking facility after sixty (60) years, then Lessee shall have the option of purchasing for Fair Market Value or leasing for Fair Market Rental a sufficient portion of the Parking Ramp as designated by Lessor to accommodate the then reasonable parking needs of the owners, guests, and invitees of the Condominium Parcel.

ARTICLE VIII DAMAGE OR DESTRUCTION

8.1 Damage or Destruction of Condominium Parcel. In case the Condominium Parcel, or any part thereof, or any of the Improvements shall be injured or destroyed by fire or other casualty, which is a risk insured by the insurance referred to in Section 6.9 hereof, Lessee and its successors and assigns shall, as soon as possible after the date of such injury or destruction, commence to repair, restore or rebuild the Improvements and such repair, restoration and reconstruction shall be completed with all due diligence.

Notwithstanding the foregoing, in the event that the Condominium Parcel be rendered substantially unusable by a fire or other casualty and Lessee has failed to commence to restore or rebuild within 180 days following such fire or other casualty, then Lessee shall be deemed to be in breach of this Lease and Lessor shall have the right to terminate this Lease.

8.2 Damage or Destruction of Parking Ramp. In case the Parking Ramp is damaged or destroyed by fire or other casualty, Lessor shall, as soon as possible after the date of injury or destruction, commence to repair, restore or rebuild the Parking Ramp. Provided, however, that Lessor's obligation to repair, restore or rebuild shall not apply with respect to any of the Lessee's Improvements contained within the Parking Ramp. Lessor shall have no obligation to repair structural cracks or defects due to settling or shifting from earthquakes and like causes.

Notwithstanding the foregoing provisions of this Section 8.2, in the event that the Parking Ramp is damaged or destroyed to the extent that the columns and other supports for the Improvements have collapsed, or cannot reasonably be made to provide adequate support for Improvements and the City Engineer and a professional registered engineer selected by Lessee or successors ascertain that it is not reasonably possible to rebuild without the reconstruction of Improvements or without unreasonable safety hazards, then the Lessor and Lessee shall each be responsible for the demolition and removal of their respective improvements and this Lease shall terminate.

If, at any time after this Lease has been in effect for sixty (60) years, the City discontinues the operation of the Public Parking Facility, then the costs of all structural repairs or restoration of the Parking Ramp shall be borne by the City, the Hotel Lessee and the Lessee of the Condominium Parcel in the proportions and as provided in the Easement Agreement.

ARTICLE IX

SUBLEASING, ASSIGNMENT & MORTGAGE

9.1 Subleasing and Assignment. Prior to the issuance of the Certificate of Completion, the rights of Lessee to transfer, sublease, or assign the Condominium Parcel or this Lease shall be governed by the Development Agreement. Lessee shall, subsequent to the issuance of a Certificate of Completion for the Condominium Parcel, have the right to transfer, sublease, or assign the Condominium Parcel or this Lease with respect to the said Condominium Parcel.

9.2 Leasehold Mortgages. Lessor agrees that Lessee and its successors and assigns shall have the right to make a Leasehold Mortgage on all or any part of the Condominium Parcel, and each such Leasehold Mortgage shall be amortized over a term not longer than the remainder of the initial term of this Lease.

9.3 Subordination of Lessor's Interest. Lessor does hereby subordinate fee title to said Condominium Parcel to any mortgage on this Lease or Lessee's interest hereunder which meets the requirements of Subparagraph a. of Paragraph 9.4 hereof and said fee title to said Condominium Parcel is and shall be subordinate and subject to any mortgage on this Lease which meets said requirements, to the extent that the Mortgagor may be placed in the position of Lessee under this lease. Said fee title, together with the easements appurtenant to said Condominium Parcel, shall upon foreclosure of any mortgage on this meeting said requirements, pass to the party

acquiring title to this Lease upon foreclosure. Lessor shall execute a subordination agreement substantially in the form of Exhibit C attached hereto and by this reference incorporated herein. Lessor shall not be required to execute any instrument which would obligate Lessor for the payment of any indebtedness secured by said mortgage.

9.4 Conditions of Subordination. The subordination set forth in the foregoing Paragraph shall be on the following terms and conditions:

a. Said mortgage shall be a first lien (including any financing secured by a first lien) on this Lease in favor of a responsible lender and must secure a debt which is fully payable within the term of this Lease.

ARTICLE X DEFAULT, REMEDIES

10.1 Events of Lessee's Default. Any one or more of the following events shall constitute an Event of Default under this Lease:

a. The failure of Lessee to construct the Improvements in the manner, and according to the Construction Schedule, provided in the Development Agreement, or the breach by Lessee of any of the other provisions of said Development Agreement.

10.2 Remedies of Lessor. In the event of any Event of Default, as specified in Section 10.1 hereof, Lessor may terminate this Lease and Lessee's right to possession of the Condominium Parcel by serving written notice upon Lessee to the effect that Lessor elects to terminate the Lease upon a date therein specified, which date shall not be less than thirty (30) days after the service of such notice; and this Lease shall then expire on the date so specified with the same force and effect as if that date had been originally fixed as the expiration of the term hereof.

Lessor may, in its sole discretion, take whatever other action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, covenant or agreement of Lessee under this Lease.

10.3 Default by Lessor. If Lessor shall default in the performance of any of its covenants, obligations or agreements herein contained, or contained in the Development Agreement and shall fail to cure such violation, nonperformance or breach within 60 days after being given notice of such violation, nonperformance or breach, then Lessee shall have the right, with the consent of the holder of any mortgage on this Lease, to terminate this Lease or to institute such action against Lessor as Lessee may deem necessary to compel such performance, restrain any default or threatened default.

10.4 No Election of Remedy. No remedy provided to Lessor or Lessee hereunder or under the Development Agreement shall be deemed an exclusive remedy and the election by Lessor or Lessee of any such remedy shall not bar Lessor or Lessee from pursuing any other remedy, for damages or otherwise, whether available to either party hereunder, or existing at law or in equity. Nothing set forth in this Lease shall, prior to the issuance of the Certificate of Completion, limit any remedy of Lessor existing under the Development Agreement. The failure of Lessor or Lessee to insist in any one or more cases upon the strict performance of any of the covenants of this Lease shall not be construed as a waiver or relinquishment for the future performance of such covenant. A receipt by Lessor of rent with knowledge of the breach of any covenant or

agreement hereof shall not be deemed a waiver of such breach, and no waiver, change, modification, or discharge by either party hereto of this Lease or any provision of this Lease, or surrender of the leasehold estate hereby created, shall be deemed to have been made or shall be effective unless expressed in writing and signed by Lessor and Lessee.

10.5 Lessor's Right to Cure Default. Lessee agrees that if, at any time subsequent to the issuance of a Certificate of Completion with respect to the Condominium Parcel, it fails to make any payment or perform any act hereunder on Lessee's part to be made or performed, Lessor may (but shall not be obligated to do so) without further notice to or demand on Lessee, and without waiving or releasing Lessee from any of its obligations under this Lease, make such payment or perform such act from the account of and at the expense of Lessee, and may enter into the Condominium Parcel for such purpose and take all such action thereon as, in the opinion of Lessor, may be necessary or appropriate therefor. All sums paid by Lessor and all necessary incidental costs and expenses incurred in connection with the performance of any such act by Lessor shall be payable by Lessee to Lessor. Provided, however, that nothing herein shall impose any obligation upon an owner of a Condominium unit following the issuance of Certificate of Occupancy respecting such unit.

ARTICLE XI MISCELLANEOUS

11.1 Right of Entry. Lessee agrees to permit Lessor and its authorized representatives to enter the common area of the Demised Premises, and Lessor agrees to permit Lessee and its authorized representatives to enter the Parking Ramp, at reasonable times and upon reasonable notice, for purposes of inspecting the same and making necessary improvements, repairs and maintenance.

11.2 Notices. All notices, demands, requests, consents, approvals and other communications required or permitted to be given pursuant to the terms of this Lease by either party to the other or to any Leasehold Mortgagee, shall be in writing and shall be deemed given when deposited in the United States Mails, registered or certified, postage prepaid, addressed as follows:

If to Lessor: City Coordinator
301M City Hall
Minneapolis, MN 55415

If to Lessee: Ted Glasrud Associates, Inc.
151 East County Road B2
St. Paul, MN 55117

11.3 Captions. The captions and headings herein are for convenience and reference only and do not limit or construe the provisions hereof.

11.4 Severability. If any term, condition, or covenant of this Lease, or the application thereof to any person or circumstance shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

11.5 Amendment. This Lease may not be amended, modified or supplemented except by a writing executed by the party against whom such amendment, modification or supplement is sought to be enforced.

11.6 No Waiver. No waiver of any term, condition or covenant hereof or delay in the enforcement of any remedies hereunder in any one instance shall be deemed to be either (i) a waiver of any other term, condition or covenant hereof in such instance, or (ii) a waiver of such waived or delayed term, condition, covenant or remedy in any other instance. Where the Lessor gives its approval or consent to the Lessee pursuant to any provision of this Lease, such approval shall not be deemed a waiver of any of the requirements of City Ordinances or an approval pursuant to such ordinances unless expressly stated.

11.7 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of Minnesota.

11.8 Relationship of Parties. The Lessor and Lessee are neither joint venturers, partners, nor principal and agent and their relationship is solely that of Landlord and Tenant.

11.9 Binding Effect. This Lease and the covenants and agreements herein contained shall be binding upon and shall inure to the benefit of the Lessor and the Tenant and their respective successors and assigns.

11.10 Short Form Lease. At the request of either party hereto a short-form lease, incorporating by reference the terms of this Lease, shall be prepared in form and substance reasonably satisfactory to each of the parties hereto in duplicate, such lease to be filed for record in the appropriate recording office for Hennepin County.

ARTICLE XII OPTION TO PURCHASE

12.1 Option to Purchase. The Lessee shall have an option to purchase the Air Rights described in this lease, for the same amount of the lease payment, in the event that the Lessor obtains clear legal authority to sell such rights, provided, however, that the parties must first enter into an agreement for reciprocal maintenance of all properties involved in the Parking Ramp, Hotel and Condominiums.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be duly executed as of the day and year first written above.

EXHIBIT A

CONDOMINIUM DESCRIPTION

All that part of the following described property which lies above an elevation of 972.00 feet, NGVD-1929 Sea Level Datum, to wit:

That part of the West 1/2 of the Northwest 1/4 of Section 26, Township 29 North, Range 24 West, Minneapolis, Minnesota and that part of the city alley to be vacated which lies within the following described boundaries to wit: Commencing at the intersection of the Southwesterly line of Seventh Street South with the Northwesterly line of Fifth Avenue South; thence Northwesterly along the Southwesterly line of said Seventh Street South to a point which is 165.00 feet Southeasterly of the intersection of the Southwesterly line of said Seventh Street South with the Southeasterly line of Fourth Avenue South, as measured along said Southwesterly line of Seventh Street South; thence Southwesterly parallel with the Southeasterly line of said Fourth Avenue South for 155.00 feet more or less to the Northeasterly line of the city alley; thence Southwesterly along said alley line to its intersection with a line drawn parallel with and 145.00 feet Northwesterly of the Northwesterly line of said Fifth Avenue South, as measured along the Northeasterly line of Eighth Street South; thence Southwesterly along said line parallel with Fifth Avenue South 175.00 feet more or less to the Northeasterly line of said Eighth Street South; thence Southeasterly along the Northeasterly line of said Eighth Street South 145.00 feet to its intersection with the Northwesterly line of said Fifth Avenue South; thence Northeasterly along the Northwesterly line of said Fifth Avenue South to the point of commencement.

EXHIBIT C

CONSTRUCTION SCHEDULE

Date of Air Rights Lease execution	-Not later than January 31, 1984
Construction Start	-On-site construction of Developer Improvements shall start within 90 days after date of execution of Air Rights Lease
Completion of Improvements	-All Developer Improvements shall be completed within 36 months after commencement of construction of said improvements.

EXHIBIT D

DEVELOPER'S IMPROVEMENTS

All Construction by the Developer pursuant to approved plans within the area of the Air Rights Lease and in addition the following improvements in the Parking Ramp structure:

Condominium Elevators

All mechanical equipment, power service, and finishing materials (including installation).

Condominium Elevator Lobbies

All mechanical equipment, power service, and finishing materials (including installation).

Condominium Trash Facilities

All mechanical equipment, power service, and finishing materials (including installation).

Condominium Utilities

Street connections and runs of all sewer, water, fire main, natural gas and electrical service (including installation).

Condominium Support Equipment

Any heating, ventilation, or air conditioning equipment and runs, associated power service and security devices as may be required. All meters to monitor use of water, gas, and electricity.

Condominium Drop-off Area

Any special lighting or signage required by the Developer. Any special paving or exterior treatment as required by the Developer.
