EXECUTION VERSION

MASTER REDEVELOPMENT AGREEMENT

by and among

THE CITY OF EDINA, MINNESOTA,

THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA,

and

PENTAGON REVIVAL, LLC

Dated as of
May 20, 2014

THIS DOCUMENT WAS DRAFTED BY:
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MASTER REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this 20th day of May, 2014 ("Effective Date"), among the **CITY OF EDINA, MINNESOTA,** a Minnesota statutory city (the "City"), the **HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA**, a public body corporate and politic organized and existing under the laws of the State of Minnesota (the "Authority") and **PENTAGON REVIVAL, LLC**, a Delaware limited liability company (the "Master Redeveloper").

RECITALS

WHEREAS, the capitalized terms used, but not defined, in these Recitals have the meanings given in Article I of this Agreement; and

WHEREAS, the City and the Authority have determined that the Project Area, depicted on the Project Area Map, is currently underutilized, with obsolete structures and physical arrangements, substantial vacant areas and building vacancies, poor soils and potential contamination, inconsistent legal restrictions on redevelopment and outdated and inadequate public infrastructure and circulation; and

WHEREAS, the City and the Authority have determined that redevelopment of the Project Area has been impeded by the difficulty of redevelopment without a consistent overall plan ensuring compatible land uses; and

WHEREAS, the City and the Authority have determined that the Project Area also offers significant opportunity within the City to establish living streets, develop integrated storm water, create a pedestrian friendly 77th Street, provide key connections, promote modality and institute shared parking strategies; and

WHEREAS, the Master Redeveloper has proposed a redevelopment project covering approximately 42 acres in the Project Area on which the Master Redeveloper proposes to demolish and clear existing blighted structures, and construct the Minimum Improvements that includes, without limitation, a mixed-use hotel, office, medical and supporting retail elements, as well as a potential housing component, all driven by market demand; and

WHEREAS, the Master Redeveloper has agreed to pay for certain street improvements and related City infrastructure improvements within the Project Area (defined as "Public Infrastructure Improvements" in this Agreement); and

WHEREAS, the Authority has analyzed current land use in the Project Area, including a building-by-building structural analysis, and after appropriate hearings and notices, the City adopted findings and determined that the TIF District is in the public interest and is a "redevelopment district" under the TIF Act; and

WHEREAS, the City and the Authority adopted findings determining that the proposed redevelopment would not occur solely through private investment within the reasonably

foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of the tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the project tax increments for the maximum duration of the TIF District permitted by the TIF Plan, that the Redevelopment Plan conform to the general plan for the development or redevelopment of the City as a whole and that the Redevelopment Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the TIF District by private enterprise; and

WHEREAS, a component of the proposed Redevelopment Plan is to develop an area of the City which is already built up, to provide employment opportunities, to improve the tax base and to improve the general economy of the State; and

WHEREAS, the Master Redeveloper may in accordance with this Agreement, assign Phases of the Minimum Improvements to Secondary Redevelopers which will then have certain rights and obligations under this Agreement related to the assigned Phase, and thereafter the Secondary Redevelopers will undertake those Phases in accordance, in each case, with the provisions of this Agreement, and the Final Development Plan; and

WHEREAS, under TIF Act, the Authority is authorized to finance certain Qualified Redevelopment Costs of a redevelopment project with tax increment revenues derived from a tax increment financing district established within a redevelopment Project Area; and

WHEREAS, consistent with the TIF Act, the City and the Authority held public hearings to consider the need and desirability for adoption of a tax increment financing plan and the creation and establishment of the Project Area as a tax increment financing district pursuant to the TIF Act, and determined that absent such authorization and the provision of certain funds to undertake various qualified redevelopment activities, the redevelopment contemplated herein would not be undertaken, and as a consequence the City and the Authority may adopt a TIF plan; and

WHEREAS, the Authority and City have established and certified the TIF District that includes all parcels of the Project and the City will request that the first receipt of incremental taxes be in 2018 or sooner (as agreed to by the Authority and the Master Redeveloper), including the accrual of any interest on TIF eligible costs incurred prior to said date; and

WHEREAS, upon certification of the TIF District and satisfaction of certain conditions set forth in this Agreement, the Authority will agree to issue TIF Notes in accordance with Article VIII of this Agreement; and

WHEREAS, the City and the Authority believe that the Project is in the best interests of the residents of the City.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the others as follows:

ARTICLE I
DEFINITIONS

Section 1.1 **Definitions**. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

"Acquisition Costs" means the allocable cost of acquisition of a building or buildings within the Project Area existing at the time of TIF District certification.

"Affiliate" means one or more special purpose entities formed to develop a Phase or Element and which have common ownership with the Master Redeveloper.

"***Agreement***" means this Master Redevelopment Agreement.

"***Authority***" means the Edina Housing and Redevelopment Authority.

"***Authority Representative***" means the Executive Director of the Authority or his or her designee.

"***Available Tax Increment***" means ninety percent (90%) of the Tax Increment received and retained by the Authority from the County during any applicable time frame.

"***Board***" means the Board of Commissioners of the Authority.

"***Certificate of Completion***" means the certificates in substantially the form attached as Exhibit G, signed by the Authority Representative, to be issued pursuant to the terms of Section 4.10.

"***City***" means the City of Edina.

"***City Consultants***" means the financial, engineering, legal, TIF eligibility and other similar advisors to the City and the Authority regarding the Project.

"***City Council***" means the Edina City Council.

"***City Parties***" means the City and the Authority, and their respective members, employees, agents, independent contractors and attorneys.

"***Commencement***" means the date on which a building permit application is deemed complete by the City in accordance with Minnesota Statutes, Section 15.99 for a given building within a Phase.

"***Commencement Date***" means the date of Commencement.

"***Completion***" of a particular Phase or Element means Master Redeveloper or Secondary Redeveloper's receipt of a Certificate of Completion for that Phase or Element.

"***Completion Date***" means any date a Certificate of Completion with respect to the final building within any Phase of the Minimum Improvements.

"***Controlling Interest Transfer***" means a transfer by the Master Redeveloper of an Element Property to an entity in which a party other than the Master Redeveloper or an Affiliate has more than a fifty percent (50%) interest.

"***County***" means the County of Hennepin, Minnesota.

"***Cure Rights***" means the rights to cure a Default as specified in Section 13.4.

"***Default***" means an act or omission by the City, the Authority or the Master Redeveloper which becomes an Event of Default under this Agreement if it is not cured.

"***Development Activity***" means (i) Final Development Plan approval has been granted by the City Council regarding a particular Phase or Element, (ii) a Development Contract has been entered into and is in good standing regarding that particular Phase or Element and (iii) a building permit has been applied for (and is deemed complete by the City in accordance with Minnesota Statutes, Section 15.99) and, when issued, has not expired regarding any new building within that corresponding Phase or Element.

"***Development Contract***" means one or more development agreements to be negotiated, approved, executed, and recorded against each Phase of the Minimum Improvements by the City and the Master Redeveloper or Secondary Redeveloper..

"***Effective Date***" means the date first set forth above.

"Eligible TIF Costs" means all Project costs allowed under the TIF Act.

"***Element***" means one of the several components of a Phase as determined in the Final Development Plan and Development Contract for that Phase.

"***Element Property***" means a parcel of land, shown on a Final Plat, on which an Element will be constructed.

"***Environmental Law***" means any federal, state or local law, rule, regulation, ordinance, or other legal requirement relating to (a) a Release or threatened Release of any Hazardous Material, (b) pollution or protection of public health or the environment or (c) the manufacture, handling, transport, use, treatment, storage, or disposal of Hazardous Materials.

"***Event of Default***" means any of the events by the City, the Authority or the Master Redeveloper described in Article XIII.

"***Final Development Plan***" means a final development plan for a Phase or an Element as approved by the City pursuant to applicable City regulations and ordinances.

"***Final Plat***" means the final plat or replat for any Phase of the Minimum Improvements and Public Infrastructure Improvements when approved by the City and the County.

"***Financing Commitment***" means a financing commitment or letter of interest from a mortgage lender for a Phase, or portion of a Phase, in a form reasonably satisfactory to the

Authority. The Authority acknowledges and agrees that a financing commitment will be conditioned on items customarily required by lenders (including, without limitation, adequate financial statements, environmental review, appraisals, surveys and title).

"***Go-Ahead Letter***" means the Master Redeveloper's letters to the City and the Authority indicating that the Financing Commitment for the relevant Phase or Element has been received by the Master Redeveloper and the Master Redeveloper is prepared to proceed with the relevant Phase or Element.

"***Hazardous Material***" means petroleum, asbestos-containing materials, and any substance, waste, pollutant, contaminant or material that is defined as hazardous or toxic in any Environmental Law.

"***IRR***" means the internal rate of return for an Element, Phase or the Project (as applicable) as calculated in the TIF Pro Forma attached as Exhibit D, where the IRR is calculated as the annual return on the cash flow over the applicable period.

"Land Carrying Costs" means an agreed upon rate of six percent (6%) annually on Acquisition Costs for any Element Property from the Effective Date until the closing on the Transfer of the final Element Property.

"***Market Value***" means the market value of real property as determined by the assessor of the County in accordance with Minnesota Statutes, Section 273.11 (or as finally adjusted by any assessor, board of equalization, commissioner of revenue, or any court).

"***Master Redeveloper***" means Pentagon Revival, LLC, or a Secondary Redeveloper approved in accordance with Section 12.2.

"Maximum TIF Note Amount" has the meaning set forth in Section 8.2(a).

"***Memorandum of Agreement***" means the document described in Section 14.13 and substantially in the form shown in Exhibit H.

"***Minimum Improvements***" means the Master Redeveloper's obligations for all Phases as described in Article IV.

"***Minimum Improvements Area***" means that portion of the Project Area on which the Minimum Improvements will be developed as legally described on Exhibit B-1.

"***Minimum Improvements Site Plan***" is attached as Exhibit B.

"***Minimum Improvements Timeline***" means the Minimum Improvements schedule established in Section 6.1.

"***Mortgage***" means any mortgage loan that is secured, in whole or in part, by any portion of the Project Area, and which is an approved encumbrance under Article IX.

"***Parking Facilities***" means parking facilities for a particular Phase as determined in the Final Development Plan for that Phase.

"Parking Facilities Easement" has the meaning set forth in Section 4.7 and is substantially in the form shown in Exhibit C.

"***Phase(s)***" means the phases of the Minimum Improvements described in this Agreement.

"***Phase 1A Minimum Improvements***" means the potential South hotel and related parking structure as generally identified on Phase 1A on the Minimum Improvements Site Plan.

"***Phase 1B Minimum Improvements***" means the south office/retail/medical building and parking structure B as generally identified on the Minimum Improvement Site Plan.

"***Phase 2 Minimum Improvements***" means the connecting retail and Phase 2 office group and parking structure C as generally identified on the Minimum Improvement Site Plan.

"***Phase 3 Minimum Improvements***" means the office group and parking structure D as generally identified on the Minimum Improvement Site Plan.

"***Phase 4 Minimum Improvements***" means the office group and parking structure E as generally identified on the Minimum Improvement Site Plan.

"***Phase 5 Minimum Improvements***" means the office group and parking structure F as generally identified on the Minimum Improvement Site Plan.

"***Phase 1A Public Infrastructure Improvements***" means 77th Street; Transit Shelters; Normandale Road; and Viking/Computer Drive.

"***Phase 1B Public Infrastructure Improvements***" means 77th Street; Transit Shelters; Normandale Road; and Viking/Computer Drive.

"***Phase 2 Public Infrastructure Improvements***" means the 77th Street bridge; water feature; corresponding 76th Street Parkway; and the west living street.

"***Phase 3 Public Infrastructure Improvements***" means the corresponding 76th Street Parkway and the central living street.

"***Phase 4 Public Infrastructure Improvements***" means the corresponding 76th Street Parkway and the east living street.

"***Phase 5 Public Infrastructure Improvements***" means the corresponding 76th Street Parkway; East living street; and Parklawn Ave.

"***Phase TIF Pro Forma***" will be substantially in the form attached as Exhibit E and shall include fees payable to or charged by the Master Redeveloper, Affiliates, and any third party, which fees will be commercially reasonable and common in the market place, and may include (i) tenant improvements and project management fee, (ii) space planning/design management fee, (iii) construction financing costs, (iv) financing, origination and guarantee fees, (v) marketing fees related to leasing, (vi) project management fee, and (vii) administrative overhead.

"***Project***" means the Minimum Improvements and the Public Infrastructure Improvements under this Agreement.

"***Project Area***" means the area on which the Minimum Improvements and Public Infrastructure Improvements will be constructed, which is illustrated on the Project Area Map.

"***Project Area Map***" means the Project Area map attached hereto as Exhibit A.

"***Project Redevelopment Costs***" means those Qualified Redevelopment Costs set forth in Section 7.2 and subject to reimbursement under Section 8.2.

"***Public Infrastructure Improvements***" means certain street improvements and related City infrastructure improvements within the Project Area which will be paid for by the Master Redeveloper or otherwise financed in accordance with Section 5.2.

"***Public Infrastructure Improvements Plans***" means one or more plans designed and specified by the City for the Public Infrastructure Improvements, which shall include standards for the engineering of the Public Infrastructure Improvements.

"***Public Infrastructure Improvements Timeline***" means the Public Infrastructure Improvements schedule established in Section 6.2.

"***Public Parking Redevelopment Costs***" means those Qualified Redevelopment Costs set forth in Section 7.3 and subject to reimbursement under Section 8.2.

"***Public Recreational Property***" means any publicly owned park land adjacent to any portion of the Minimum Improvements Area as of the Effective Date and future regional trails established in close proximity to the Project Area.

"***Qualified Redevelopment Activities***" mean the Project-related activities eligible for TIF Assistance, as authorized by this Agreement and the TIF Act.

"***Qualified Redevelopment Costs***" means the Project Redevelopment Costs and the Public Parking Redevelopment Costs specified in Sections 7.2 and 7.3, respectively, related to Master Redeveloper's Qualified Redevelopment Activities to be paid by the Master Redeveloper from Master Redeveloper sources and in specific cases reimbursed by Available Tax Increment, which costs and expenses as approved herein are set forth in the TIF Pro Forma.

"***Redevelopment Plan***" means the redevelopment plan for the Southeast Edina Redevelopment Project Area adopted by the Authority pursuant to Resolution No. 2014 - 2 in accordance with Minnesota Statutes, Section 469.027 and approved by the City Council pursuant to Resolution No. 2014 – 23 in accordance with Minnesota Statutes, Sections 469.028 and 469.175, subdivision 3.

"***Secondary Redeveloper***" means any redeveloper other than the Master Redeveloper that has been authorized by the City and the Authority pursuant to Section 12.2 to construct the Minimum Improvements as described in Section 12.2, including a redeveloper in which Master Redeveloper has a non-controlling interest.

"***Special Assessments***" mean assessments levied against any portion of the Project Area or other benefited property, by the City for purposes of paying for Public Infrastructure Improvements.

"Stabilization Costs" means property improvement and operating costs incurred by the Master Redeveloper on buildings which exist within the Project Area prior to demolition in accordance with this Agreement to maximize rental rates prior to demolition, less (i) net rental revenues generated by those buildings during that period and (ii) grants for stabilization.

"***State***" means the State of Minnesota.

"***Tax Increment***" means the tax increment from the TIF District as calculated in accordance with the TIF Act.

"***TIF***" means tax increment financing.

"***TIF Act***" means Minnesota Statutes, Sections 469.174 to 469.1799, as amended.

"***TIF District***" *or* "***District***" means the Pentagon Park Tax Increment Financing district established by the Authority pursuant to Resolution No. 2014 – 2.

"***TIF Note(s)***" *or* "***Note(s)***" means either a TIF Note (Public Parking) or TIF Note (Qualified Redevelopment) to be issued by the Authority to the Master Redeveloper, in substantially the form attached hereto as Exhibit F to pay or reimburse the Master Redeveloper for the funding of Qualified Redevelopment Costs.

"***TIF Note (Public Parking)***" has the meaning set forth in Section 8.2.

"***TIF Note (Project Costs)***" has the meaning set forth in Section 8.2.

"***TIF Plan***" means the Tax Increment Financing plan for the TIF District adopted by the Authority in accordance with Minnesota Statutes, Section 469.175 pursuant to Resolution No. 2014 – 2.

"***TIF Pro Forma***" means the detailed TIF pro forma attached as Exhibit D.

"***Transfer***" means any sale, assignment, conveyance, or any trust or power, or transfer in any other mode or form of or with respect to any portion of the Minimum Improvements Area or any Element

"***Unavoidable Delays***" means delays, outside the control of the party claiming its occurrence, which are the direct result of (a) unusually severe or prolonged bad weather, (b) acts of God, fire or other casualty to the Project, (c) litigation commenced by third parties which directly results in delays, (d) acts of any federal, State, or local government unit which directly result in delays, (e) strikes, other labor trouble, (f) delays in delivery of materials, (g) soil conditions within the Project Area, or (h) resolution of leases in force or other third party agreements which impact the Master Redeveloper's ability to comport with the Public Infrastructure Improvements Timeline.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1 **Representations and Warranties of the City**. The City makes the following representations and warranties:

(a) The City is a Minnesota municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder. The City has duly authorized the execution, delivery and performance of this Agreement.

(b) Other than items disclosed by the City to the Master Redeveloper before the execution of this Agreement, there is not pending, nor to the best of the City's knowledge is there threatened, any suit, action or proceeding against the City before any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity of any of the transactions contemplated hereby, the ability of the City to perform its obligations hereunder, or as contemplated hereby or thereby, or the validity or enforceability of this Agreement.

(c) To the best of the City's knowledge and belief, no member of the City Council or officer of the City, has either a direct or indirect financial interest in this Agreement, nor will any City Councilmember or officer of the City, benefit financially from this Agreement within the meaning of Minnesota Statutes, Section 469.009, as amended.

(d) The City will reasonably cooperate with the Master Redeveloper with respect to any litigation commenced by third parties with respect to the Project; however, this provision does not obligate the City to incur costs, except as otherwise provided in this Agreement or elsewhere.

(e) The execution, delivery and performance of this Agreement, and any other documents, instruments or actions required or contemplated pursuant to this Agreement by the City does not, and consummation of the transactions contemplated therein and the fulfillment of the terms thereof will not conflict with or constitute on the part of the City a material breach of, default under or violation of any existing (i) agreement or instrument to which the City is a party or by which the City or any of its property is or may be bound, (ii) legislative act, charter or other proceeding or action establishing or relating to the establishment of the City or its officers or its resolutions, or (iii) order, decree, statute, rule or regulation of any court or of any state or Federal regulatory body having jurisdiction over the City.

Section 2.2 **Representations and Warranties of the Authority**. The Authority makes the following representations and warranties:

(a) The Authority is a public body corporate and politic and a governmental subdivision of the State, duly organized and existing under State law and the Authority has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) Except as provided in this Agreement, the Authority agrees to retain all of the captured net tax capacity of the Project Area to finance the Qualified Redevelopment

Costs as provided in this Agreement, and will elect that the duration of the District will be the maximum duration permitted by the TIF Act. The Authority will not voluntarily take any action to reduce the amount of captured tax capacity retained to finance the Qualified Redevelopment Costs or to reduce the duration of the District until the amount paid to the Master Redeveloper from Available Tax Increment reaches the maximum amount specified in Section 8.2.

(c) The execution, delivery and performance of this Agreement and any other documents or instruments required pursuant to this Agreement by the Authority does not, and consummation of the transactions contemplated therein and the fulfillment of the terms thereof will not, conflict with or constitute on the part of the Authority a material breach of, default under or violation of any existing (i) agreement or instrument to which the Authority is a party or by which the Authority or any of its property is or may be bound, (ii) legislative act, constitution or other proceeding establishing or relating to the establishment of the Authority or its officers or its resolutions, or (iii) order, decree, statute, rule or regulation of any court or of any state or Federal regulatory body having jurisdiction over the Authority.

(d) Other than items disclosed by the Authority to the Master Redeveloper before execution of this Agreement, there is not pending, nor to the best of the Authority's knowledge is there threatened, any suit, action or proceeding against the Authority before any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity of any of the transactions contemplated hereby, the ability of the Authority to perform its obligations hereunder, or as contemplated hereby or thereby, or the validity or enforceability of this Agreement.

(e) To the best of the Authority's knowledge and belief, no member of the Board of the Authority or officer of the Authority, has either a direct or indirect financial interest in this Agreement, nor will any Commissioner of the Authority or officer of the Authority, benefit financially from this Agreement within the meaning of Minnesota Statutes, Section 469.009, as amended.

(f) The Authority will reasonably cooperate with the Master Redeveloper with respect to any litigation commenced by third parties with respect to the Project; however, this provision does not obligate the Authority to incur costs, except as otherwise provided in this Agreement or elsewhere.

Section 2.3 **Representations and Warranties of the Master Redeveloper**. The Master Redeveloper represents and warrants that:

(a) The Master Redeveloper is a limited liability company organized and in good standing under the laws of the State of Delaware, is qualified to do business, and is in good standing, in the State, is not in violation of any provisions of its operating agreement or other organizational documents or the laws of the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its members.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any material terms or conditions of the Master Redeveloper's organizational documents, any restriction or any agreement or instrument to which the Master Redeveloper is now a party or by which it is bound or to which any property of the Master Redeveloper is subject, and do not and will not constitute a default under any of the foregoing or a violation of any order, decree, statute, rule or regulation of any court or of any state or Federal regulatory body having jurisdiction over the Master Redeveloper or its properties, including its interest in the Minimum Improvements, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Master Redeveloper contrary to the terms of any instrument or agreement to which Master Redeveloper is a party or by which it is bound.

(c) To the best of the Master Redeveloper's knowledge and belief, the execution and delivery of this Agreement will not create a conflict of interest prohibited by Minnesota Statutes, Section 469.009, as amended.

(d) The Master Redeveloper (or its Affiliates) currently has fee title to the Minimum Improvements Area.

(e) The Master Redeveloper would not construct the Minimum Improvements and Public Infrastructure Improvements, but for the execution of this Agreement and the TIF Assistance for the Qualified Redevelopment Costs and other public assistance contemplated to be made available hereunder.

(f) The Master Redeveloper will reasonably cooperate with the City and the Authority with respect to any litigation commenced by third parties with respect to the Project; however, this provision does not obligate the Master Redeveloper to incur costs, except as otherwise provided in this Agreement or elsewhere.

(g) Other than items disclosed by the Master Redeveloper to the City and the Authority before execution of this Agreement, there are no pending or threatened legal proceedings, of which the Master Redeveloper has notice, contemplating the liquidation or dissolution of the Master Redeveloper or threatening its existence, or seeking to restrain or enjoin the transactions contemplated by the Agreement, or questioning the authority of the Master Redeveloper to execute and deliver this Agreement or the validity of this Agreement.

(h) The Master Redeveloper has not received any notice from any local, state or federal official that the activities of the Master Redeveloper or the Authority with respect to the Project Area may or will be in violation of any Environmental Law, except as has been identified in any report, audit, inspection or survey, undertaken by or provided to the City and the Authority. The Master Redeveloper represents, based solely on the information provided to the Master Redeveloper by its environmental consultant, Braun Intertec, and the public records of the Minnesota Pollution Control Agency, that: (i) it is not aware of any state or federal claim filed or planned to be filed by any party relating to

any violation of any local, state or federal Environmental Law, regulation or review procedure; and (ii) it is not aware of any violation of any local, state or federal law, regulation or review procedure which would give any person a valid claim under any Environmental Law, including the Minnesota Environmental Rights Act or the Minnesota Environmental Policy Act.

(i) The Master Redeveloper reasonably expects that it will be able to obtain private financing in an amount sufficient, together with funds provided by the Authority and any other public agencies, to enable the Master Redeveloper to successfully construct the Minimum Improvements and fund the Public Infrastructure Improvements, as provided herein.

ARTICLE III
LAND USE AND DEVELOPMENT CONTROLS

Section 3.1 **Restrictions on Development**. The Master Redeveloper may not construct or permit construction on any Phase until the Master Redeveloper satisfies the following conditions:

(a) The Master Redeveloper obtains approval of the Final Development Plan for such Phase, executes and records the relevant Development Contract and causes any lien holder affecting any of the property to subject its interest as provided in this Agreement and in the Development Contract;

(b) The Master Redeveloper satisfies all of the conditions established by the City in the Final Development Plan for such Phase; and

(c) The Master Redeveloper satisfies all of the conditions in the Development Contract and obtains approval of and records the Final Plat, if any, for such Phase.

Section 3.2 **Zoning and Land Use Approvals**. Nothing in this Agreement shall limit the authority of the City with respect to zoning and land use approvals. Subject to the foregoing, the staff of the City and the Authority shall cooperate with the Master Redeveloper and assist the Master Redeveloper in the processing and obtaining of zoning and land use approvals. The Master Redeveloper shall be responsible for applying for and obtaining all land use and zoning approvals necessary for the Minimum Improvements, by Phase, including, without limitation, the conditions contained in the Final Development Plan and the Development Contract for such Phase. All zoning and land use approvals shall be by the City Council or the City Planning Commission in accordance with the ordinances of the City.

Section 3.3 **Building and Construction Permits**. Nothing in this Agreement shall limit the governmental authority of the City with respect to its building and construction permitting process for the Minimum Improvements. The Master Redeveloper shall comply with all applicable City building codes and construction requirements and shall be responsible for obtaining all building permits prior to construction.

Section 3.4 **Demolition Timing**. The demolition of the existing buildings or portions of existing buildings in the Project Area shall occur only after the Master Redeveloper delivers a

Go-Ahead Letter for the Phase on which the existing building is located, or earlier if the Authority determines that removal of buildings or portions thereof would not negatively impact the ability to qualify all or a portion of the Project Area as a redevelopment district under the TIF Act if the Minimum Improvements are not completed consistent with this Agreement.

Section 3.5 **City/Authority Approval**. Unless the City Council determines otherwise in its discretion, whenever this Agreement provides for approval by the City or the Authority, such approval shall be given by, respectively, the City Manager or the Executive Director of the Authority (or in either case his/her designee), unless (a) this Agreement explicitly provides for approval by the City Council or the Board of the Authority, (b) approval by the Council or Board is required by law or (c) the approval, in the opinion of the City Manager or the Executive Director, would result in a material change in the terms of this Agreement.

ARTICLE IV
CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 4.1 **Minimum Improvements**.

(a) The Project includes Minimum Improvements which will be constructed by the Master Redeveloper or a Secondary Redeveloper in Phases, consistent with a Final Development Plan and Development Contract for each Phase. The currently anticipated Phases are depicted in the Minimum Improvements Site Plan attached as Exhibit B. Upon approval of a Final Development Plan and Development Contract for a particular Phase, the Elements contained therein will become "Minimum Improvements." The Minimum Improvements will be specifically identified by Phase in a Development Contract. The Master Redeveloper currently intends on constructing the following Minimum Improvements by Phase in accordance with this Agreement: (i) Phase 1A Minimum Improvements; (ii) Phase 1B Minimum Improvements; (iii) Phase 2 Minimum Improvements; (iv) Phase 3 Minimum Improvements; (v) Phase 4 Minimum Improvements; and (vi) Phase 5 Minimum Improvements.

(b) Market Value of Minimum Improvements. It is anticipated that upon completion, the Minimum Improvements and Public Infrastructure Improvements will have a Market Value of approximately $500 Million.

Section 4.2 **Submission and Approval of Evidence of Financing**. Following approval of the Final Development Plan, but no later than issuance of the first building permit for each Phase, the Master Redeveloper shall provide a Go-Ahead Letter for that Phase. The Go-Ahead Letter will be reasonably acceptable to the Executive Director of the Authority.

Section 4.3 **Relocation Indemnification**. The Master Redeveloper agrees that the City Parties will bear no responsibility or liability for any relocation obligations and will indemnify and hold harmless the City Parties against all claims, costs, and liabilities arising out of the Master Redeveloper's relocation efforts. In the event that the City Parties are named as a defendant in any legal or administrative action alleging liability against the City Parties due to relocation benefits, the Master Redeveloper shall indemnify and hold the City Parties harmless

from any judgments, damages and liabilities of any kind determined in any legal or administrative action.

Section 4.4 **Construction and Inspection of Minimum Improvements**. The Minimum Improvements will be constructed according to the corresponding Final Development Plans and Development Contract. Prior to delivery of the Certificate of Completion to the Master Redeveloper, upon the request of the Authority, the Master Redeveloper will provide the Authority and the City with reasonable access to the Project Area. During the construction and marketing of the Minimum Improvements, the Master Redeveloper will deliver progress reports to the Authority upon written request from the Authority.

Section 4.5 **Effect of Delay**. The Master Redeveloper acknowledges that if construction of the Minimum Improvements is delayed due to Unavoidable Delays or for any other reason, this could affect the amount of Available Tax Increment and thus the total amount which may be available to pay the TIF Note. The Master Redeveloper acknowledges that if the Completion of the construction of the Minimum Improvements is delayed due to Unavoidable Delays or for any other reason, there will be no compensation to the Master Redeveloper or any other party for any reduction in the amount available to pay or refund the TIF Note.

Section 4.6 **Additional Responsibilities of the Master Redeveloper**. Subject to Cure Rights:

(a) the Master Redeveloper will ensure each Phase and Element of the Minimum Improvements are constructed, operated and maintained in substantial accordance with the terms of this Agreement, the corresponding Final Development Plans and Development Contract, and all local, State, and federal laws and regulations (including, but not limited to zoning, building code and public health laws and regulations);

(b) the Master Redeveloper will obtain, in a timely manner, all required permits, licenses, and approvals, and will meet, in a timely manner, all requirements of all applicable local, State, and Federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed; and

(c) the Master Redeveloper 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.

Section 4.7 **Parking Facilities Easement**. The purpose of this Section is to primarily serve the private commercial parking requirements of all Elements, but also provide for limited public parking in appropriate Parking Facilities as determined in a corresponding Final Development Plan. In each Final Development Plan for which the Master Redeveloper identifies Parking Facilities as a Qualified Redevelopment Cost, the Master Redeveloper shall ensure parking is available to the general public within the Parking Facilities as specified in the applicable Final Development Plan and Development Contract if those Parking Facilities are in close proximity to Public Recreational Property. While there will be parking made available to the general public in any Parking Facility in which the Master Redeveloper identifies a Parking Facility as a Qualified Redevelopment Cost, the number of stalls and the conditions for

use in which the general public shall have the use of parking stalls in such Parking Facility, shall be determined as to each Parking Facility subject to this Section 4.7 based on the following criteria:

(a) the reasonable ability of the Master Redeveloper to secure tenants or purchasers for an Element which contains Parking Facilities that include parking made available to the general public (at levels that differentiate between operating hours and all other times) as specified in a Final Development Plan and Development Contract;

(b) the proximity of a Parking Facility to Public Recreational Property which a Parking Facility may serve; and

(c) the need for parking in an Element or Elements based on the density and use of such Element or Elements served by a Parking Facility; based on applicable City regulations, the Final Development Plan (including, specifically, market conditions reflected therein) and the Development Contract.

After Final Development Plans which include such Parking Facilities (which is identified as a Qualified Redevelopment Cost) have been approved by the City, and prior to Commencement of construction of the corresponding Minimum Improvements, the Master Redeveloper shall deliver to the City an easement for the installation, use and maintenance of the Parking Facilities (the "Parking Facilities Easement") which easement will reflect the criteria as set forth in this Section 4.7. Each Parking Facilities Easement shall be in a form substantially similar to the form attached as Exhibit C and must be recorded by the Master Redeveloper within seven (7) days after the Parking Facilities Easement is delivered to the City in accordance with this Section.

Section 4.8 **Ensuring Other Public Access**. Prior to entering into a Development Contract regarding any Phase in which a Final Development Plan identifies portions of the Project Area on which the public will require access outside of publicly dedicated rights of way, the Master Redeveloper or Secondary Developer shall deliver to the City an easement for the installation, use and maintenance of such portions of the Project Area.

Section 4.9 **Maintenance of Adjacent Public Park Land**. The Master Redeveloper will contribute a maintenance fee for each completed phase of the Project that has direct access and use of the Public Recreational Property.

Section 4.10 **Certificate of Completion**. The Master Redeveloper shall notify the Authority when the final certificate of occupancy (exclusive of tenant build-outs) is received for each Phase or Element. Upon receipt of the final certificate of occupancy for a Phase or Element, the Authority will furnish to the Master Redeveloper a recordable Certificate of Completion in the form of Exhibit G, certifying the completion of the Minimum Improvements for that Phase or Element.

ARTICLE V
CONSTRUCTION AND FINANCING OF PUBLIC INFRASTRUCTURE IMPROVEMENTS

Section 5.1 **Public Infrastructure Improvements**.

(a) The Project includes Public Infrastructure Improvements to be constructed prior to completion of the Project. Subject to Final Development Plan and the execution of a Development Contract, the Master Redeveloper agrees to fund the following Public Infrastructure Improvements by Phase in accordance with this Agreement: (i) Phase 1A Public Infrastructure Improvements; (ii) Phase 1B Public Infrastructure Improvements; (iii) Phase 2 Public Infrastructure Improvements; (iv) Phase 3 Public Infrastructure Improvements; (v) Phase 4 Public Infrastructure Improvements; and (vi) Phase 5 Public Infrastructure Improvements. The timing and configuration of the Phase 1A Public Infrastructure Improvements will be governed by the corresponding Development Contract, but will, at a minimum, commence simultaneously with Completion of the initial 100,000 square feet of Phase 1 Minimum Improvements.

(b) Public Infrastructure Improvements Timeline. The Public Infrastructure Improvements must be constructed in accordance with the Public Infrastructure Improvements Timeline in Section 6.2 as modified by the corresponding Final Development Plan and Development Contract.

Section 5.2 **Financing the Public Infrastructure Improvements**. The Master Redeveloper has agreed to finance the Public Infrastructure Improvements as further described in this Section 5.2 and in the balance of this Article. The Master Redeveloper may choose to construct the Public Infrastructure Improvements pursuant to Section 5.2(a) below or may elect to have the City construct the Public Infrastructure Improvements and be subject to Special Assessments pursuant to Section 5.2(b) below.

(a) Master Redeveloper Builds and Finances.

(i) If the Master Redeveloper chooses to construct the Public Infrastructure Improvements, then the Master Redeveloper is responsible for financing all Public Infrastructure Improvements required under a Final Development Plan and Development Contract for a particular Phase.

(ii) Before the City will permit commencement of construction on any Master Redeveloper Public Infrastructure Improvement, the Master Redeveloper must provide evidence satisfactory to the City of a Financing Commitment and provide a Go-Ahead Letter. The City or the City's designated representative shall review the Financing Commitment to determine that the security does not impose an unreasonable risk to the City or the Authority and that the Financing Commitment is adequate to satisfy the Master Redeveloper's financial responsibility for the Public Infrastructure Improvements. The City's legal counsel shall review the Financing Commitment and determine that it will not impair the rights of the City or the Authority under this Agreement. Alternatively, if the Master Redeveloper intends to proceed solely with equity sources of

funds, the Master Redeveloper shall provide evidence satisfactory to the City and the Authority of the sufficiency of such equity. The City and the Authority will not unreasonably withhold, delay or condition approval of the relevant Financing Commitment.

(iii) If the City is not satisfied with the Financing Commitment, the City may require the Master Redeveloper to provide a letter of credit or other security reasonably acceptable to the City.

(iv) The Public Infrastructure Improvements Plans will be designed and specified by the City consistent with City standards for similar projects, as modified in a Final Development Plan. Design fees incurred by the City will be reimbursed by the Master Redeveloper.

(v) All Public Infrastructure Improvements shall be constructed in substantial conformity with the Public Infrastructure Improvements Plans and in substantial accordance with City engineering and performance requirements. Construction of the Public Infrastructure Improvements shall be supervised and administered by the City. The City may retain a consulting engineer to review and inspect the Public Infrastructure Improvements to ensure compliance with the Public Infrastructure Improvements Plans and other relevant City requirements.

(vi) Within 30 days of receiving a request for reimbursement from the City, the Master Redeveloper must reimburse the City for design and inspection fees. Design and inspection fees reimbursed by the Master Redeveloper under this Section are Qualified Redevelopment Costs. No Certificate of Completion will be issued until the City is fully reimbursed for all design and inspection fees then owed.

(b) <u>City Builds; Master Redeveloper Reimburses City via Special Assessments</u>.

(i) The Master Redeveloper may opt to finance all or a portion of the Public Infrastructure Improvements which the City constructs by agreeing to be subject to Special Assessments consistent with Minnesota Statutes, Chapter 429, for actual costs of the Public Infrastructure Improvements. The Master Redeveloper must notify the City of its option with regard to how the Public Infrastructure Improvements will be financed no later than the time of delivery of a Go-Ahead Letter for the first Element of each Phase.

(ii) If the Master Redeveloper elects to be subject to Special Assessments, the Master Redeveloper must agree to petition for Special Assessments, agrees that the land in the Project Area will be subject to Special Assessments for actual Public Infrastructure Improvements, and must agree to waive protest rights for all land within the Project Area for Special Assessments. If the Public Infrastructure Improvements are financed with Special Assessments, then the City will construct the Public Infrastructure Improvements or relevant portion thereof. The City will satisfy any statutory public bidding requirements and all terms of the Special Assessments will be consistent with normal City practices and policies.

(iii) If the Master Redeveloper elects to be subject to Special Assessments, the City will issue general obligation special assessment bonds consistent with normal City policies if the City determines that the land value in the Project Area is greater than the amount to be specially assessed against the Project Area plus the cost of issuing bonds. If the City determines, in its sole discretion, the value of the land does not exceed the amount to be specially assessed, then the City may require other security.

ARTICLE VI
PROJECT TIMELINE AND DEFAULT

Section 6.1 **Commencement and Completion of Minimum Improvements**. Time frames for Commencement and Completion of the Minimum Improvements are driven by market conditions. It is the Master Developer's best estimate that the Minimum Improvements are anticipated to be on the following schedule, which schedule will be made definitive within the Development Contract for the particular Phase. Following Commencement, construction of any given Phase must continue in a sequence consistent with normal construction practices.

Estimated Minimum Improvements Timeline		
Minimum Improvements	**Commencement**	**Completion**
Phase 1A Minimum Improvements	Early 2017	December 2018
Phase 1B Minimum Improvements	Early 2016	December 2018
Phase 2 Minimum Improvements	Early 2017	December 2018
Phase 3 Minimum Improvements	Early 2019	December 2020
Phase 4 Minimum Improvements	Early 2021	December 2022
Phase 5 Minimum Improvements	Early 2023	December 2024

Section 6.2 **Construction Timeline of Public Infrastructure Improvements**. Time frames for construction of the Public Infrastructure Improvements are anticipated to be on the following schedule and are required to be constructed simultaneously with the Minimum Improvements by Phase.

Public Infrastructure Improvements Timeline	
Public Infrastructure Improvements	**Estimated Construction Timeline which will be ultimately based on market conditions**
Phase 1A Public Infrastructure Improvements	Early 2017 - December 2018, however, the 77th Street upgrade shall commence once 100,000 square feet of the Phase 1 Improvements are completed.

Phase 1B Public Infrastructure Improvements	Early 2016 - December 2018, however, the 77th Street upgrade shall commence once 100,000 square feet of the Phase 1 Improvements are completed
Phase 2 Public Infrastructure Improvements	Early 2017 - December 2018 however , 76th Street, Parklawn and the Living Streets will be completed upon the completion of 85% of the Minimum Improvements
Phase 3 Public Infrastructure Improvements	Early 2019 - December 2020 however , 76th Street, Parklawn and the Living Streets will be completed upon the completion of 85% of the Minimum Improvements
Phase 4 Public Infrastructure Improvements	Early 2021 - December 2022 however , 76th Street, Parklawn and the Living Streets will be completed upon the completion of 85% of the Minimum Improvements
Phase 5 Public Infrastructure Improvements	Early 2023 - December 2024 however , 76th Street, Parklawn and the Living Streets will be completed upon the completion of 85% of the Minimum Improvements

Section 6.3 **Defaults**. Subject to Unavoidable Delays, if (i) demolition, in accordance with a City issued demolition permit, of the existing South Tower and the four (4) attached Annex Buildings (but excluding 4815 W. 77th Street (Cradle Club) and 7710 Computer Avenue) has not been completed, in accordance with a City issued demolition permit, by December 31, 2016 or (ii) there is no Development Activity for a period of twenty-four (24) consecutive months at any given time during the term of this Agreement, then the City may decline to issue TIF Notes for any future Phases or terminate this Agreement in accordance herewith.

ARTICLE VII
MASTER REDEVELOPER REIMBURSEMENT OBLIGATIONS; QUALIFIED REDEVELOPMENT COSTS; PERFORMANCE REVIEW

Section 7.1 **Master Redeveloper Reimbursement Obligations**. The Master Redeveloper is obligated to pay all reasonable out of pocket costs of the City and the Authority for the City Consultants in connection with the Project, including but not limited to costs of the development of this Agreement, the Redevelopment Plan, the TIF Plan and creation of the TIF District, the Final Development Plans, the Development Contracts, architectural and engineering studies for the Project, fiscal analysis, legal fees and all costs and expenses related thereto. The Master Redeveloper must pay such costs monthly upon presentation of invoices and other documentation of such costs, not more than thirty (30) days after the request for payment is delivered to the Master Redeveloper. All such costs will be Qualified Redevelopment Costs pursuant to the TIF Pro Forma. The hourly rates of the City Consultants will be charged at the standard, regular rates paid by the City at the time such charges are paid.

Section 7.2 **Project Redevelopment Costs**.

(a) The Master Redeveloper costs eligible for TIF Assistance as Project Redevelopment Costs include the following (which may include professional third party fees that are commercially reasonable and common in the market place):

(i) soil correction costs, studies and improvements (including piling), and general site preparation;

(ii) demolition of any structures or improvement required for within the Project Area (reduced by any grant funds received for demolition);

(iii) studies, remediation or abatement of environmental contamination, (including asbestos, lead based paint, and hazardous materials) (reduced by any grant funds received for the same);

(iv) storm water management studies and storm water management related improvements (reduced by any grant funds received for storm water management);

(v) berm(s) and soil relocation as part of site preparation;

(vi) improvements to and construction of new streets, improvements to existing public roads, improvements to and construction of intersections (including without limitation on – street parking, pedestrian, bicyclist facilities, street lighting, and streetscape within the Project Area);

(vii) traffic mitigation studies and traffic improvements within the Project Area;

(viii) landscaping, water feature, street lights, site lighting, sidewalks, and trail connections each of which is included within Public Infrastructure Improvements;

(ix) public parking improvements, public transit improvements, bicycle access improvements, and physical improvements to encourage non-single occupant car usage included within the Project Area;

(x) district marker signs;

(xi) public access to regional trails and public parks;

(xii) reimbursement of predevelopment costs of the City/Authority paid by the Master Redeveloper for planning, legal, consulting and other similar costs;

(xiii) Master Redeveloper incurred professional fees related to (1) Final Development Plan approval for any Phase, (2) Project TIF, (3) this Agreement, and (4) all Development Contracts; and

(xiv) Project-related improvements to public infrastructure, in addition to the Public Improvements, including, but not limited to, traffic mitigation and storm water mitigation.

Section 7.3 **Public Parking Redevelopment Costs**. The Master Redeveloper's costs for public parking structures (subject to a perpetual parking easement) are eligible for TIF Assistance as Public Parking Redevelopment Costs.

Section 7.4 **TIF Lookback**.

(a) Generally. The financial assistance to the Master Redeveloper under this Agreement is based on certain assumptions regarding likely costs and expenses associated with constructing the Minimum Improvements and Public Infrastructure Improvements, as well as proceeds to be derived by the Master Redeveloper from the sale of Element Property. Specifically, the maximum aggregate principal amount of the TIF Notes has been determined based on the amount of assistance needed to make the Project financially feasible, as shown in the TIF Pro Forma attached as Exhibit D. The Authority and the Master Redeveloper agree that those assumptions will be reviewed at the times described in this Section, and that the amount of Tax Increment assistance provided herein may be adjusted in accordance with this Section. Such review will be based on a Phase TIF Pro Forma. Any fees which are paid to the Master Redeveloper, as reflected in a Phase TIF Pro Forma, will be commercially reasonable and common in the market place.

(b) Master Redeveloper as Phase Developer.

(i) Within thirty (30) days after a Controlling Interest Transfer of any Element Property, the Master Redeveloper shall submit a certified cost and revenue analysis for the Controlling Interest Transfer of that Element Property to the Authority in the form of the Phase TIF Pro Forma attached as Exhibit E hereto and prepared in accordance with generally accepted accounting principles. This analysis will include (1) a fair market value determination regarding the Element Property subject to the Controlling Interest Transfer, and (2) without limitation, all Acquisition Costs, Stabilization Costs, Land Carrying Costs, Project Redevelopment Costs, and all other improvement costs allocated to the Element Property subject to the Controlling Interest Transfer. The Master Redeveloper agrees to provide to the Authority any reasonable and relevant background documentation, prepared in accordance with generally accepted accounting principles, related to the financial data, upon request. The Authority at its cost may retain an accountant to audit the submitted Phase TIF Pro Forma.

(ii) The amount by which the actual IRR for a Controlling Interest Transfer of an Element Property shown in an updated TIF Pro Forma required under Section 7.4(b)(i) exceeds the percentages shown in Section 7.4(b)(ii)(2) – (4) below will be referred to as the "Project Excess Percentage." The Master Redeveloper will be obligated to pay to the Authority, subject to Section 7.4(b)(iii), the Project Excess Percentage in an amount not to exceed twenty-five percent (25%) of the Project Excess Percentage to be capped by an amount not to exceed twenty-five percent (25%) of the TIF Note or TIF Notes for the applicable Phase (to be calculated pursuant to Section 7.4(b)(ii)(2) – (4)), plus interest calculated against the adjusted cumulative total of any amounts the Master Redeveloper is obligated to pay to the Authority under this Section 7.4(b)(ii) at a rate of 6% compounded annually until the date determined in accordance with Section 7.4(b)(iii) (the "Phase Developer TIF Adjustment"). For the sake of clarity, the Phase Developer TIF Adjustment will be recalculated as of each date a Phase TIF Pro Forma identified in Section 7.4(b)(i) is submitted to the Authority for the purposes of calculating the

applicable principal amount against which interest will be charged. In determining the Phase Developer TIF Adjustment the following shall apply:

(1) If the IRR realized from the Transfer of an Element Property is less than 16% then there is no Phase Developer TIF Adjustment.

(2) If the IRR realized from the Transfer of an Element Property is 16% or more, but less than 18% then the Phase Developer TIF Adjustment is limited to 10% of the Tax Increment as further limited in this Section 7.4(b)(ii).

(3) If the IRR realized from the Transfer of an Element Property is 18% or more, but less than 20% then the Phase Developer TIF Adjustment is limited to 15% of the Tax Increment as further limited in this Section 7.4(b)(ii).

(4) If the IRR realized from the Transfer of an Element Property is 20% or more then the Phase Developer TIF Adjustment is limited to 25% of the Tax Increment as further limited in this Section 7.4(b)(ii).

(iii) Upon the earlier date to occur of (a) three hundred sixty-five (365) days from the Transfer of the last Element Property or (b) ninety (90) days from the twentieth (20th) anniversary of the Effective Date, the Master Redeveloper shall submit an updated TIF Pro Forma to account for all Controlling Interest Transfers subject this Section 7.4 (b), which will be subject to the calculation of a cumulative total Phase Developer TIF Adjustment. To the extent this amount exceeds the IRR amounts set forth in Section 7.4(b)(ii), the Master Redeveloper must pay the Authority in accordance with Section 7.4(e) the amounts at set forth in Section 7.4(b), less the Phase Developer TIF Adjustment, if any, for all Phases.

(iv) The purpose of the Phase Developer TIF Adjustment is to reimburse the Authority for payments that have been made to the Master Redeveloper or to limit future payments to be made under an applicable TIF Note, in the amount as defined in Section 7.4(b)(iii) from the Controlling Interest Transfer, if any, of the Element Property. The Phase Developer TIF Adjustment is based on IRR for a Controlling Interest Transfer and is not based on an annual cash on cost calculation or analysis on the Master Redeveloper's development and operation of an Element, Phase or the Project. The Phase Developer TIF Adjustment for a particular Element Property is a one-time adjustment following a Controlling Interest Transfer of that Element Property and, therefore, that Element Property is not subject to a Phase Constructor TIF Adjustment under Section 7.4(c) and the Authority shall have no right to any Phase Excess Amount (as that term is defined in Section 7.4(c)) regarding such Element Property if such Element Property has been improved and developed prior to the expiration of the cumulative total Phase Developer TIF Adjustment under Section 7.4(b)(iii). Provided, however, if a subsequent Transfer of such Element Property is made to the Master Redeveloper and the Master Redeveloper improves and develops the Element Property, the Element Property is then subject only to a Phase Constructor TIF Adjustment.

(c) <u>Master Redeveloper as Phase Constructor</u>.

(i) Within thirty 30 days after receipt of a Certificate of Completion for an Element within a Phase, the Master Redeveloper shall submit certified cost and revenue analysis to the Authority in the form of the Phase TIF Pro Forma and prepared in accordance with generally accepted accounting principles. The Master Redeveloper agrees to provide to the Authority any reasonable and relevant background documentation, prepared in accordance with generally accepted accounting principles, related to the financial data, upon request. The Authority may retain an accountant to audit the submitted Phase TIF Pro Forma, at the Master Redeveloper's cost.

(ii) If a Transfer of an Element by the Master Redeveloper occurs within three (3) years from the date of a Certificate of Completion for said Element, the Master Redeveloper shall submit an updated Phase TIF Pro Forma, which will be subject to the calculation of the Phase Constructor TIF Adjustment in Section 7.3(c)(iii). Any Transfer by Master Redeveloper following the third (3rd) anniversary of a Certificate of Completion is at no time subject to a Phase Constructor TIF Adjustment.

(iii) The amount by which the actual IRR shown in an updated Phase TIF Pro Forma required under Section 7.4(c)(ii) exceeds the percentages shown in Section 7.4(iii)(2) – (4) below will be referred to as the "Phase Excess Amount." The Master Redeveloper will be obligated to pay to the Authority in accordance with Section 7.4(e) the Phase Excess Amount in an amount not to exceed twenty-five percent (25%) of the Phase Excess Amount to be capped by an amount not to exceed 25% of the TIF Note or TIF Notes for the applicable Phase (to be calculated pursuant to Section 7.4(c)(iii)(2)-(4)), plus interest calculated against the adjusted cumulative total of any amounts the Master Redeveloper is obligated to pay to the Authority under this Section 7.4(c)(iii) at a rate of 6% compounded annually until the date determined in accordance with Section 7.4(d) (the "Phase Constructor TIF Adjustment"). For the sake of clarity, the Phase Constructor TIF Adjustment will be recalculated as of each date a Phase TIF Pro Forma identified in Section 7.4(c)(ii) is submitted to the Authority for the purposes of calculating the applicable principal amount against which interest will be charged. In determining the Phase Constructor TIF Adjustment the following shall apply:

(1) If the IRR realized from the Transfer of the Element is less than 16% then there is no Phase Constructor TIF Adjustment.

(2) If the IRR realized from the Transfer of the Element is 16% or more, but less than 18% then the Phase Constructor TIF Adjustment is limited to 10% of the Tax Increment as further limited in this Section 7.4(c)(iii).

(3) If the IRR realized from the Transfer of the Element is 18% or more, but less than 20% then the Phase Constructor TIF Adjustment is limited to 15% of the Tax Increment as further limited in this Section 7.4(c)(iii).

(4) If the IRR realized from the Transfer of the Element is 20% or more then the Phase Constructor TIF Adjustment is limited to 25% of the Tax Increment as further limited in this Section 7.4(c)(iii).

(d) In addition, upon the earlier date to occur of (i) three hundred sixty-five (365) days from the Transfer of the last Element Property, (ii) three (3) years from the receipt of a Certificate of Completion for the last Element Property or (iii) ninety (90) days from the twentieth (20th) anniversary of the Effective Date, the Master Redeveloper shall submit an updated TIF Pro Forma to account for all Transfers subject to Section 7.4(c), which shows the cumulative total of all Phase Constructor TIF Adjustments. To the extent that the aggregate IRR realized from any Transfers exceeds the IRR amounts set forth in Section 7.4(c), the Master Redeveloper must pay the Authority in accordance with Section 7.4(e) the amounts as set forth in Section 7.4(c), less the Phase Constructor TIF Adjustment, if any, for all Phases.

(e) If the Authority determines that either a Phase Developer TIF Adjustment or a Phase Constructor TIF Adjustment is required, then (i) the Authority may elect to either require payment from the Master Redeveloper to the Authority of the Phase Developer TIF Adjustment or the Phase Constructor TIF Adjustment or (ii) the Authority may elect to have the Phase Developer TIF Adjustment or the Phase Constructor TIF Adjustment applied to reduce the outstanding principal amount of the TIF Note (as a deemed prepayment) in accordance with the terms of the TIF Note.

(f) The purpose of the Phase Constructor TIF Adjustment is to reimburse the Authority for payments that have been made to the Master Redeveloper under an applicable TIF Note or to limit future payments to be made to the Master Redeveloper under an applicable TIF Note, in the amount determined under Section 7.4(c) from the Transfer of Element Property for which a Certificate of Completion has been received by the Master Redeveloper. The Phase Constructor TIF Adjustment is based on IRR for a Transfer of an Element or Phase and is not based on an annual cash on cost determination of the Master Redeveloper's operation of an Element, Phase or the Project.

(g) For purposes of clarity, an example of the calculation of a hypothetical Phase Developer TIF Adjustment is attached hereto as Exhibit I. The sample calculations included in this example could also be applied for determination of the Phase Constructor TIF Adjustment.

ARTICLE VIII
TIF AND OTHER PUBLIC ASSISTANCE

Section 8.1 **Receipt of First Tax Increment**. The Authority has elected to receive the first Tax Increment in 2018.

Section 8.2 **TIF Notes; Limitations on Reimbursement of Qualified Redevelopment Costs**.

(a) Before the Authority will issue a "TIF Note (Project Costs)" for a particular Phase to the Master Redeveloper, the Master Redeveloper must provide evidence satisfactory to the Authority that its Qualified Redevelopment Costs equal at least the amount of the requested TIF Note (Project Costs) for that Phase. Before the Authority will issue a "TIF Note (Public Parking)" for a particular Phase to the Master Redeveloper, the Master

Redeveloper must provide evidence satisfactory to the Authority that (i) its Public Parking Redevelopment Costs equal at least the amount of the requested TIF Note (Public Parking) for that Phase and (ii) a Certificate of Completion has been recorded against the property within the Phase for which a TIF Note (Public Parking) is sought to be issued. In order to obtain the amount of Tax Increment contemplated by this Agreement, the Authority will issue, subject to satisfaction of the conditions in this Agreement, one or more "pay-as-you-go" TIF Notes by Phase to the Master Redeveloper with a maximum original principal amount for all Phases of $54,000,000 ("Maximum TIF Note Amount"), plus interest on the unpaid principal balance thereof at a rate of 6% which shall be payable solely from Available Tax Increment from the Project. Accrual of interest on the unpaid principal balance of a TIF Note (Project Costs) will commence upon receipt by the Authority, from the Master Redeveloper, of evidence satisfactory to the Authority that Qualified Redevelopment Costs for a particular Phase have been demonstrated. Accrual of interest on the unpaid principal balance of a TIF Note (Public Parking) will commence upon the date a Certificate of Completion has been recorded against the property within the Phase for which a TIF Note (Public Parking) is sought to be issued. The Authority does not represent or warrant the amounts of Available Tax Increment that will be available for payment of the TIF Notes. The Authority will not reimburse the Master Redeveloper for the Qualified Redevelopment Costs or Public Parking Redevelopment Costs from Authority revenues, other than from Available Tax Increment, nor guaranty the amount of money which the Master Redeveloper will receive as a reimbursement, such amount being payable solely from the Available Tax Increment in accordance with this Section.

(b) A portion of the Tax Increment may be utilized for public infrastructure costs incurred by the City in addition to the Public Infrastructure Improvements ("Off-Site Public Infrastructure Improvements"). A minimum of $2,500,000 will be available from the Tax Increment for Off-Site Public Infrastructure Improvements. If prior to January 1, 2016 the City determines that it requires more than $2,500,000 for Off-Site Public Infrastructure Improvements prior to termination of the TIF District, the City may elect to increase said amount to $8,000,000. Interest, calculated at a rate of 6% compounded annually, will be applied commencing upon the City expending funds related to a contract for any portion of the initial $2,500,000 in Off-Site Public Infrastructure Improvements. No interest will accrue on any additional amounts beyond $2,500,000. If the City so elects, the Maximum TIF Note Amount shall increase by an amount equal to any increase in excess of $2,500,000, as long as the City and the Authority can reasonably make findings that the statutory "but for" can be demonstrated for the increase in the Maximum TIF Note Amount. The amounts available to the City for Off-Site Public Infrastructure Improvements will be paid to the City on an equal basis with the TIF Notes. Following full and final payment of the TIF Notes to the Master Redeveloper, all remaining Tax Increment will be available to the Authority. Off-Site Public Infrastructure Improvements shall be reasonably compatible with the Project as governed by each Final Development Plan and Development Contract, and shall be used for public roads, public utilities and other improvements to public land.

(c) The Authority will calculate Available Tax Increment for the TIF District as a whole. For each TIF Note, the Authority will require the Master Redeveloper to

determine an allocation of Available Tax Increment for principal and interest payments on each outstanding TIF Note. The Authority will rely exclusively upon the Master Redeveloper's allocation. The Master Redeveloper will provide evidence of all Eligible TIF Costs within five (5) years following certification of the TIF District and the Authority will allocate those costs among all Qualified Redevelopment Costs or Public Parking Redevelopment Costs as appropriate. Eligible TIF Costs reported within this five-year period must meet or exceed the Maximum TIF Note Amount in order to qualify as Qualified Redevelopment Costs or Public Parking Redevelopment Costs.

Section 8.3 **Tax Increment Eligibility**. Upon any Event of Default, which Default has not been cured, regarding any obligation under this Agreement related to a Phase or Element, Tax Increment from the defaulting Phase or Element, at the election of the Authority, may be withheld from payment on any TIF Note associated with such Phase or Element. Tax Increment from any Phase that is not in Default under this Agreement shall remain available for payment of any outstanding TIF Note.

Section 8.4 **Preconditions to Issuance of TIF Note**.

(a) The Authority will issue a TIF Note for each Phase to the Master Redeveloper or Secondary Redeveloper upon satisfaction of the following conditions:

(i) the Master Redeveloper has satisfied all conditions of Section 8.2;

(ii) receipt of an updated TIF Pro Forma sufficient to allow the City Council to adopt a resolution finding that the "but-for" test has been satisfied;

(iii) the Master Redeveloper is not in Default under the terms of this Agreement;

(iv) the City has approved the Final Development Plan for the corresponding Phase;

(v) the Master Redeveloper and the City have entered into a Development Contract for the corresponding Phase;

(vi) the Master Redeveloper has not allowed a Material Deviation (as such term is defined below) from approved Final Development Plans in any prior Phase completed by the Master Redeveloper which remains uncured. A "Material Deviation" for purposes of this subsection (vi) equates to an objective deviation from an approved Final Development Plan, and not a subjective determination that the intent of the Final Development Plan is not met or there are minor variations to the final architecture or the color of building materials; and

(vii) the Master Redeveloper has issued the applicable Go-Ahead Letter.

(b) Upon satisfaction of the conditions set forth in paragraph (a) above, the Authority will issue the TIF Note for the applicable Phase to the Master Redeveloper (or to an approved Secondary Redeveloper). The principal amount of the TIF Note will be the

amounts and at the interest rate set forth in Section 8.2 and reflected in the TIF Pro Forma.

Section 8.5 **Assignment of Note**. The Note shall not be assignable nor transferable without the prior written consent of the Authority; provided, however, that such consent shall not be withheld if:

(a) the assignee or transferee delivers to the Authority a written instrument acknowledging the limited nature of the Authority's payment obligations under the Notes; and

(b) the assignee or transferee executes and delivers to the Authority a certificate, in form and substance reasonably satisfactory to the Authority, pursuant to which, among other things, such assignee or transferee represents:

(i) that the Note is being acquired for investment for such assignee's or transferee's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof;

(ii) that the assignee or transferee has no present intention of selling, granting any participation in, or otherwise distributing the same;

(iii) that the assignee or transferee is an "accredited investor" within the meaning of Rule 501 of the Regulation D under the Securities Act of 1933, as amended;

(iv) that the assignee or transferee, either alone or with such assignee's or transferee's representatives, has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the prospective investment in the Note and the assignee or transferee is able to bear the economic consequences thereof;

(v) that in making its decision to acquire the Note, the assignee or transferee has relied upon independent investigations made by the assignee or transferee and, to the extent believed by such assignee or transferee to be appropriate, the assignee's or transferee's representatives, including its own professional, tax and other advisors, and has not relied upon any representation or warranty from the Authority, or any of its officers, employees, agents, affiliates or representatives, with respect to the value of the Note;

(vi) that the Authority has not made any warranty, acknowledgment or covenant, in writing or otherwise, to the assignee or transferee regarding the tax consequences, if any, of the acquisition and investment in the Note;

(vii) that the assignee or transferee or its representatives have been given a full opportunity to examine all documents and to ask questions of, and to receive answers from, the Authority and its representatives concerning the terms of the Note and such other information as the assignee or transferee desires in order to evaluate the acquisition

of and investment in the Note, and all such questions have been answered to the full satisfaction of the assignee or transferee;

(viii) that the assignee or transferee has evaluated the merits and risks of investment in the Note and has determined that the Note is a suitable investment for the assignee or transferee in light of such party's overall financial condition and prospects;

(ix) that the Note will be characterized as "restricted securities" under the federal securities laws because the Note is being acquired in a transaction not involving a public offering and that under such laws and applicable regulations such securities may not be resold without registration under the Securities Act of 1933, as amended, except in certain limited circumstances; and

(x) that no market for the Note exists and no market for the Note is intended to be developed.

(c) Notwithstanding Sections (a) and (b) above, the Master Redeveloper may assign and pledge the Note to secure any loan financing the costs of the Project and may transfer the Note to:

(i) any entity controlling, controlled by or under common control with the Master Redeveloper;

(ii) any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Master Redeveloper; or

(iii) any Affiliate.

ARTICLE IX
ENCUMBRANCE OF PROJECT AREA

Section 9.1 **Encumbrance of the Project Area**.

(a) Until the Completion Date of all Phases of the Minimum Improvements and Public Infrastructure Improvements, neither the Master Redeveloper, nor any successor in interest to the Master Redeveloper (which specifically includes any Secondary Redeveloper), will engage in any financing or any other transaction creating any mortgage (a "Mortgage") or other encumbrance or lien upon the Project Area, or portion thereof, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Project Area except for the purpose of obtaining funds only to the extent necessary for constructing the Public Infrastructure and constructing and developing the Minimum Improvements (including, but not limited to, land and building acquisition, labor and materials, professional fees, real estate taxes, construction interest, organization, marketing and other direct or indirect costs of Minimum Improvements, costs of constructing the Minimum Improvements, and an allowance for contingencies).

(b) This restriction on encumbrance shall terminate with respect to any Element or Phase of the Minimum Improvements, upon delivery of the Certificate of Completion for such Element or Phase of the Minimum Improvements. The Master Redeveloper or any successor in interest to the Minimum Improvements or portion thereof, may sell or engage in financing or any other transaction creating a mortgage or encumbrance or lien on the Minimum Improvements or portion thereof for which a Certificate of Completion has been obtained, without obtaining the prior written approval of the Authority.

Section 9.2 **Copy of Notice of Default to Mortgagee**. If the Authority delivers any notice or demand to the Master Redeveloper, or any successor in interest to the Master Redeveloper, with respect to any Event of Default under this Agreement, the Authority will use its best efforts to also deliver a copy of such notice or demand to the mortgagee of any Mortgage at the address of such mortgagee provided to the Authority in a written notice from the Master Redeveloper, any successor in interest to the Master Redeveloper or the mortgagee, provided that failure of the Authority to give any such notice shall not limit the Authority's ability to exercise any of its remedies hereunder.

Section 9.3 **Mortgagee's Option to Cure Events of Default**. Upon the occurrence of an Event of Default, the mortgagee under any Mortgage will have the right at its option, to cure or remedy such Event of Default within the cure periods set forth herein. An individual or entity who acquires title to all or a portion of the Minimum Improvements through the foreclosure of a mortgage or deed in lieu of foreclosure on such portion of the Project Area remains subject to each of the restrictions set forth in this Agreement and remains subject to all of the obligations of the Master Redeveloper, or any successor in interest to the Master Redeveloper, under the terms of this Agreement, but the purchaser at a foreclosure sale or grantee under a deed in lieu of foreclosure nor any subsequent transferee from a mortgagee shall have no personal liability for a breach of such obligations under this Agreement so long as:

(a) The party acquiring title through foreclosure or deed in lieu of foreclosure observes all of the restrictions set forth in the Agreement;

(b) The party who acquired title through foreclosure or deed in lieu of foreclosure does not undertake or permit any other party to undertake any Minimum Improvements on the portion of the Project Area it owns;

(c) The City has no obligation to approve any plans for Minimum Improvements of a portion of the Minimum Improvements the foreclosing mortgagee (or mortgagee obtaining a deed in lieu of foreclosure) owns or to issue any related building permits.

The purpose of this Section is to permit a foreclosing lender (or mortgagee or purchaser obtaining a deed in lieu of foreclosure or a subsequent transferee) to hold title to the portion of the Project Area it acquires through foreclosure or deed in lieu of foreclosure, subject to, but without personal liability for the obligations under this Agreement, until it can sell the portion it holds to a third party who will assume the obligations of the Master Redeveloper under the terms of this Agreement and proceed with the construction of the Minimum Improvements pursuant to the terms of this Agreement. If, rather than passively holding title to the portion of the Project Area it acquires through foreclosure or deed in lieu of foreclosure, the foreclosing lender (or

mortgagee obtaining a deed in lieu of foreclosure or subsequent transferee) or other purchaser at a foreclosure sale desires to sell portions of the Project Area for construction of the Minimum Improvements, the purchaser at the foreclosure sale must assume and perform each of the obligations of the Master Redeveloper, or the applicable successor to the interest of the Master Redeveloper, under this Agreement as to the portion of the Project subject to foreclosure. This Section does not restrict the authority of the Authority to pursue its rights under any outstanding security, exercise remedies otherwise available under this Agreement or suspend the performance of the obligations of the Authority or the Master Redeveloper under this Agreement as otherwise allowed. The Authority agrees to reasonably cooperate with any foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) or other purchaser at a foreclosure sale in pursuing the Minimum Improvements in accordance with this Agreement, including evaluation of such person as a Secondary Redeveloper pursuant to Section 12.2. Unless acting other than passively holding title as described above in this Section, a lender or an independent third party that purchases at a foreclosure sale will have no liability for breach under this Agreement.

Section 9.4 **Defaults Under Mortgage**. The Master Redeveloper, or its successor or assign, will use commercially reasonable efforts to obtain an agreement from any mortgagee under a Mortgage that in the event the Master Redeveloper is in default under any Mortgage, the mortgagee will use commercially reasonable efforts, within thirty (30) days after it becomes aware of any such default and prior to exercising any remedy available to it due to such default, to notify the Authority in writing of (i) the fact of default; (ii) the elements of default; and (iii) the actions required to cure the default. The Master Redeveloper, or its successor or assign, will use its commercially reasonable efforts to obtain an agreement in any such Mortgage, that if, within the time period required by the Mortgage, the Authority cures any default under the Mortgage, the mortgagee will pursue none of its remedies under the Mortgage based on such default, provided that failure of the Master Redeveloper or its successors or assigns to obtain such an agreement from any such mortgagee shall not constitute a breach of this Agreement.

Section 9.5 **Subordination of Agreement**. In order to facilitate the obtaining of financing for the construction of the Minimum Improvements, the Authority agrees to subordinate the provisions hereof to the documents executed in connection with any Mortgage securing a Financing Commitment, provided that such subordination shall not deprive the Authority or otherwise limit any of the Authority's remedies which do not create a lien on the Project Area, except for Special Assessments, upon the occurrence of an Event of Default by the Master Redeveloper.

Section 9.6 **Unit Mortgages**. The provisions of this Article do not apply to loans and mortgages to a purchaser of a unit in a common interest community within the Minimum Improvements.

ARTICLE X
INSURANCE AND CONDEMNATION

Section 10.1 **Insurance**.

(a) The Master Redeveloper and any successor in interest to the Master Redeveloper (which specifically includes any Secondary Redeveloper), shall obtain and continuously

maintain insurance on the Minimum Improvements and, from time to time at the request of the Authority, furnish proof to the Authority that the premiums for such insurance have been paid and the insurance is in effect. The insurance coverage described below is the minimum insurance coverage that the Master Redeveloper must obtain and continuously maintain, provided that the Master Redeveloper shall obtain the insurance described in clause (i) below prior to the commencement of construction of the Minimum Improvements (excluding excavation and footings):

(i) 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 applicable Element at the date of completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy.

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's/Contractor's Policy naming the Authority, and the City as an additional insured, with limits against bodily injury and property damage of not less than $2,500,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used), written on an occurrence basis.

(iii) Workers compensation insurance, with statutory coverage.

(b) All insurance required in this Article shall be obtained and continuously maintained by responsible insurance companies selected by the Master Redeveloper or its successors that are authorized under the laws of the State to assume the risks covered by such policies. Unless otherwise provided in this Article, each policy must contain a provision that the insurer will not cancel nor modify the policy without giving written notice to the insured at least ten (10) days before the cancellation or modification becomes effective. Not less than fifteen (15) days prior to the expiration of any policy, the Master Redeveloper, or its successor or assign, must renew the existing policy or replace the policy with another policy conforming to the provisions of this Article. In lieu of separate policies, the Master Redeveloper or its successor or assign, may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein.

(c) The Master Redeveloper, its successor or assign, agrees to notify the Authority promptly in the case of damage exceeding $500,000 in amount to, or destruction of the Minimum Improvements or any Element resulting from fire or other casualty.

Section 10.2 **Condemnation**. In the event that title to or possession of the Project Area or the Minimum Improvements, or both, or any material part thereof, is threatened with a taking through the exercise of the power of eminent domain, the Master Redeveloper, or its successor or assign, will notify the Authority of the threatened taking with reasonable promptness.

ARTICLE XI
MASTER REDEVELOPER COVENANTS

Section 11.1 **Maintenance and Operation of the Minimum Improvements**. The Master Redeveloper, and its successors or assigns (which specifically includes any Secondary Redeveloper), will, at all times during the term of this Agreement, maintain and operate the Minimum Improvements (or the applicable portion thereof) in a safe and secure way and in compliance with this Agreement and all federal, State and local laws, regulations, rulings and ordinances applicable thereto. The Master Redeveloper, or its successors or assigns, will pay all of the reasonable and necessary expenses of the operation and maintenance of the Minimum Improvements, including all premiums for insurance insuring against loss or damage thereto and adequate insurance against liability for injury to persons or property arising from the construction of the Minimum Improvements as required pursuant to this Agreement. During construction of the Minimum Improvements, the Master Redeveloper, or its successors or assigns, shall not knowingly cause any person working in or attending the Minimum Improvements for any purpose, or any tenant of the Minimum Improvements, to be exposed to any hazardous or unsafe condition; provided that such party shall not be in Default hereunder if it has required the contractors employed to perform work on the Minimum Improvements to take such precautions as may be available to protect the persons in and around the Minimum Improvements from hazards arising from the work, and has further required each such contractor to obtain and maintain liability insurance protecting against liability to persons for injury arising from the work. The expenses of operation and maintenance of the Minimum Improvements shall be borne solely by the Master Redeveloper, its successors or assigns.

Section 11.2 **Business Subsidy Agreement**. The Authority and the Master Redeveloper have determined that a business subsidy agreement within the meaning of the Minnesota Business Subsidy Act, Minnesota Statutes, Sections 116J.993 through 116J. 995 is not required in accordance with the exception contained in the Minnesota Business Subsidy Act, Minnesota Statutes, Section 116J.993, subd. 3(17), because the Master Redeveloper's investment in the purchase of the Project Area and site preparation thereon is seventy percent (70%) or more of the assessor's current year's estimated market value for the Project Area.

ARTICLE XII
TRANSFER LIMITATIONS AND INDEMNIFICATION

Section 12.1 **Representation as to the Minimum Improvements**. The Master Redeveloper represents to the City and the Authority that its purchase of the Project Area, and its other undertakings under this Agreement, are for the purpose of developing the Minimum Improvements and the Public Infrastructure Improvements and not for the purpose of speculation in land holding. The Master Redeveloper acknowledges that, in view of the importance of the Minimum Improvements and the Public Infrastructure Improvements to the general welfare of the City and the Authority, and the substantial financing and other public aids that have been made available by the City and the Authority for the purpose of making such Minimum Improvements and Public Infrastructure Improvements possible, the qualifications and identity of the Master Redeveloper are of particular concern to the Authority. The Master Redeveloper further acknowledges that the City and the Authority are willing to enter into this Agreement

with the Master Redeveloper because of the qualifications and identity of the Master Redeveloper.

Section 12.2 **Secondary Redevelopers**. The Master Redeveloper may designate a separate entity (each a "Secondary Redeveloper") to undertake any Phase or Element of the Minimum Improvements. The Master Redeveloper shall obtain the consent of the City and the Authority to the designation of any Secondary Redeveloper prior to the earlier of (i) closing on the transfer of any interest in the relevant Phase or Element to the Secondary Redeveloper; or (ii) Commencement of construction of the relevant Phase or Element. Consent from the City and the Authority will not be unreasonably withheld. In determining whether to consent to the designation of a Secondary Redeveloper, the Authority shall take into account the following:

(a) whether the Secondary Redeveloper has the experience, qualifications, expertise and financial capacity to fulfill the obligations of the Master Redeveloper under this Agreement as the same may relate to the Phase or Element to be transferred to the Secondary Redeveloper;

(b) whether the Authority has received a written agreement by which the Secondary Redeveloper assumes and agrees to perform all obligations of the Master Redeveloper under this Agreement, performance of which is due on or after the date of assignment, and to be bound by all of the terms and conditions of this Agreement, as the same relate to the Phase or Element to be transferred to the Secondary Redeveloper;

(c) whether the Authority has received an agreement pursuant to which the Secondary Redeveloper remakes, as of the date of assignment, all representations and warranties (for activities occurring on or before the date of assignment) made in this Agreement by the Master Redeveloper as the same relate to the Phase or Element to be transferred to the Secondary Redeveloper; and

(d) whether the Authority has received a Certificate of Good Standing for such Secondary Redeveloper from the Secretary of State of the jurisdiction of its formation, evidence of being qualified to do business in the State of Minnesota and a resolution or action authorizing all documents executed by such Secondary Redeveloper in connection with such assignment.

Once approved in writing by the Authority as set forth hereunder, a Secondary Redeveloper will be considered the Master Redeveloper as solely and exclusively related to the Phase or Element to be transferred to the Secondary Redeveloper, and Pentagon Revival, LLC, or an Affiliate, will not be deemed in default of this Agreement as a result of the acts or omissions of a Secondary Redeveloper, including without limitation, the occurrence of an Event of Default by a Secondary Redeveloper.

Section 12.3 **Transfers**. The Master Redeveloper may sell a parcel within the Project Area, or any portion of the Project Area, and otherwise may transfer any portion of the property in the Project Area, including, without limitation, any merger, consolidation, joint venture, sale or addition of new members or capital of the Master Redeveloper and Secondary Redeveloper, on the following terms and conditions:

(i) Any proposed transferee shall not be exempt from the payment of real estate taxes and shall have the qualifications and financial responsibility, as determined by the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Master Redeveloper;

(ii) Any proposed transferee, by instrument in writing reasonably satisfactory to the Authority and in form recordable among the land records shall, for itself and its successors and assigns, and expressly for the benefit of the Authority have expressly assumed all of the obligations of the Master Redeveloper (or such part thereof as is appropriate for one particular Phase or Element) under this Agreement and agree to be subject to all the conditions and restrictions to which the Master Redeveloper is subject as the same relate to the Phase or Element to be transferred;

(iii) The Master Redeveloper must submit all instruments and other legal documents involved in effecting transfer to the Authority; and

(iv) The transferee must demonstrate, in a manner satisfactory to the City and the Authority, its ability to perform all assumed obligations in this Agreement.

Except as set forth in Section 12.6 of this Agreement, in the absence of specific written agreement by the City and the Authority to the contrary, no such transfer or approval by the City and the Authority thereof shall be deemed to relieve the Master Redeveloper or any other party bound in any way by this Agreement or otherwise with respect to its obligations under this Agreement.

Section 12.4 **Indemnification**.

(a) The Master Redeveloper releases and covenants and agrees that the City Parties shall not be liable for and agree, jointly and severally, to indemnify and hold harmless the City Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements and Public Infrastructure Improvements constructed by the Master Redeveloper to the extent not attributable to the negligence of the City Parties.

(b) Except for negligence of the City Parties, the Master Redeveloper agrees to indemnify the City Parties, now and forever, and further agrees to hold the aforesaid harmless from any claims, demands, suits, costs, expenses (including reasonable attorney's fees), actions or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Master Redeveloper (or if other persons acting on their behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Minimum Improvements and Public Infrastructure Improvements constructed by the Master Redeveloper; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the Authority in this Agreement.

Section 12.5 **Limitation**. All covenants, stipulations, promises, agreements and obligations of the City, the Authority or the Master Redeveloper contained in this Agreement

shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City, the Authority and the Master Redeveloper, and not of any governing body member, officer, agent, servant or employee of the City, the Authority or the Master Redeveloper in the individual capacity thereof.

Section 12.6 **Release of Master Redeveloper**.

(a) At the time of the granting by the City and Authority of consent to the transfer of any Phase or Element to a Secondary Redeveloper, and subject to the City's agreement to release the Master Redeveloper under the circumstances provided below, the Authority shall determine, in its reasonable discretion, whether or not to relieve the Master Redeveloper of any of its obligations under this Agreement.

(b) Notwithstanding the foregoing, Master Redeveloper shall not be deemed to be in default under this Agreement on account of a default by a Secondary Redeveloper.

(c) The Master Redeveloper may retain a right of reversion in any Phase or Element conveyed to a Secondary Redeveloper. Any such right of reversion retained by the Master Redeveloper shall be subject to and subordinate to all rights of the Authority pursuant to this Agreement. Notwithstanding the foregoing, at the closing of the conveyance of any Phase or Element to a Secondary Redeveloper, and if requested by the Master Redeveloper, the Master Redeveloper and the City and Authority shall enter into a "stand aside" agreement pursuant to which the Authority shall permit the Master Redeveloper to proceed under the Master Redeveloper's reversion right so long as the Master Redeveloper repossesses the Phase or Element owned by a defaulting Secondary Redeveloper and proceeds reasonably to complete the Phase or Element , both within reasonable time. Such "stand aside" agreement shall be in form and substance acceptable to the City and Authority and the Master Redeveloper.

(d) After issuance of Certificates of Completion for all of the Minimum Improvements included in any Phase or Element of the Project, the Master Redeveloper shall have no further obligations or liability with respect to such Phase or Element.

ARTICLE XIII
EVENTS OF DEFAULT AND REMEDIES

Section 13.1 **Events of Default Defined**. Subject to applicable cure periods, "Events of Default" under this Agreement include any one or more of the events listed in Sections 13.2 and 13.3.

Section 13.2 **Master Redeveloper Events of Default**. The following shall be Events of Default for the Master Redeveloper:

(a) subject to Unavoidable Delays and Cure Rights, the Master Redeveloper fails to maintain a Development Activity in accordance with Section 6.3;

(b) subject to Unavoidable Delays and Cure Rights, the Master Redeveloper fails to complete demolition within the portion of the Project Area on which the Phase 1A

Minimum Improvements and Phase 1B Minimum Improvements will be located, in accordance with Section 6.3;

(c) subject to Cure Rights, failure by the Master Redeveloper to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and the continuation of such failure for a period of thirty (30) days after written notice of such failure from any party hereto; and

(d) prior to the delivery of a Certificate of Completion with respect to any Phase of the Minimum Improvements owned by the Master Redeveloper, the Master Redeveloper shall (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or State law; or (ii) make an assignment for the benefit of its creditors; or (iii) become insolvent or adjudicated a bankrupt; or if a petition or answer proposing the adjudication of Master Redeveloper, as a bankrupt or its reorganization under any present or future Federal bankruptcy act or any similar Federal or State law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of Master Redeveloper, or of the Minimum Improvements, or part thereof, shall be appointed in any proceeding brought against Master Redeveloper, and shall not be discharged within ninety (90) days after such appointed, or if Master Redeveloper shall consent to or acquiesce in such appointment.

Section 13.3 **City and Authority Events of Default**. Subject to Unavoidable Delays, the failure of the City or the Authority to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and the continuation of such failure for a period of thirty (30) days after written notice of such failure from any party hereto shall be an Event of Default for the City or the Authority.

Section 13.4 **Cure Rights**. Notwithstanding the foregoing, if the Default reasonably requires more than thirty (30) days to cure, such Default shall not constitute an Event of Default, provided that the curing of the Default is promptly commenced upon receipt by the defaulting party of the notice of the Default, and with due diligence is thereafter continuously prosecuted to completion and is completed within a reasonable period of time, and provided that the defaulting party keeps the non-defaulting party well informed at all times of its progress in curing the Default; provided in no event shall such additional cure period extend beyond 365 days.

Section 13.5 **Authority Remedies on Master Redeveloper Events of Default**. Whenever any Event of Default occurs by the Master Redeveloper, the Authority may take any one or more of the following actions:

(a) terminate this Agreement (but not any previously issued TIF Note, as regards that Phase of the Project), except the Authority will have no right to terminate this Agreement as a result of a default under Sections 4.6 and 11.1, except as otherwise provided herein;

(b) exercise its rights under Section 8.3 of this Agreement regarding the Master Redeveloper's TIF eligibility;

(c) suspend performance under this Agreement until it receives assurances from the Master Redeveloper, deemed adequate by the Authority, that the Master Redeveloper will cure the Default and continue its performance under this Agreement, withhold the Certificate of Completion for any Phase of the Minimum Improvements not yet delivered, and take whatever action at law or in equity may appear necessary or desirable to the Authority to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Master Redeveloper under this Agreement; and

(d) the Authority shall have all remedies normally available at law and in equity to enforce performance of this Agreement including a right to specific performance.

Section 13.6 **City Remedies on Master Redeveloper Events of Default**. Whenever any Event of Default occurs by the Master Redeveloper, the City may suspend performance of its obligations under this Agreement and take whatever action at law or in equity may appear necessary or desirable to the City to enforce performance and observance of any obligation, agreement, or covenant of the Master Redeveloper under this Agreement, including an action for specific performance.

Section 13.7 **Master Redeveloper Remedies on City or Authority Events of Default**. Whenever any Event of Default occurs by the City or the Authority, the Master Redeveloper, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the City or the Authority under this Agreement, including an action for specific performance.

Section 13.8 **No Remedy Exclusive**. No remedy herein conferred upon or reserved to the City, the Authority or the Master Redeveloper is intended to be exclusive of any other available remedy or remedies unless otherwise expressly stated, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article XIII.

Section 13.9 **No Additional Waiver Implied by One Waiver**. If any agreement contained in this Agreement should be breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 13.10 **Reimbursement of Attorneys' Fees**. In the event of any enforcement action hereunder following an Event of Default, the prevailing party, in addition to other relief, shall be entitled to an award of attorney's fees and costs. The City, Authority and Master

Redeveloper waive their right to a jury trial on the issues of who is the prevailing party and the reasonable amount of attorneys' fees and costs to be awarded to the prevailing party. Those issues will be decided by the trial judge upon motion by one or both parties, such motion to be decided based on the record as of the end of the jury trial augmented only by the testimony and/or affidavits from the attorneys and their staff. The parties agree that, subject to the trial judge's discretion, the intent of this clause is to have all issues related to the award of attorneys' fees and costs decided by the trial judge as quickly as practicable.

ARTICLE XIV
ADDITIONAL PROVISIONS

Section 14.1 **Conflicts of Interest**. No member of the Board or other official of the Authority shall have any financial interest, direct or indirect, in this Agreement, the TIF District or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City or the Authority shall be personally liable to the City or the Authority in the event of any Default or breach by Master Redeveloper or successor or on any obligations under the terms of this Agreement.

Section 14.2 **Titles of Articles and Sections**. Any titles of the several parts, Articles and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 14.3 **Notices and Demands**. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and in the case of the Master Redeveloper, is addressed to or delivered personally to the Master Redeveloper at:

Pentagon Revival, LLC
Attn: Scott Tankenoff
2424 Kennedy St NE
Minneapolis, MN 55413

with a copy to:

Anthony J. Gleekel
Siegel Brill P.A.
100 Washington Ave. S.
Minneapolis, MN 55401

In the case of the Authority, is addressed to or delivered personally to the Authority at:

Edina Housing and Redevelopment Authority
Attention: Executive Director
4801 W. 50th ST.
Edina, MN 55424

with a copy to: Jay R. Lindgren
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

In the case of the City, is addressed to or delivered personally to the City at:
City of Edina
Attention: City Manager
4801 W. 50th ST.
Edina, MN 55424

with a copy to: Jay R. Lindgren
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 14.4 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 14.5 **Law Governing**. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

Section 14.6 **Legal Opinions**. Upon execution of this Agreement, each party shall, upon request of the other parties, supply the other parties with an opinion of its legal counsel to the effect that this Agreement is legally issued or executed by, and valid and binding upon, such party, and enforceable in accordance with its terms.

Section 14.7 **Consents and Approvals**. In all cases where consents or approvals are required hereunder, such consents or approvals shall not be unreasonably conditioned, delayed or withheld. All consents or approvals shall be in writing in order to be effective.

Section 14.8 **Representatives**. Except as otherwise provided herein, all approvals and other actions required of or taken by the Authority shall be effective upon action by the Authority Representative. All actions required of or taken by the Master Redeveloper shall be effective upon action by a duly authorized officer of its general partner.

Section 14.9 **Superseding Effect**. This Agreement reflects the entire agreement of the parties with respect to the items covered by this Agreement, and supersedes in all respects all prior agreements of the parties, whether written or otherwise, with respect to the items covered by this Agreement.

Section 14.10 **Relationship of Parties**. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement.

Section 14.11 **Term**. The term of this Agreement shall be effective from the day and year first above written until the earlier of (a) the date this Agreement is terminated, (b) payment in full of the TIF Notes, or (c) date of termination of the TIF District.

Section 14.12 **Provisions Surviving Rescission or Expiration**. Sections 4.3 and 12.4 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 14.13 **Memorandum of Agreement**. Neither party shall cause this Agreement to be recorded or filed in the real estate records of Hennepin County. However, the Master Redeveloper will cause a Memorandum of Agreement to be so recorded or filed in the form attached hereto as Exhibit H, and hereby incorporated herein by reference upon execution of this Agreement upon that portion of the Minimum Improvements Area owned by the Master Redeveloper. At the time of execution of this Agreement the parties hereto will also execute and acknowledge the Memorandum of Agreement. At such time as the Master Redeveloper further acquires fee title to any additional portion of the Project Area, the Master Redeveloper will cause the Memorandum to be recorded against the additional portion of the Project Area and shall record such Memorandum of Agreement in the office of the County Recorder and/or Registrar of Titles in and for Hennepin County, Minnesota, as the case may be.

Section 14.14 **Conflicts Between this Agreement and the Development Contract**. In the event of any inconsistency or conflict between the requirements of this Agreement and a Development Contract, the provisions of the Development Contract shall control; provided, however, that for the purposes of Section 8.3 of this Agreement regarding Defaults that authorize the Authority to withhold payments on any TIF Assistance, this Agreement controls. Except with respect for such inconsistent provisions, neither agreement is intended to amend or supersede the other agreement.

Section 14.15 **Limited Liability**. Notwithstanding anything to contrary provided in this Agreement, it is specifically understood and agreed, such agreement being the primary consideration for the execution of this Agreement by the Master Redeveloper, that (a) there should be absolutely no personal liability on the part of any director, officer, manager, member, employee or agent of the Master Redeveloper (and any Secondary Redeveloper) or the City or Authority with respect to any terms, covenants and conditions in this Agreement; (b) Master Redeveloper (and any Secondary Redeveloper) and the City and the Authority waive all claims, demands and causes of action against the other parties' directors, officers, managers, members, employees and agents in any Event of Default, by either party, as the case may be, of any of the terms, covenants and conditions of this Agreement to be performed by either party; and (c) Master Redeveloper (and any Secondary Redeveloper) and the City or the Authority, as the case may be, shall look solely to the assets of the other party for the satisfaction of each and every remedy in the Event of Default by any party, as the case may be, of any of the terms, covenants and conditions of this Agreement such exculpation of liability to be absolute and without any exception whatsoever.

Section 14.16 **Estoppel Certificates**. Each party, respectively, agrees that at any time and from time to time within ten (10) business days after receipt of a written request by the other party, to execute, acknowledge and deliver to such party a statement in writing and in such form

as will enable it to be recorded in the proper office for the recordation of deeds and other instruments certifying: (a) that this Agreement is unmodified and in full force and effect or, if there have been modifications, that the same are in full force and effect as modified and identifying the modifications; (b) that no party is in default under any provisions of this Agreement or, if there has been a default, the nature of such default; (c) that all work to be performed, under this Agreement or any related agreement has been performed or, if not so performed, specifying the work to be performed; and (d) as to any other matter that the requesting party or a prospective mortgagee or other lender shall reasonably request. It is intended that any such statement may be relied upon by any person, prospective mortgagee of, or assignee of any mortgage, upon such interest. Any such statement on behalf of the City may be executed by the City Manager without City Council approval and any such statement on behalf of the Authority may be executed by the Executive Director without Authority Board approval.

IN WITNESS WHEREOF, the City, the Authority and the Master Redeveloper have caused this Agreement to be duly executed in their names and on their behalf, all on or as of the date first above written.

CITY OF EDINA,
MINNESOTA

By_____
Its Mayor

By_____
Its City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by James Hovland and Scott Neal the Mayor and City Manager respectively, of the City of Edina, Minnesota, on behalf of the City of Edina.

_____
Notary Public

HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA

By_____
Its Chair

By_____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by James Hovland and Scott Neal the Chair and Executive Director respectively, of the Housing and Redevelopment Authority of the City of Edina, Minnesota, on behalf of said Authority.

_____
Notary Public

PENTAGON REVIVAL, LLC
a Delaware limited liability company

By_____
Its_____

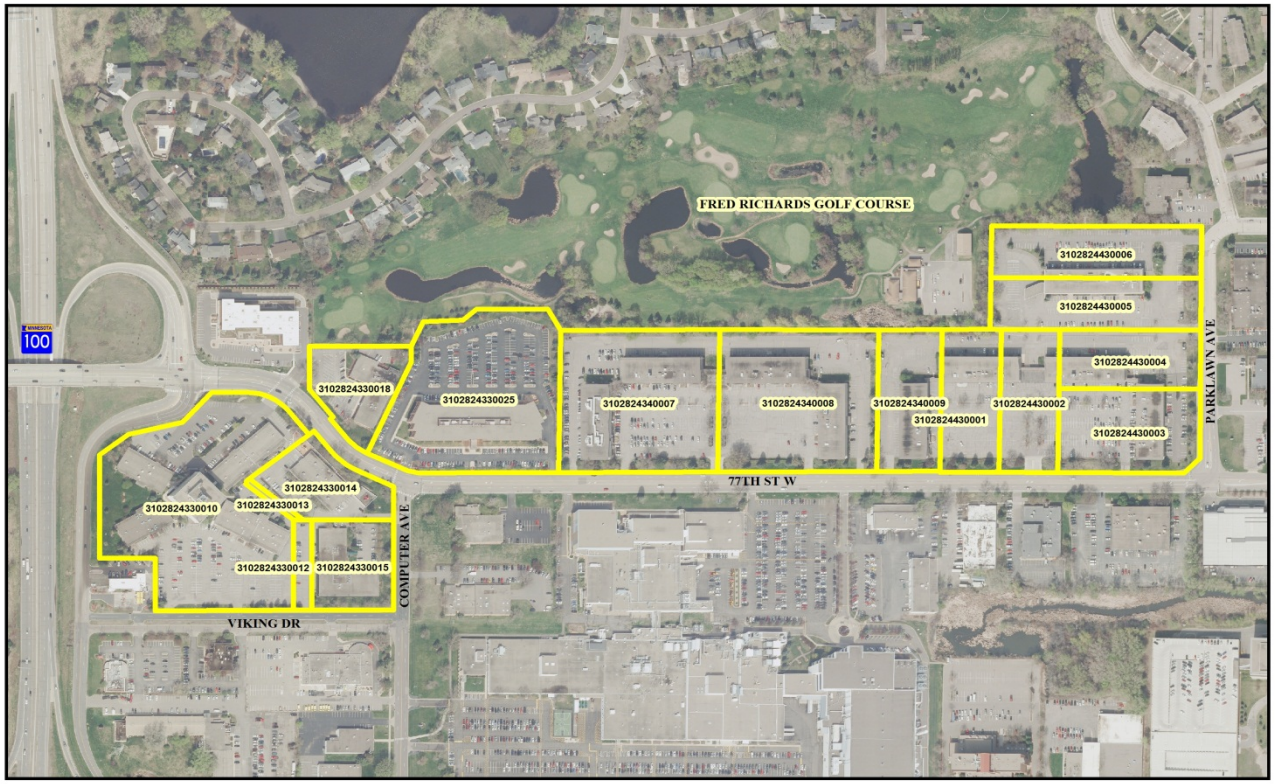
STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of _____, 2014, by _____, the _____ of Pentagon Revival, LLC, a Delaware limited liability company, on behalf of the limited liability company.

_____
Notary Public

EXHIBIT A

Project Area Map



Pentagon Park TIF District

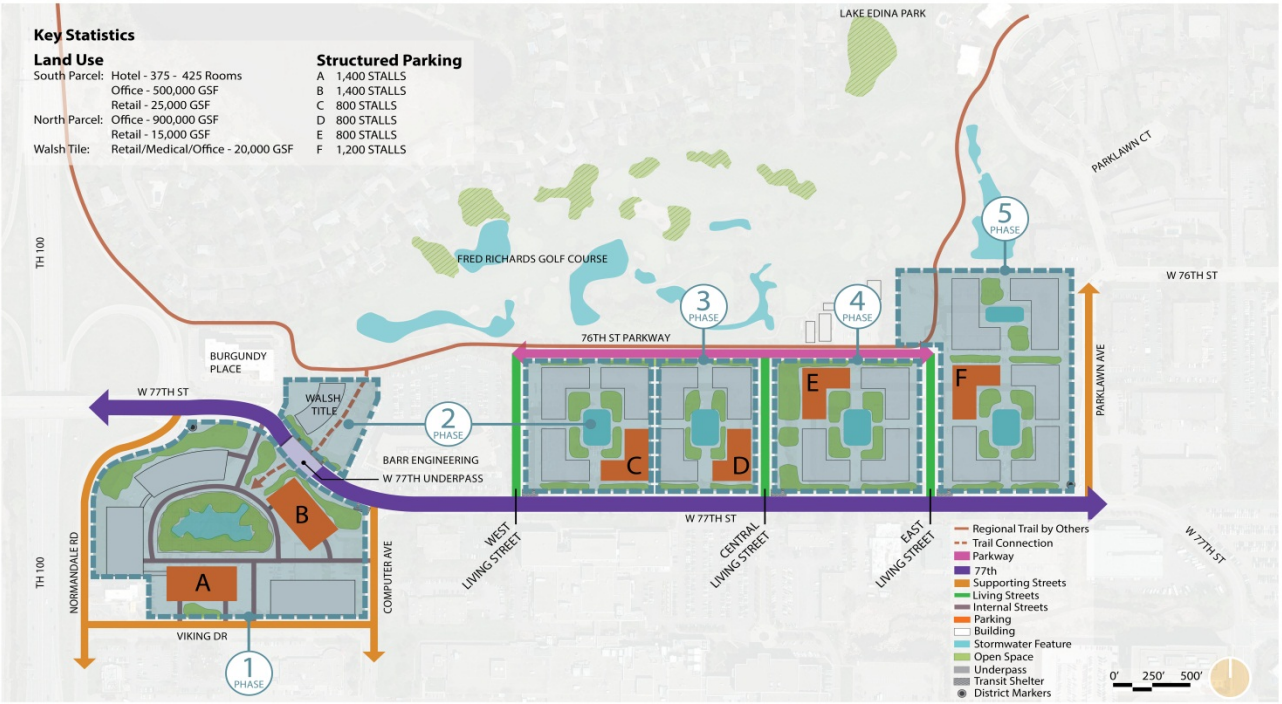
Pentagon Park TIF District Parcels

N
W E
S

Engineering Dept.
May, 2014

EXHIBIT B

Minimum Improvements Site Plan



DAMONFARBERASSOCIATES
BOB CLOSE STUDIO, LLC

PRELIMINARY DEVELOPMENT PHASES
EDINA, MN - MAY, 2014

PENTAGON PARK

EXHIBIT B-1

Legal Description of Minimum Improvements Area

PID	Address	Owner
31-028-24-33-0010	4901 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-33-0014	4815 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0003	4510 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0004	4530 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0005	7600 Parklawn Avenue Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0006	7600 Parklawn Avenue Edina, MN 55435	**Pentagon South, LLC**

Legal Description:
PARCEL 1:
All of the following described land:
Those parts of Tracts A and B lying Southerly of the following described line: Beginning at a point on the West line of said Tract B distant 220 feet North of the Southwest corner thereof; thence run Northeasterly to a point on the North line of said Tract B distant 170 feet West of the Northeast corner thereof; thence run Northeasterly to a point on the East line of said Tract A distant 40 feet North of the Southeast corner thereof and there terminating.

Tract C,

Tracts E and F, except those parts thereof lying Northerly of the following described line:
Beginning at a point on the East line of Tract A, distant 40 feet North of the Southeast corner thereof; thence run Northeasterly to a point distant 120 feet West and 32 feet South of the Northeast corner of said Tract E; thence run Easterly parallel with the North line of said Tract E for 30 feet; thence deflect to the left at an angle of 90 degrees 00 minutes 00 seconds for 12 feet; thence run Easterly and Southeasterly parallel with the Northerly and Northeasterly lines of said Tracts E and F to its intersection with the following described line: Beginning at a point on the Southwesterly line of Tract S distant 105 feet Southeasterly of the West line of said Tract S (when measured along said Southwesterly line); thence run Southwesterly at right angles to said Southwesterly line for 100 feet and there terminating, Tract G, except the East 58 feet of the Southerly 300 feet thereof,

That part of Tract H, lying North of the South 300 feet thereof;

All in Registered Land Survey No. 1050, Hennepin County, Minnesota.

PARCEL 2:
Tracts F, G, H and I, Registered Land Survey No. 1218, Hennepin County, Minnesota.

PID	Address	Owner
31-028-24-43-0002	4540 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-43-0001	4550 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-34-0009	4570 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-34-0008	4600 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-34-0007	4660 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
Legal Description: Tracts A, B, C, D and E, Registered Land Survey No. 1218, Hennepin County, Minnesota.		

PID	Address	Owner
31-028-24-33-0018	4820 West 77th Street Edina, MN 55435	**FYT, LLC**
Legal Description : Tract S, Registered Land Survey No. 1050, Hennepin County, Minnesota		

PID	Address	Owner
31-028-24-33-0015	7710 Computer Avenue Edina, MN 55435	**JUD, LLC**
Legal Description: The East 58 feet of the Southerly 300 feet of Tract G; The South 300 feet of Tract H, Registered Land Survey No. 1050, Hennepin County, Minnesota.		

EXHIBIT C

PARKING FACILITIES EASEMENT

PARKING FACILITIES EASEMENT
between

THE HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF EDINA, MINNESOTA AND
[_____]
for
PENTAGON PARK
for construction, maintenance and use of
PUBLIC PARKING FACILITIES

THIS AGREEMENT, made as of this ___ day of _____, 20__, by and between THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA (hereinafter the "Authority") and [_____], a [_____] (hereinafter "Developer").

W I T N E S S E T H:

WHEREAS, the Authority, the City of Edina, Minnesota, a Minnesota statutory city (hereinafter the "City"), and Pentagon Revival, LLC, a Delaware limited liability company (hereinafter the "Master Redeveloper") have entered into a Master Redevelopment Agreement ("Master Redevelopment Agreement") dated May __, 2014; and

WHEREAS, such Master Redevelopment Agreement is intended to provide for the redevelopment of the Project Area as defined in the Master Redevelopment Agreement within the Pentagon Park Tax Incremental Financing district established by the Authority pursuant to Resolution No. 14 – 2014 – 2 by the Master Redeveloper in coordination with the Authority and with the cooperation and assistance of City; and

WHEREAS, the Master Redevelopment Agreement provides for the expenditure of public and other funds for public improvements to assist in the redevelopment of the Project Area; and

WHEREAS, the Master Redeveloper has transferred the Burdened Property (as that term is defined herein) to the Developer; and

WHEREAS, pursuant to the Master Redevelopment Agreement, the City, Authority and Master Redeveloper have agreed that for each Final Development Plan for which the Master Redeveloper or Developer, as applicable, identifies Parking Facilities as a Qualified

Redevelopment Cost, the Master Redeveloper will ensure that certain parking is available to the general public within the Parking Facilities by delivering an easement for the installation, use and maintenance of the Parking Facilities; and

WHEREAS, notwithstanding the rights to the Authority granted by Master Redeveloper in this Easement, the Authority acknowledges and agrees that the purpose of the Parking Facility that is subject to this Agreement is to primarily serve the private parking needs of the Elements being served by the Parking Facility.

WHEREAS, the Master Redeveloper has agreed to own, operate, manage, and maintain the Parking Facilities pursuant to the Master Redevelopment Agreement;

WHEREAS, the parties hereto deem it to be in their vital interest and in the best interest of the Authority to enter into this Easement and Maintenance Agreement (hereinafter this "Agreement") with Developer with respect to the real property legally described on Exhibit A attached hereto and incorporated herein that is served by the Parking Facility that contains the Easement Premises (hereinafter "Burdened Property"); and

WHEREAS, all capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Master Redevelopment Agreement.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows

ARTICLE I

GRANT OF EASEMENT

Section 1.1 **Easement Premises** - Developer hereby grants and conveys to the Authority a non-exclusive easement over and across those portions of the real property described [and depicted] on Exhibit B annexed hereto situated in the City of Edina, County of Hennepin, State of Minnesota (hereinafter "Easement Premises") for the purpose of vehicular public parking, together with all appurtenances thereto and means of access from and to public rights of way and easements on the Burdened Property as shown in the Final Development Plans required by the Master Redevelopment Agreement, or constructed by Master Redeveloper or Developer, as applicable, including but not limited to any and all Parking Facilities, streets, alleys, or public spaces immediately adjoining or contiguous to the Easement Premises and all easements appurtenant and/or used in connection with the Easement Premises; however, the Easement Premises shall not include the air rights lying above any multi-level parking structures.

ARTICLE II

TERM

Section 2.1 **Term** - The term of this Agreement shall be perpetual and run with the land commencing as of the date hereof; except as explicitly set forth herein.

ARTICLE III

UTILITIES

Section 3.1 **Utility Charges** - During the term of this Agreement, Developer will pay, or cause to be paid, when the same become due, all charges for water, sewer usage, gas, electricity, power, heat, telephone, or other communications service and any and all other utility or similar services used, rendered, supplied, or consumed in, upon, at, from, or in connection with the Easement Premises, or any part thereof.

ARTICLE IV

TAXES AND ASSESSMENTS

Section 4.1 **Payment of Taxes and Assessments** - Developer shall pay, or cause to be paid, before becoming delinquent, all real estate taxes, charges, assessments, and levies, assessed and levied by any governmental taxing authority during the term of this Agreement against the Easement Premises. Nothing contained in this Agreement shall require Developer to pay any franchise, estate, inheritance, excise, succession, capital levy, or transfer tax of the City or any income, excess profits or revenue tax payable by the City under this Agreement. Developer shall have the right and option, at any time but solely at Developer's expense, to pay any real estate taxes or assessments in installments or under protest or in a similar manner, or to contest the levy or amount of the same in appropriate legal or administrative proceedings.

ARTICLE V

USE OF EASEMENT PREMISES

Section 5.1 **Maintenance, Operation and Management of Easement Premises** - During the term of this Agreement, Developer shall operate and maintain the Parking Facilities which are hereafter erected and constructed upon the Easement Premises for parking purposes and other related or incidental purposes and in accordance with all applicable governmental laws, ordinances, regulations and orders pertaining to parking facilities generally from time to time. Subject to the provisions of this Agreement, Developer shall have full authority and control over the management, operation, and use of the Easement Premises and the Burdened Property. Developer shall be entitled to keep and retain as its own property all income and revenue produced from the use and operation of the Easement Premises during the term of this Agreement and shall have no obligation to report to or account to the City for any such income or revenue or with respect to expenses incurred by Developer in its use and operation of the Easement Premises. Developer may engage such employees, agents, or independent contractors as it may deem advisable to conduct the management, repair, maintenance, and operation of the Easement Premises from time to time during the term of this Agreement. Developer shall be entitled to make all decisions and to execute all agreements, in its sole discretion, with respect to the Parking Facilities so long as such decisions and agreements do not violate the provisions of the Master Redevelopment Agreement.

Section 5.2 **Waste, Nuisance, Damage, Disfigurement or Injury to Easement Premises** - Neither the Authority nor Developer shall knowingly or willfully commit or suffer to be committed any waste or damage in or upon the Easement Premises, or any disfigurement or injury to any improvements hereafter erected or located upon the Easement Premises, or any part thereof, or the fixtures and/or equipment thereof. Developer in its use and occupancy of the Easement Premises, shall not knowingly and willfully commit or suffer to be committed any act or thing which constitutes a nuisance. Usual and normal wear and tear, damage by the elements, unavoidable casualty or depreciation and diminution over time shall not be considered "waste," "nuisance," "damage, "disfigurement," or "injury."

Section 5.3 **Developer's Reservation of Certain Rights**. - The Authority's easement rights under this Agreement shall be subject to the following reservations as well as the other applicable provisions contained in this Agreement:

(i) The Developer reserves the right to close-off any portion of the Easement Premises for such reasonable period of time as may be legally necessary, in the opinion of the Developer's counsel, to prevent the acquisition of prescriptive rights by anyone; provided, however, that prior to closing-off any portion of the Easement Premises, the Developer shall give as much written notice as reasonably practicable of its intention to do so;

(ii) The Developer reserves the right at any time and from time to time to exclude and restrain any private party from access to the Parking Facility;

(iii) The Developer reserves the right to temporarily erect or place barriers in and around areas on the Easement Premises or the Burdened Property which are being constructed and/or repaired in order to insure either safety of persons or protection of property; and

(iv) Rules and regulations adopted by and applied by the Developer from time to time so long as such rules and regulations do not materially impact the Authority's rights to the use of the Easement Premises as set forth in this Agreement.

ARTICLE VI

INDEMNIFICATION, INSURANCE

Section 6.1 **Property Insurance** - At all times during the term hereof, Developer at its sole cost and expense, shall keep all improvements hereafter erected or located upon the Easement Premises, and all alterations, extensions, and improvements thereto and replacements thereof, insured against loss or damage by fire and against those casualties covered by extended coverage insurance and against vandalism and malicious mischief and against such other risks, of a similar or dissimilar nature, as are customarily covered with respect to parking facilities similar in construction, general location, use, and occupancy to the improvements then on the Easement Premises.

Section 6.2 **Personal Property** - All property of every kind and character which Developer may keep or store in, at, upon, or about the Easement Premises shall be kept and stored at the sole risk, cost, and expense of Master Redeveloper.

Section 6.3 **Liability Insurance** - During the term of this Agreement, Developer shall procure and maintain continuously in effect (or shall cause the same to occur), policies of insurance of the kind and minimum amounts as are customarily maintained with respect to parking facilities and, at coverage levels to be reviewed from time to time by the Developer, as follows:

(a) Insurance against liability (including passenger elevator liability) for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition of the Parking Facilities. Such insurance shall provide that the City is an additional insured.

(b) Garage keepers' liability insurance including coverage for:

(i) Fire and explosion;

(ii) Theft (of entire vehicle); and

(iii) Riot, civil commotion, malicious mischief, and vandalism.

(c) Robbery and hold-up insurance.

Section 6.4 **General Insurance Requirement** - All insurance required in this Agreement shall be placed with financially sound and reputable insurers licensed to transact business in the State of Minnesota. Developer shall furnish the City policies evidencing all such insurance or a certificate or certificates of the respective insurers stating that such insurance is in force and effect. Each policy of insurance herein required shall contain a provision that the insurer shall not cancel it without giving written notice to the Authority at least ten (10) days before the cancellation becomes effective. The insurance coverage herein required may be provided by a blanket insurance policy or policies.

Section 6.5 **No Obligation of Authority for Insurance** - At no time and under no circumstances shall the Authority be required to take out, maintain in force and effect, or pay for any type of insurance coverage with reference to the protection of and/or ownership of and/or occupancy of and/or a suit relating to the Easement Premises and/or any improvements hereafter located thereon.

ARTICLE VII

ASSIGNMENT, SUBORDINATION

Section 7.1 **Assignment by the Authority** - During the term of this Agreement, the Authority may not assign or transfer its interest under this Agreement without the prior written consent of Master Redeveloper.

Section 7.2 **Assignment by Developer** - During the term of this Agreement, Developer may not assign or otherwise transfer its interest under this Agreement, except as provided in the Master Redevelopment Agreement and to whomever becomes an assignee of Master Redeveloper under the Master Redevelopment Agreement, and also except to any mortgagee holding a Mortgage on or interest in the Easement Premises. Notwithstanding the foregoing, the Developer may assign this Agreement without consent of the Authority following the full and final payment of the TIF Note issued under the terms of the Master Redevelopment Agreement, the proceeds of which were used to fund all or any portion of the Parking Facility subject to this Agreement (hereinafter "TIF Note Payment Date").

Section 7.3 **Subordination** - This Agreement and the interest of the Authority hereunder shall be subordinate to any construction or permanent mortgage financing obtained by Developer with respect to the Easement Premises, and the Authority agrees to execute any instruments required by such mortgagee in order to effect such subordination.

ARTICLE VIII

MAINTENANCE OF THE EASEMENT PREMISES

Section 8.1 **Maintenance** - At all times during the term hereof, Developer, at its cost and expense, shall keep and maintain in good condition and repair, all of the Easement Premises. It is distinctly understood that the preceding shall not require maintenance and/or repair of the Easement Premises and/or improvements hereinafter erected thereon in perfect condition or is a condition equal to new at all times, but Developer shall keep and maintain the same in such condition as to minimize, so far as is practicable, by reasonable care, maintenance, replacement, and repair, the effects of use, decay, injury, and destruction of the Easement Premises or any part thereof, the Authority recognizing that depreciation and diminution by reason of ordinary wear and tear, age, use, and environmental factors is unavoidable and expected.

Section 8.2 **No Obligation of the City to Repair or Maintain** - The Authority shall have no obligation of any kind, expressed or implied, to repair, rebuild, restore, reconstruct, modify, alter, replace, or maintain the Easement Premises or any part thereof.

Section 8.3 **Destruction** - In the event that the Parking Facilities on the Easement Premises are destroyed by fire or other casualty prior to the TIF Note Payment Date, and subject to a determination by the relevant mortgage lender, Developer will rebuild or reconstruct the Parking Facilities to the extent insurance proceeds are available or, in the event insurance proceeds are not sufficient to reconstruct the entire Parking Facilities, to the extent insurance proceeds combined with any contributions by Developer toward reconstruction are available. If Developer rebuilds or reconstructs the Parking Facilities, the proceeds from any and all insurance policies covering risks against loss or damage shall be used to rebuild or reconstruct. Developer has no obligation to rebuild or reconstruct the Parking Facility any time after the TIF Note Payment Date.

ARTICLE IX

EMINENT DOMAIN

Section 9.1 **Major Condemnation** - If all of the Easement Premises shall be taken, acquired, or condemned by eminent domain for any public or quasi-public use or purpose, this Agreement shall terminate as of the date of vesting of title in the condemning authority.

ARTICLE X

DEFAULT AND TERMINATION

Section 10.1 **Default by the Authority** - If the Authority fails to perform any of its obligations under this Agreement, and fails to cure such default after ninety (90) days' written notice of such default, then in such case Developer may (i) declare the termination of this Agreement and re-enter and take possession of the Easement Premises or (ii) pursue all available remedies at law and in equity. In such case, or at such time as this Agreement is terminated pursuant hereto, the Authority agrees to execute and deliver to Developer a written termination of this Agreement in recordable form, which termination agreement will be filed in the official records of Hennepin County, Minnesota.

Section 10.2 **Default by Developer** - If Developer fails to perform any of its obligations under this Agreement, and fails to cure such default after ninety (90) days' written notice of such default or, if such default cannot reasonably be cured within such ninety (90) days, fails to commence curative action and thereafter diligently complete the same, then in such case, the Authority may pursue all available remedies at law and in equity.

ARTICLE XI

SURRENDER

Section 11.1 The Authority shall upon the expiration or earlier termination of this Agreement surrender to Developer the Easement Premises, including without limitation any and all buildings, improvements, and fixtures then upon the Easement Premises, and all buildings, improvements, structures, fixtures, alterations, and other additions which may be made or installed by or at the instance of either party hereto, in, upon, or about the Easement Premises shall become the property of Developer upon any such expiration or termination and shall be surrendered to Developer by the City without any payment therefor.

ARTICLE XII

TERMINATION FOLLOWING THE TIF NOTE PAYMENT DATE

Section 12.1 Notwithstanding anything to contrary in this Agreement, Developer may terminate this Agreement following the TIF Note Payment Date, if (i) Developer elects to remove the Parking Facility as part of the redevelopment of the Burdened Property, and (ii) as part of said redevelopment does not construct any new parking facility on the Easement Premises.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 **Waiver** - The waiver by any party hereto of any breach or default of any provisions anywhere contained in this Agreement shall not be deemed to be a waiver of any subsequent breach or default thereof. No provision of this Agreement shall be deemed to have been waived by any party hereto unless such waiver is in writing and signed by the party charged with any such waiver.

Section 13.2 **Amendments** - Except as otherwise herein provided, and not otherwise, no subsequent alteration, amendment, change, waiver, discharge, termination, deletion, or addition to this Agreement shall be binding upon either party unless in writing and signed by both parties. Developer and the Authority agree to join in and consent to amendments to this Agreement, to the extent such amendments are reasonably required by Developer's relevant mortgage lender for a corresponding Phase or Element as described in the Master Redevelopment Agreement, provided, however, that Developer and the Authority shall not be required to enter into such amendments if the amendments do not adequately protect the legitimate interest and security of the Authority or City with respect to the Project as defined in the Master Redevelopment Agreement.

Section 13.3 **Joinder; Permitted Encumbrance** - This Agreement does not require the joinder or approval of any other person and each of the parties respectfully has the full, unrestricted and exclusive legal right and power to enter into this Agreement for the term and upon the provisions herein recited and for the use and purposes hereinabove set forth. This Agreement shall constitute a permitted encumbrance under any loan agreement heretofore or hereafter entered into between Developer and any construction or permanent lender. **Estoppel Certificate** - Each party, respectively, agrees that at any time and from time to time within ten (10) business days after receipt of a written request by the other party, to execute, acknowledge and deliver to such party a statement in writing and in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments certifying: (a) **that** this Agreement is unmodified and in full force and effect or, if there have been modifications, that the same are in full force and effect as modified and identifying the modifications; (b) that no party is in default under any provisions of this Agreement or, if there has been a default, the nature of such default; (c) that all work to be performed, under this Agreement or any related agreement has been performed or, if not so performed, specifying the work to be performed; and (d) as to any other matter that the requesting party or a prospective mortgagee or other lender shall reasonably request. It is intended that any such statement may be relied upon by any person, prospective mortgagee of, or assignee of any mortgage, upon such interest. Any such statement on behalf of the Authority may be executed by the Executive Director without Authority Board approval. Section 13.5 **Dedication** – Nothing contained in this Agreement will be deemed to be a gift or dedication of any portion of the Easement Premises or Burdened Property to the general public, except as explicitly set forth in this Agreement.

Section 13.6 **Notices** - Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and in the case of the Developer, is addressed to or delivered personally to the Developer at:

_____
_____
_____
_____

with a copy to: _____
_____
_____
_____

In the case of the Authority, is addressed to or delivered personally to the Authority at:

Edina Housing and Redevelopment Authority
Attention: Executive Director
4801 W. 50th ST.
Edina, MN 55424

with a copy to: Jay R. Lindgren
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 13.7 **No Third Party Beneficiary** – This Agreement is not intended to give or confer any benefits, rights, privileges, claims, action or remedies to any person or entity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE HOUSING AND
REDEVELOPMENT AUTHORITY OF
THE CITY OF EDINA, MINNESOTA
By: _____
Its: Chair

By: _____
Its: Executive Director

[_____, a
_____]

By: _____
Its:

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by James Hovland and Scott Neal the Chair and Executive Director respectively, of the Housing and Redevelopment Authority of the City of Edina, Minnesota, on behalf of said Authority.

_____
Notary Public

My Commission Expires

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ___ day of _____, 2014, by _____, the _____ of _____, a _____, on behalf of the _____.

_____
Notary Public

My Commission Expires

<u>This Instrument was drafted by</u>
<u>and when recorded should be returned to</u>:

Dorsey & Whitney LLP (JRL)
Suite 1500
50 South Sixth Street
Minneapolis, Minnesota 55402

EXHIBIT A
(to Exhibit E of the Master Redevelopment Agreement)

LEGAL DESCRIPTION OF THE BURDENED PROPERTY

[A legal description of the Burdened Property served by the Parking Facility that is part and parcel of the Easement Premises]

EXHIBIT B
(to Exhibit E of the Master Redevelopment Agreement)

LEGAL DESCRIPTION [AND DEPICTION] OF EASEMENT PREMISES

[A legal description [and depiction] of the Easement Premises shall be mutually approved by the Parties and added to this exhibit upon completion of a survey of the Easement Premises.]

EXHIBIT D

TIF Pro Forma

[See Attached]

EHLERS & ASSOCIATES INC

City of Edina
Pentagon Park
Total Project

SOURCES	% OF TOTAL	% OF FINANCE	TOTALS
DEVELOPER FINANCING - Construction Loan	80.00%	80.00%	438,699,102
DEVELOPER EQUITY	9.75%	9.75%	53,474,776
TIF NOTE	9.85%	9.85%	54,000,000
AMOUNT FINANCED	**99.60%**		**546,173,878**
GRANT #1			2,200,000
TOTAL SOURCES	**100.00%**		**548,373,878**

IRR without TIF:	**-1.05%**
IRR with TIF:	**14.91%**

USES	PER S.F.	% OF TOTAL	SUBTOTAL	TOTALS
ACQUISITION COSTS	**1,445,000**			
Land Acquisition		1.82%	9,998,000	**24,246,000**
Land Commission		0.33%	1,796,000	
Stabilzation		2.27%	12,452,000	
SITE COSTS				
Site Improvement Costs (Demo/Soils/Storm/Green Space)		6.83%	37,442,999	**109,542,499**
Parking Ramps		9.59%	52,570,500	
Infrastructure Costs (Public ROW Improvements)		3.56%	19,529,000	
CONSTRUCTION COSTS				**271,472,867**
Shell Construction		43.72%	239,725,000	
General conditions/Builder Profit		3.69%	20,240,134	
SAC/WAC		0.46%	2,495,459	
Contingency		1.64%	9,012,274	
TENANT IMPROVEMENTS				**36,195,000**
Tenant Improvements -		6.60%	36,195,000	
SOFT COSTS				
PREDEVELOPMENT COSTS				**18,859,935**
Architect & Civil		3.31%	18,138,747	
Space Planning	0.50	0.13%	721,188	
INTEREST EXPENSE				**40,829,919**
Construction Financing Costs		7.20%	39,482,919	
Land Carrying Cost		0.25%	1,347,000	
LEGAL	1.31	0.34%	1,889,512	**1,889,512**
REAL ESTATE TAXES		1.14%	6,240,443	**6,240,443**
LEASING				**11,559,881**
Marketing	1.00	0.26%	1,442,375	
Commissions		1.85%	10,117,506	
DEVELOPER FEE		4.77%	26,144,570	**26,144,570**
MISC		0.25%	1,393,252	**1,393,252**
Total Soft Costs				**106,917,512**
TOTAL USES		**100.00%**		**548,373,878**

INTERNAL RATE OF RETURN ANALYSIS - WITHOUT TIF					
Years	Year	Initial Investment	CASH Flow	Sale Price	Total Cash Flow
		0			0
1	2014	0	0	0	0
2	2015	(7,556,956)	0	0	(7,556,956)
3	2016	(8,302,555)	0	0	(8,302,555)
4	2017	(27,404,911)	(2,707,110)	0	(30,112,021)
5	2018	(26,659,313)	1,887,160	0	(24,772,153)
6	2019	(5,201,885)	(1,090,570)	12,806,825	6,514,369
7	2020	(5,201,885)	6,614,111	16,190,691	17,602,917
8	2021	(5,376,606)	1,626,067	25,465,853	21,715,313
9	2022	(5,376,606)	1,290,889	0	(4,085,717)
10	2023	(8,197,028)	(681,142)	8,616,533	(261,638)
11	2024	(8,197,028)	1,438,614	0	(6,758,414)
12	2025	0	(1,450,947)	10,557,516	9,106,569
13	2026	0	2,333,149	0	2,333,149
14	2027	0	2,458,504	17,959,982	20,418,485
	Total	**(107,474,776)**	**11,718,725**	**91,597,400**	**(4,158,651)**
				IRR:	**-1.05%**

INTERNAL RATE OF RETURN ANALYSIS - WITH TIF					
Years	Year	Initial Investment	CASH Flow	Sale Price	Total Cash Flow
		0			0
1	2014	0	0	0	0
2	2015	(7,556,956)	0	0	(7,556,956)
3	2016	(8,302,555)	0	0	(8,302,555)
4	2017	(27,404,911)	(2,707,110)	0	(30,112,021)
5	2018	(26,659,313)	2,307,650	0	(24,351,663)
6	2019	(5,201,885)	434,180	23,111,256	18,343,550
7	2020	(5,201,885)	8,633,284	31,492,092	34,923,491
8	2021	(5,376,606)	3,122,638	41,518,231	39,264,263
9	2022	(5,376,606)	1,681,177	0	(3,695,429)
10	2023	(8,197,028)	(22,820)	14,493,328	6,273,479
11	2024	(8,197,028)	1,835,259	0	(6,361,769)
12	2025	0	(753,678)	16,135,619	15,381,941
13	2026	0	2,864,492	0	2,864,492
14	2027	0	3,198,784	25,090,183	28,288,966
	Total	**(107,474,776)**	**20,593,856**	**151,840,709**	**64,959,790**
				IRR:	**14.91%**

EXHIBIT E

Phase TIF Pro Forma

[See Attached]

EHLERS & ASSOCIATES INC

Construction:	2015
Occupied:	2017
Sale:	2019

City of Edina
Pentagon Park
Phase I: Element 1

SOURCES	% OF TOTAL	% OF FINANCE	TOTALS
DEVELOPER FINANCING - Construction Loan			
DEVELOPER EQUITY			
AMOUNT FINANCED			
GRANT #1			
GRANT #2			
EXTERNAL EQUITY			
TOTAL SOURCES			

	2019
IRR=	
Cash on Cost =	
Cash on Cash =	

USES	PER S.F.	% OF TOTAL	SUBTOTAL	TOTALS
ACQUISITION COSTS				
Land Acquisition				
Land Commission				
Stabilization				
SITE COSTS				
Site Improvement Costs (Demo/Soils/Storm/Green Space)				
Parking Ramps				
Private road improvements				
Infrastructure Costs (Public ROW Improvements)				
CONSTRUCTION COSTS				
Shell Construction				
General conditions/Builder Profit				
Permits				
FF & E				
Traffic Signal				
SAC/WAC				
Contingency				
TENANT IMPROVEMENTS				
Tenant Improvements -				
Tenant Improvements -				
SOFT COSTS				
PREDEVELOPMENT COSTS				
Architect & Civil				
Governmental				
Space Planning				
Traffic Study				
Survey & Soil Testing				
INTEREST EXPENSE				
Construction Financing Costs				
Land Carrying Cost				
GOVERNMENTAL FEES				
Park Dedication Fees				
Special Assessments				
LEGAL				
REAL ESTATE TAXES				
FINANCING				
Title Insurance/Mort Registration				
Financing, Origination and Guarantee Fees				
Bank/Borrower Legal				
Recording & Closing Costs				
Loan (Construction)				
LEASING				
Marketing				
Commissions				
OPENING CONTINGENCY				
OFFICE OVERHEAD				
CAM,RET & Mgmt				
DEVELOPER FEE				
MISC				
Total Soft Costs				
TOTAL USES		**100.00%**		

PROJECT REVENUE ASSUMPTIONS			
TYPE	RENT PER SQ. FT.	TOTAL SQ. FT.	ANNUAL REVENUE
Office			
Retail			
Total Rental Income			
Parking			
Total Other Income			
Total Revenues			

PROJECT SALE ASSUMPTIONS
Total Cost
First Year N. O. I.
C.A.P Rate
Sales Expense

PROJECT DEBT ASSUMPTIONS
Private Debt:
Lender NOI
C.A.P Rate
C.A.P Loan Amount
Max Loan Amount
Amount of Loan - Series A
Term Of Loan
Rate of Loan
Monthly Payment - Interest Only
Annual Payment
Amount of Loan - Series B
Term Of Loan
Rate of Loan
Monthly Payment
Annual Payment

INFLATION ASSUMPTIONS					
YEAR	2014	2015	2016	2017	2018
Rental Revenue					
Other Income					
Expenses					
Office Vacancy					
Retail Vacancy					
MONTHS OPERATING	12				

YEAR	2019	2020	2021	2022	2023
Rental Revenue					
Other Income					
Expenses					
Office Vacancy					
Retail Vacancy					

YEAR	2024	2025	2026	2027	2028
Rental Revenue					
Other Income					
Expenses					
Office Vacancy					
Retail Vacancy					

CASH FLOW - INCOME					
	2014	2015	2016	2017	2018
Rental Revenue					
Office					
Retail					
Total Rental					
Other Revenue					
Total Other					
Gross Revenue					
Office Vacancies					
Retail Vacancies					
Effective Income					

	2019	2020	2021	2022	2023
Rental Revenue					
Office					
Retail					
Total Rental					
Other Revenue					
Total Other					
Gross Revenue					
Office Vacancies					
Retail Vacancies					
Effective Income					

	2024	2025	2026	2027	2028
Rental Revenue					
Office					
Retail					
Total Rental					
Other Revenue					
Total Other					
Gross Revenue					
Office Vacancies					
Retail Vacancies					
Effective Income					

CASH FLOW - EXPENSES AND DEBT

OPERATING EXP(-)	2014	2015	2016	2017	2018
CAM & RET PSF					
Office Vacancy					
Retail Vacancy					
MANAGEMENT AND OTHER FEES					
Management Fees					
Tenant Improvements					
Leasing Commissions					
TOTAL FEES					
TOTAL EXPENSES					
NET OPERATING INCOME					
TIF PAYMENTS					
CASH FLOW AVAILABLE					
DEBT SERVICE (-) - Series A					
CASH FLOW AFTER FINANCING					
RETURN ON INVES.-ANNUAL					
RETURN ON INVES.-AVERAGE					

OPERATING EXP. (-)	2019	2020	2021	2022	2023
CAM & RET PSF					
Office Vacancy					
Retail Vacancy					
MANAGEMENT AND OTHER FEES					
Management Fees					
Tenant Improvements					
Leasing Commissions					
TOTAL FEES					
TOTAL EXPENSES					
NET OPERATING INCOME					
TIF PAYMENTS					
CASH FLOW AVAILABLE					
DEBT SERVICE (-) - Series A					
CASH FLOW AFTER FINANCING					
RETURN ON INVES.-ANNUAL					
RETURN ON INVES.-AVERAGE					

OPERATING EXP. (-)	2024	2025	2026	2027	2028
CAM & RET PSF					
Office Vacancy					
Retail Vacancy					
MANAGEMENT AND OTHER FEES					
Management Fees					
Tenant Improvements					
Leasing Commissions					
TOTAL FEES					
TOTAL EXPENSES					
NET OPERATING INCOME					
TIF PAYMENTS					
CASH FLOW AVAIL. FOR DEBT SERVICE					
DEBT SERVICE (-) - Series A					
CASH FLOW AFTER FINANCING					
RETURN ON INVES.-ANNUAL					
RETURN ON INVES.-AVERAGE					

ANNUAL EQUITY REQUIREMENT
Year
Amount of Equity
Minimum Rate Of Return - Percent
Minimum Rate Of Return - Amount

SALE ANALYSIS
Net Operating Income End 2019
Divided By Cap Rate
Gross sale price
Plus TIF Note Principal
Minus Debt - Bank
Net Sale amount
Sales expense -
Final amount

INTERNAL RATE OF RETURN ANALYSIS - EQUITY PARTNERS

Years	Year	Initial Investment	CASH Flow	Sale Price	Total Cash Flow
1	2014				
2	2015				
3	2016				
4	2017				
5	2018				
6	2019				
7	2020				
8	2021				
9	2022				
10	2023				
11	2024				
12	2025				
	Total				
				IRR:	

EXHIBIT F

TIF Note

TAX INCREMENT NOTE

No. R-___ $_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CITY OF EDINA

_____

THE HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF EDINA, MINNESOTA
TAX INCREMENT REVENUE NOTE

Interest Rate		Date of Original Issue		Maturity Date

Registered Owner: _____

Principal Amount: _____

The **HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA** (the ***"HRA"***) acknowledges itself to be indebted and, for value received, promises to pay to the order of **[_____]**, or its assigns (the ***"Developer"***), solely from the source, to the extent and in the manner hereinafter provided, up to the principal amount of this Tax Increment Note (this ***"Note"***) as provided herein, together with interest thereon accrued on the unpaid principal balance hereof, at the rate of interest of 6% per annum, on the Payment Dates. This Note is executed and delivered in accordance with the terms and conditions of a Master Redevelopment Agreement, dated as of May 20, 2014, by and among the City of Edina, Minnesota (the "***City***"), the HRA and Pentagon Revival, LLC (the "***Master Redevelopment Agreement***"), and an authorizing resolution (the "***Resolution***") duly adopted by the HRA on _____, 20___.

Each payment on this Note is payable in any coin or currency of the United States of America which on the date of such payment is legal tender for public and private debts and shall be made by check or draft made payable to the Developer and mailed to the Developer at its postal address within the United States which shall be designated from time to time by the Developer.

The Note is a special and limited obligation and not a general obligation of the HRA, which has been issued by the HRA pursuant to the terms and conditions of the Master Redevelopment Agreement and a resolution of the Board of the HRA to aid in financing a

"project," as defined in Minnesota Statutes, Section 469.174, subdivision 8, of the HRA consisting generally of defraying certain capital and administration costs incurred and to be incurred within and for the benefit of the Pentagon Park Tax Increment Financing District (the ***"TIF District"***). Capitalized terms used herein and not otherwise defined herein shall have the meaning given to them in the Master Redevelopment Agreement.

The maximum principal amount of this Note attributable to Qualified Redevelopment Costs shall not exceed $[_____].

Principal of and interest on this Note shall be payable solely from Available Tax Increment on each February 1 and August 1 commencing [August 1, 20__] through and including [February 1, 20__] (the "***Payment Dates"***). On each Payment Date, the HRA shall apply Available Tax Increment to the payment of principal of and interest on this Note then due; provided, however, that in the event that Available Tax Increment is not sufficient to pay when due the principal of and interest on this Note, the failure of the HRA to pay the entire amount of principal or interest on this Note on any Payment Date shall not constitute a default under this Note as long as the HRA pays the principal of and interest on this Note to the extent of Available Tax Increment.

All payments made by the HRA on this Note shall be applied first to accrued interest and then to the principal amount of this Note.

"Available Tax Increment" is defined as 90% of the tax increment from the TIF District received and retained by the Authority from the County during any applicable time frame, less Tax Increment utilized for Off-Site Public Infrastructure Improvements in amounts determined in accordance with Section 8.2(b) of the Master Redevelopment Agreement. In the event that Available Tax Increment is not sufficient to pay when due the principal of and interest on this Note, the failure of the HRA to pay the principal of and interest on this Note then due shall not constitute a default hereunder.

EXCEPT AS TO THE OBLIGATION TO MAKE PAYMENTS FROM THE TAX INCREMENT, THE NOTE IS NOT A DEBT OF THE HRA, THE CITY, OR THE STATE, AND NEITHER THE HRA, THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE LIABLE ON THE NOTE, NOR SHALL THE NOTE BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN TAX INCREMENT.

This Note may terminate and the HRA's obligation to make any payments under this Note may be discharged and the HRA shall have no obligation and incur no liability to make any payments hereunder upon the occurrence of an Event of Default by the Developer under Section 8.3 of the Master Redevelopment Agreement, and the passing of all applicable cure periods thereunder.

The outstanding principal balance due under this Note shall be subject to redemption and prepayment, in whole or in part, at the option of the HRA and, if redemption is in part, installments of principal shall be applied to reduce the principal to become due on this Note in inverse order of maturity, or, at the written direction of the HRA, pro rata from each maturity.

The Developer shall never have or be deemed to have the right to compel any exercise of any taxing power of the HRA or the City or any other public body, and neither the HRA nor the City, nor any director, commissioner, council member, board member, officer, employee or agent of the HRA or the City, nor any person executing or registering this Note shall be liable personally hereon by reason of the issuance or registration hereof or otherwise.

THE HRA MAKES NO REPRESENTATION OR WARRANTY THAT THE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

The Note shall not be assignable or transferable without the prior written consent of the HRA; provided, however, that such consent shall not be withheld if: (a) the assignee or transferee delivers to the HRA a written instrument acknowledging the limited nature of the HRA's payment obligations under the Note, and (b) the assignee or transferee executes and delivers to the HRA a certificate, in form and substance reasonably satisfactory to the HRA, pursuant to which, among other things, such assignee or transferee represents (i) that the Note is being acquired for investment for such assignee's or transferee's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, (ii) that the assignee or transferee has no present intention of selling, granting any participation in, or otherwise distributing the same, (iii) that the assignee or transferee is an "accredited investor" within the meaning of Rule 501 of the Regulation D under the Securities Act of 1933, as amended, (iv) that the assignee or transferee, either alone or with such assignee's or transferee's representatives, has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the prospective investment in the Note and the assignee or transferee is able to bear the economic consequences thereof, (v) that in making its decision to acquire the Note, the assignee or transferee has relied upon independent investigations made by the assignee or transferee and, to the extent believed by such assignee or transferee to be appropriate, the assignee's or transferee's representatives, including its own professional, tax and other advisors, and has not relied upon any representation or warranty from the HRA, or any of its officers, employees, agents, affiliates or representatives, with respect to the value of the Note, (vi) that the HRA has not made any warranty, acknowledgment or covenant, in writing or otherwise, to the assignee or transferee regarding the tax consequences, if any, of the acquisition and investment in the Note, (vii) that the assignee or transferee or its representatives have been given a full opportunity to examine all documents and to ask questions of, and to receive answers from, the HRA and its representatives concerning the terms of the Note and such other information as the assignee or transferee desires in order to evaluate the acquisition of and investment in the Note, and all such questions have been answered to the full satisfaction of the assignee or transferee, (viii) that the assignee or transferee has evaluated the merits and risks of investment in the Note and has determined that the Note is a suitable investment for the assignee or transferee in light of such party's overall financial condition and prospects, (ix) that the Note will be characterized as "restricted securities" under the federal securities laws because the Note is being acquired in a transaction not involving a public offering and that under such laws and applicable regulations such securities may not be resold without registration under the Securities Act of 1933, as amended, except in certain limited circumstances, and (x) that no market for this Note exists and no market for the Note is intended to be developed.

Notwithstanding the foregoing, the Developer may assign and pledge this Note to secure any loan to finance the costs of the Project and may transfer the Note to (i) any entity controlling, controlled by or under common control with the Developer, (ii) any entity in which the majority equity interest is owned by the parties that have a majority equity interest in the Developer, or (iii) to an Affiliate.

This Note is issued pursuant to a resolution of the Board of the HRA and is entitled to the benefits thereof, which Resolution is incorporated herein by reference.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the HRA or the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the HRA or the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the Board of the Housing and Redevelopment Authority of the City of Edina, Minnesota, has caused this Note to be executed by the manual signatures of the Chair and the Executive Director of the HRA, and has caused this Note to be dated as of [_____ ___, 20__].

_____	_____
Chair	Executive Director

EXHIBIT G

Certificate of Completion

CERTIFICATE OF COMPLETION

A. PENTAGON REVIVAL, LLC (the "Developer"), pursuant to the Master Redevelopment Agreement with the CITY OF EDINA, MINNESOTA (the "City") and the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA (the "Authority"), dated effective as of May __, 2014 (the "Agreement"), has agreed to complete the _____ Phase or Element, as defined in and in accordance with the Agreement, on that certain real property (the "Property") located in Hennepin County, Minnesota, described on the attached Exhibit A.

B. The Developer has substantially completed construction of _____ Phase or Element as required under the Agreement.

C. The issuance of this Certificate of Completion by the City and the Authority is not intended nor shall it be construed to be a warranty or representation by the City or the Authority as to the structural soundness of the _____ Phase or Element, including, but not limited to, the quality of materials, workmanship or the fitness of the _____ Phase or Element for it/their proposed use;

NOW THEREFORE, this is to certify that all construction and other physical improvements specified to be done and made by the Developer with regard to the _____ Phase or Element of the Minimum Improvements have been substantially completed, and the provisions of the Agreement imposing obligations on the Developer to construct the _____ Phase or Element on the Property, are hereby satisfied and terminated, and the County Recorder and Registrar of Titles in and for the County of Hennepin and State of Minnesota are hereby authorized to record this instrument, to be a conclusive determination of the satisfactory termination of said provisions of the Agreement.

Dated: _____ __, 20__

CITY: CITY OF EDINA, MINNESOTA

By _____

Its: Mayor

By _____

Its: City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by James Hovland and Scott Neal the Mayor and City Manager respectively, of the City of Edina, Minnesota, on behalf of the City of Edina.

_____
Notary Public

AUTHORITY: HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA

By _____

Its: Chair

By _____

Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by James Hovland and Scott Neal the Chair and Executive Director respectively, of the Housing and Redevelopment Authority of the City of Edina, Minnesota, on behalf of said Authority.

_____
Notary Public

EXHIBIT A
(to Exhibit G of the Master Redevelopment Agreement)

Description of the Property

EXHIBIT H

Memorandum of Redevelopment Agreement

MEMORANDUM OF MASTER REDEVELOPMENT AGREEMENT

THIS MEMORANDUM OF MASTER REDEVELOPMENT AGREEMENT (this "Memorandum") is entered into as of May _____, 2014, by and among the CITY OF EDINA, MINNESOTA, a Minnesota statutory city ("City"); the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA, a public body corporate and politic organized and existing under the laws of the State of Minnesota ("Authority"); and PENTAGON REVIVAL, LLC., a Delaware limited liability company ("Developer").

RECITALS:

A. City, Authority and Developer (collectively, the "Parties") have entered into a certain Master Redevelopment Agreement dated as of May _____, 2014 (the "Agreement"), whereby the Parties have agreed to various aspects of the redevelopment of certain real property more particularly described on Exhibit A attached hereto and made a part hereof, together with all improvements, tenements, easements, rights and appurtenances pertaining to such real property, lying and being in Hennepin County, Minnesota (the "Property").

B. The Parties wish to give notice of the existence of the Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the sum of One and 00/100 Dollar ($1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The above Recitals are incorporated by reference as if fully set forth herein.

2. Capitalized terms, when not defined herein, shall have the meanings ascribed to them in the Agreement.

3. The Parties have entered into the Agreement to set forth the terms and provisions governing the redevelopment of the Property.

4. This Memorandum has been executed and delivered by the Parties for the purpose of recording and giving notice that a contractual relationship for the redevelopment of the Property has been created between the Parties in accordance with the terms, covenants and conditions of the Agreement.

5. The terms and conditions of the Agreement are incorporated by reference into this Memorandum as if fully set forth herein.

6. This Memorandum may be executed separately in counterparts which, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Memorandum as of the date first written above.

CITY: CITY OF EDINA, MINNESOTA

By _____

Its: Mayor

By _____

Its: City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by James Hovland and Scott Neal the Mayor and City Manager respectively, of the City of Edina, Minnesota, on behalf of the City of Edina.

_____
Notary Public

AUTHORITY: HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA

By _____

Its: Chair

By _____

Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by James Hovland and Scott Neal the Chair and Executive Director respectively, of the Housing and Redevelopment Authority of the City of Edina, Minnesota, on behalf of said Authority.

_____
Notary Public

DEVELOPER: PENTAGON REVIVAL, LLC

By _____
Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ___ day of _____, 2014, by _____, the _____ of Pentagon Revival, LLC, a Minnesota limited liability company, on behalf of the limited liability company.

_____
Notary Public

THIS DOCUMENT WAS DRAFTED BY:

Dorsey & Whitney LLP (JRL)
50 South Sixth Street
Suite 1500
Minneapolis, MN 55402-1498

EXHIBIT A
(to Exhibit H of the Master Redevelopment Agreement)

Legal Description

PID	Address	Owner
31-028-24-33-0010	4901 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-33-0014	4815 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0003	4510 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0004	4530 West 77th Street Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0005	7600 Parklawn Avenue Edina, MN 55435	**Pentagon South, LLC**
31-028-24-43-0006	7600 Parklawn Avenue Edina, MN 55435	**Pentagon South, LLC**

Legal Description:
PARCEL 1:
All of the following described land:
Those parts of Tracts A and B lying Southerly of the following described line: Beginning at a point on the West line of said Tract B distant 220 feet North of the Southwest corner thereof; thence run Northeasterly to a point on the North line of said Tract B distant 170 feet West of the Northeast corner thereof; thence run Northeasterly to a point on the East line of said Tract A distant 40 feet North of the Southeast corner thereof and there terminating.

Tract C,

Tracts E and F, except those parts thereof lying Northerly of the following described line:
Beginning at a point on the East line of Tract A, distant 40 feet North of the Southeast corner thereof; thence run Northeasterly to a point distant 120 feet West and 32 feet South of the Northeast corner of said Tract E; thence run Easterly parallel with the North line of said Tract E for 30 feet; thence deflect to the left at an angle of 90 degrees 00 minutes 00 seconds for 12 feet; thence run Easterly and Southeasterly parallel with the Northerly and Northeasterly lines of said Tracts E and F to its intersection with the following described line: Beginning at a point on the Southwesterly line of Tract S distant 105 feet Southeasterly of the West line of said Tract S (when measured along said Southwesterly line); thence run Southwesterly at right angles to said Southwesterly line for 100 feet and there terminating, Tract G, except the East 58 feet of the Southerly 300 feet thereof,

That part of Tract H, lying North of the South 300 feet thereof;

All in Registered Land Survey No. 1050, Hennepin County, Minnesota.

PARCEL 2:
Tracts F, G, H and I, Registered Land Survey No. 1218, Hennepin County, Minnesota.

PID	Address	Owner
31-028-24-43-0002	4540 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-43-0001	4550 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-34-0009	4570 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-34-0008	4600 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
31-028-24-34-0007	4660 West 77th Street Edina, MN 55435	**Pentagon North, LLC**
Legal Description: Tracts A, B, C, D and E, Registered Land Survey No. 1218, Hennepin County, Minnesota.		

PID	Address	Owner
31-028-24-33-0018	4820 West 77th Street Edina, MN 55435	**FYT, LLC**
Legal Description : Tract S, Registered Land Survey No. 1050, Hennepin County, Minnesota		

PID	Address	Owner
31-028-24-33-0015	7710 Computer Avenue Edina, MN 55435	**JUD, LLC**
Legal Description: The East 58 feet of the Southerly 300 feet of Tract G; The South 300 feet of Tract H, Registered Land Survey No. 1050, Hennepin County, Minnesota.		

EXHIBIT I

TIF Lookback Example*

Phase	Applicable TIF Note Principal	Year	Actual IRR	Excess IRR (Act IRR – 16%)	Excess Profit as calculated by Phase TIF Pro forma with profit above 16% IRR at Transfer	TIF Adjustment (Excess Profit x 0.25)	Applicable Percentage of TIF Note	Maximum TIF Adjustment (lesser of TIF adjustment applicable 10-25% of TIF Note)	Phase Developer TIF Adjustment	Cumulative Phase Developer TIF Adjustment	6% annual interest on Cumulative TIF Adjustment	Total TIF Adjustment to be repaid
1A	$14,000,000	0	19%	3%	$1,000,000	$250,000	15%	$250,000	$250,000	$250,000	0	$250,000
1B	$2,000,000	1	16%	0%	0	0	0%	0	0	$250,000	$15,000	$265,000
2	$8,000,000	2	16%	0%	0	0	0%	0	0	$265,000	$15,000	$280,000
3	$15,000,000	3	21%	5%	$3,000,000	$750,000	25%	$750,000	$750,000	$1,030,000	$15,900	$1,045,900
N/A		4								$1,045,900	$61,800	$1,107,700
N/A		5								$1,107,700	$62,754	$1,170,454
N/A		6								$1,170,454	$66,462	$1,236,916
N/A		7								$1,236,916	$70,227	$1,307,143
N/A		8								$1,307,143	$74,215	$1,381,358
4	$7,000,000	9	14%	-2%	-$300,000	0	N/A	0	-$300,000	$1,081,358	$78,429	$1,159,787
5	$7,000,000	10	No sale	0	0	0	0	0	$0	$1,159,787	$64,881	$1,224,668

*This is a hypothetical example to illustrate the general method to calculate the Phase Developer TIF Adjustment and the Phase Constructor TIF Adjustment in accordance with Section 7.4 of the Agreement.