

Exclusive Negotiating Rights Term Sheet
Between the City of Minneapolis and United Properties (“**Developer**”)
Upper Harbor Terminal

1. Property: Parcels 1a, 4, 5, 6a, 6b, 7a and 7b (legal TBD) (each parcel being referred to herein as a “**Parcel**” and collectively, the “**Property**”) as identified on the preliminary platting map (the “**Preliminary Plat**”) attached as **Attachment 1** as further described in the Coordinated Plan for the Upper Harbor Terminal approved by the City Council on October 8, 2021 (the “**Coordinated Plan**”).
2. Developer/Operator: United Properties Development LLC or an affiliated entity (the “**Developer**”). Any substitute Developer/Operator for any Parcel may be proposed by the Developer, but will need approval by the City Council, provided that Building Blocks Inc. is an approved substitute Developer for any of the Parcels.
3. Community Definition: People who have a vested stake in outcomes of the development of the Upper Harbor Terminal site, specifically American Descendants Of Slaves (ADOS) and Black, Indigenous and People of Color (BIPOC) individuals, Those living nearest to the project site, those in historically marginalized communities who typically experience displacement due to unfair banking practices (predatory lending & red lining), low- and medium-income individuals who have been forced out due to increased rents, those who experienced displacement due to the 2011 tornado, and those who also experience cultural disruption resulting from public and private investments (the “**Community**”).
4. Exclusive Negotiating Rights: The City will grant Developer the exclusive right to present a redevelopment proposal for each of the Parcels to the City Staff for consideration by the City Council and to negotiate the terms of a redevelopment agreement and long-term ground lease for each of the Parcels. The City will not offer any Parcel for sale or lease to any other party as long as the grant of exclusive negotiation rights is in effect as provided herein with respect to each respective Parcel.
5. Termination of Exclusive Negotiating Rights: The City may terminate the foregoing rights upon one of the following events of default after written notice to Developer and 60 days opportunity to cure:
 - a. Developer or an affiliated entity is in default beyond applicable notice and cure periods of its agreements with the City with respect to any other property at the Upper Harbor Terminal site.

- b. The milestone dates outlined in Section 6 below are missed without an extension being granted by the CPED Director, provided that a missed milestone date for one Parcel will only affect the exclusive rights for such Parcel and shall not affect Developer's exclusive rights to any other Parcel.

Each milestone date will be extended as reasonably necessary to account for any unforeseeable delays due to causes outside the control of the Developer such as, but not limited to, acts of God, acts of the public enemy, the direct result of strikes, other labor troubles, fire, floods, epidemics, quarantines, unavailability of power, unusual severe weather, litigation commenced by third parties or other similar judicial or governmental action that directly results in delays, provided that the Developer is diligently pursuing achievement of the milestones given the cause of the delay. Inability to finance a project is not considered an unforeseeable delay.

6. Development Milestones:

a. Parcel 1a

- Developer is applying for all relevant affordable housing sources for which the project on Parcel 1a is eligible and providing a report to the City on or before January 31 of each year describing the results of such applications.
- By **September 1, 2023**, schematic drawings completed, preliminary construction pricing determined and feasible budget with reasonable funding sources identified.
- By **June 1, 2024**, 30% of funding sources secured or reasonably committed.
- By **June 1, 2024** (the "**Parcel 1a Proposal Deadline**"), Developer shall have delivered a Project Proposal for Parcel 1a in accordance with Section 8.

b. Parcel 4

- Within **6 months** of exclusive rights being granted and every **6 months** thereafter, Developer shall submit a list of owners/tenants pursued for identified food production target use; provided, however, if Developer is unable to disclose the identity of any potential owners/tenants due to confidentiality restrictions, Developer shall provide other reasonable, non-confidential information regarding Developer's progress in identifying and securing owners/tenants for the Parcel.

- If Developer has demonstrated to the City that no food production project is viable despite using good faith efforts for at least **12 months** after exclusive rights have been granted, Developer may request City Council approval of an alternate jobs-producing project that will provide at least one FTE job per 1,000 square feet of usable space or other wealth creating project to benefit the Community. If the City approves an alternative development concept, then the Developer shall have until the later of **12 months** thereafter and **March 1, 2024** to deliver the applicable Project Proposal for Parcel 4.
- By **August 1, 2022**, or such longer period as is agreed to by the City's CPED Director, Developer will have agreed to a plan and commitments to facilitate truck traffic for the benefit of the development and operation of Parcels 3, 4 and 5 that is mutually agreeable to the Developer and the City.
- Subject to any extension due to City approval of an alternative development concept as provided above, by **March 1, 2024** (the "**Parcel 4 Proposal Deadline**"), Developer shall have delivered a Project Proposal for Parcel 4 in accordance with Section 8.

c. Parcel 5

- Within **6 months** of exclusive rights being granted and every **6 months** thereafter, to the extent possible, Developer shall submit a list of owners/tenants pursued for manufacturing, production and procession target use; provided, however, if Developer is unable to disclose the identity of any potential owners/tenants due to confidentiality restrictions, Developer shall provide other reasonable, non-confidential information regarding Developer's progress in identifying and securing owners/tenants for the Parcel.
- By **August 1, 2022**, or such longer period as is agreed to by the City's CPED Director, Developer will have agreed to a plan and commitments to facilitate truck traffic for the benefit of the development and operation of Parcels 3, 4 and 5 that is mutually agreeable to the Developer and the City.
- By **March 1, 2024** (the "**Parcel 5 Proposal Deadline**"), Developer shall have delivered a Project Proposal for Parcel 5 in accordance with Section 8.

d. Parcel 6a

As soon as possible, but no later than **February 1, 2022** (the “**Parcel 6a Proposal Deadline**”), Developer and City will define minimum improvements, ground lease terms, financing plan, pre-closing and other commitments including commitments for providing a plan describing Developer’s strategy for filling the commercial space with Community businesses, parcel development timeframe, and contracting requirements, all to be the base of a term sheet for City Council review and consideration.

e. Parcel 6b

- Within **18 months** of exclusive rights being granted, Developer (in collaboration with Building Blocks Inc. and a community entity or entities selected by Building Blocks Inc. and Developer) will complete and provide the City with a feasibility study evaluating (i) the feasibility of possible health and wellness hub programs, including food based businesses, particularly those owned by or employing people in the Northside Neighborhood; (ii) the feasibility of reserving a portion of the space for start-up entrepreneur business owners/operators; (iii) financial strategies that utilize anchor businesses to help create more attainable rents for Community businesses and (iv) the possibility of engaging leasing agents and/or strategic partnerships that are committed to achieving a goal of leasing a substantial number of individual spaces to Community businesses (the “Feasibility Study”).

The Feasibility Study must include the following topics:

- Project structure,
- Summary of Project Team (Partners, Consultants),
- Concept Drawing,
- Proposed Sources & Uses,
- Detailed Financing and Fundraising Plan,
- Project Schedule,
- 10-year Operating Proforma, and
- Leasing Strategy including proposed Lease Structure/Rates

Developer will provide the City with updates on the status of the Feasibility Study every **6 months**.

Upon receipt of the Feasibility Study, the City will review and determine if there is a feasible plan for development of Parcel 6b as envisioned by the Coordinated Plan. If so, the Developer shall have until the later of **12 months** thereafter and **March 1, 2024** to deliver a Project Proposal for Parcel 6b as envisioned by the Coordinated Plan.

If City staff determine that there is no feasible plan for development of Parcel 6b as envisioned by the Coordinated Plan, then the Developer will have **12 months** from the date of the City's determination to propose alternative development concepts that meets key priorities expressed in the Coordinated Plan. The City reserves the right to reject any alternative development concepts at its sole discretion, but will not unreasonably withhold approval of an alternative development concept that demonstrates feasibility and the ability to meet key Community priorities. If the City approves an alternative development concept, then the Developer shall have until the later of **12 months** thereafter and **June 1, 2025** to deliver the applicable Project Proposal for Parcel 6b.

f. Parcel 7a

- Starting no later than **October 2024**, Developer is applying for all relevant affordable housing sources for which the project on Parcel 7a is eligible and providing a report to the City on or before January 31 of each year describing the results of such applications.
- By **October 1, 2024**, schematic drawings completed, preliminary construction pricing determined and feasible budget with reasonable funding sources identified.
- By **March 1, 2026**, 50% of funding sources secured or reasonably committed.
- By **March 1, 2026** (the "**Parcel 7a Proposal Deadline**"), Developer shall have delivered a Project Proposal for Parcel 7a in accordance with Section 8.

g. Parcel 7b

- Prior to **June 1, 2022**, the Developer will propose a plan for the near term use of Parcel 7b, including a capital and

operating budget for any proposed improvements to the parcel.

- No later than the second anniversary of the opening of the Community Performing Arts Center (“**CPAC**”), the Developer will provide an analysis of the potential to develop Parcel 7b into a long-term use that supports Community priorities. The analysis should include options for locating any temporary activities to other parcels within or near the Upper Harbor Terminal.
- No later than the third anniversary of the opening of the CPAC or **December 1, 2029**, whichever occurs first (the “**Parcel 7b Proposal Deadline**”), Developer shall have delivered a Project Proposal for Parcel 7b in accordance with Section 8.

7. Development Concepts: The development concept being pursued for each Parcel shall be consistent with the Coordinated Plan except as specifically approved by the City or as described herein.

8. Project Approval Process:

- a. As a condition to City staff determining whether to forward a Parcel development proposal to the City Council for consideration, Developer shall prepare and produce for City staff’s review prior to the applicable Project Proposal milestone date identified in Section 6 above for each Parcel the following (each, collectively, a “Project Proposal”):
 - i. A description of the redevelopment proposal, including an estimated timetable for construction start and completion.
 - ii. The estimated development costs for the redevelopment proposal.
 - iii. A description of the financing plan for the redevelopment proposal.
 - iv. Identification of the proposed Developer and any anticipated partners for the redevelopment proposal.
 - v. Documentation that the Developer has a reasonably feasible plan for the final project financing.
 - vi. With the exception of Parcel 6a, at least 50% of project financing is committed.

- vii. With the exception of Parcel 6a, the level and types of public subsidy or other public assistance being requested to support the redevelopment proposal, including amounts and sources.
 - viii. With the exception of Parcel 6a, evidence that the Developer has obtained or will obtain all necessary and required governmental approvals for the redevelopment proposal.
 - ix. Any other information regarding the redevelopment proposal reasonably requested by City staff.
- b. If Developer meets the applicable milestones and timely delivers a Project Proposal, City Staff and the Developer will thereafter negotiate in good faith to reach mutually agreeable terms of development for any Parcel and City Staff will subsequently take in a report to the City Council requesting approval of the terms of a redevelopment agreement and long term ground lease for such Parcel. Developer acknowledges that the City's expectations are that the terms of development will be generally consistent with the terms of the Parcel 1B term sheet as modified for site specific needs of the parties. Developer's exclusive rights with respect to each Parcel shall continue during such period of initial negotiation, consideration by the City Council, and subsequent negotiation between City Staff and the Developer of a definitive redevelopment agreement and long term ground lease so long as Developer is diligently and in good faith negotiating towards mutually agreeable definitive project agreements provided that, unless otherwise extended by the City, such exclusive rights shall automatically terminate if a redevelopment agreement is not executed for a particular parcel within 8 months of termination of such parcel's development proposal deadline.
- c. Additionally, notwithstanding anything to the contrary in this term sheet and regardless of unavoidable delays or other delays not exclusively the fault of the City, starting January 1, 2027, Developer will timely pay all special assessments due and payable on any parcels described herein in order to retain exclusive development rights thereon.

ATTACHMENT 1

UHT Parcel Map

LAND USE

