

June 24 ,2016

[Note: DRAFT for discussion only–subject to City Council approval]

Term Sheet Between the City of Minneapolis and Hennepin County for Penn and Plymouth Ave N

City Property:

- Southeast corner of Penn and Plymouth Ave N: 1256 Penn Ave N, 1235 Oliver Ave N, 1237 Oliver Ave N and 1243 Oliver Ave N. The four parcels total approximately 57,055 square feet (1.31 acres).
 - 21-029-24-22-0161
 - 21-029-24-22-0159
 - 21-029-24-22-0137
 - 21-029-24-22-0135
- Southwest corner of Penn and Plymouth Ave N: 2215 Plymouth Ave N, 2201 Plymouth Ave N, and 1245 Penn Ave N. The three parcels total approximately 35,193 square feet (0.81 acres).
 - 20-029-24-11-0129
 - 20-029-24-11-0001
 - 20-029-24-11-0002

If Hennepin County determines, in its discretion, that it is necessary or desirable to reconfigure portions of existing alleys located on the southeast corner and southwest corner property, then Hennepin County may apply for vacation and, if fee title is owned by the City, subsequent conveyance of the subject alleys in accordance with City policy and practice. Approval may be contingent on Hennepin County acquisition of substitute easements for and construction of the reconfigured alleys, among other things.

Development Site: The City Property, property owned by Hennepin County, NorthPoint Health & Wellness Center, and Estes Funeral Chapel, as shown on Exhibit A.

Developer: Hennepin County. Subject to prior written approval by the City, Developer may assign development rights for one or more elements of the Project to one or more assignees with demonstrated experience and adequate financial capacity to undertake the project or to one or more of its affiliates that it controls, provided the assignee assumes and agrees to be bound by applicable Developer obligations.

Project: Expansion of the NorthPoint Health & Wellness facility and related improvements consisting of the following components:

- i) the demolition of the 26,000 square foot NorthPoint Inc. building;

June 24 ,2016

- ii) following demolition and the relocation Estes Funeral chapel, the construction of approximately 100,000 additional square feet (net addition of approximately 74,000 square feet after demolition on NorthPoint Inc. building);
- iii) partial renovation of the existing NorthPoint Health and Wellness Center's 67,000 square foot facility;
- iv) development and construction, either by the County or others, of property on the south-east corner of Penn Avenue N and Plymouth Avenue N of a commercial building, containing a structured parking facility providing a minimum of 420 parking stalls for the use of NorthPoint Health and Wellness Center; and
- v) relocation, development and construction on the south-west corner of Penn Avenue N. and Plymouth Avenue N. of a new facility for Estes Funeral Chapel.

The Project will be constructed in phases in accordance with the schedule set forth on Exhibit B or such modified schedule as may be approved by the CPED Director prior to execution of the Redevelopment Agreement between the City and Hennepin County.

The Project shall comply with the Penn Avenue North Redevelopment Plan and other plans referenced in that certain 2013-2020 Cooperative Agreement between the City of Minneapolis and Hennepin County and Hennepin County Housing and Redevelopment Authority dated October 29, 2013 (the "Cooperative Agreement"), including but not limited to the following requirements:

- The building addition and all new construction will have quality, durable materials.
- First floor uses will have windows and activity that are within 8 feet (or the allowed setback) of the public sidewalk and have eyes on the street. All buildings will have front doors that open onto the public sidewalks on Penn and Plymouth, and all buildings will be designed to meet the City's Site Plan Review Chapter.
- The site plans will facilitate pedestrian access and circulation on the private property and connect to the public sidewalk.
- The curb cut and vehicular access will minimize conflicts with pedestrian traffic and surrounding neighborhoods; consolidation of curb cuts shall be encouraged.
- The new funeral home facility will be sited up to the corner of Penn and Plymouth to enhance the pedestrian experience.
- The parking structure will incorporate architectural and site design that is reflective of its prominence. Among other things, sloped floors will not dominate the appearance of the walls and vehicles will be screened from view.

June 24 ,2016

- Landscaped areas shall complement the scale of the development and the surrounding area.
- meeting all other City planning and developments requirements as specified in ordinance (including the City's Site Plan Review chapter) and agreements;
- preparation of a Travel Demand Management Plan (TDMP) which shall encourage multiple modes of transportation, assessment of off-street parking demand for vehicles and bicycles and the evaluation of the alignment of 14th Avenue North and Penn Avenue. Developer will also ensure that the design of the Project does not preclude future realignment options.

The final configuration will be subject to a site and development plan to be prepared by Developer and subject to approval by the City of Minneapolis.

Purchase price: One and No/100 Dollars (\$1.00). Developer shall be responsible for the preparation of a Response Action Plan (RAP) for the City Property and for all costs of the remediation of the City Property in accordance with the RAP.

Public Engagement: Developer will work with the City to facilitate at least three public meetings explaining the Project and design elements before City Planning Commission approvals are sought. Developer will reasonably consider public input received at these meetings when refining the design of the Project.

Due Diligence Period And Closing: Developer will have a period of up to twelve (12) months after the date the Redevelopment Agreement has received final approval from the City (i.e., such action has been approved by the City Council, signed by the Mayor and published in accordance with standard City procedures (the "Effective Date")) to submit complete land use applications for the Project to the City. Developer will have a period of up twenty four (24) months after the Effective Date to complete the necessary due diligence activities, at its expense, and close on the City Property. Closing will not occur until the Project (or at least the phase or phases of the Project that are located on the City Property) has received all necessary City entitlements including City Planning Commission approval. Developer will provide periodic reports to the City's CPED Director of its progress to complete such items. Conveyance will be by quit claim deed. Closing costs will be prorated as follows:

- Cost of title commitment by the Developer;
- Closing costs to be split between the City and Developer;
- Deed tax to be paid by the City;
- Preparation and recording of any documents to correct title by the City;
- Preparation of deed and other conveyance documents by the City;
- Recording of deed and other documents by the Developer;
- Property taxes, if applicable, prorated between the City and Developer; and
- Ordered and pending assessments by the City.

June 24 ,2016

These costs will be specifically detailed in the Redevelopment Agreement. The City acknowledges Developer's intent to close in 2016.

Construction Start Date: No later than Three (3) months after the Closing Date, subject to Force Majeure.

Completion Date: No later than Thirty-six (36) months after the Closing Date, subject to Force Majeure.

City Property and Environmental Conditions: The City Property will be sold "as-is, where is, with all faults." Developer shall have access to the City Property for the purpose of conducting appropriate tests and inspections (environmental, soils, geotechnical, etc). Developer may request City sponsorship of grant applications to outside funding sources (e.g., State of Minnesota DEED; Metropolitan Council; Hennepin County) for available grants for any required environmental remediation or other extraordinary costs. The City shall have no obligation to prioritize Developer's grant applications.

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

Other Terms:

- A Project oversight team shall be established with representation of Developer and the City of Minneapolis. The Project oversight team will provide advice and feedback related to the planning, development, and construction of the Project, including site development features, design considerations, and construction.
- Hennepin County will actively involve the City of Minneapolis in the disposition of Century Plaza and will grant the City a right of first refusal for same.
- Redevelopment of north parking area: Hennepin County will issue a request for proposals for redevelopment of the north parking area within twelve (12) months after the Project Completion Date and, depending upon the results of the request for proposals, will facilitate such redevelopment activities consistent with the Cooperative Agreement.
- Developer shall construct the Project in compliance with all state and local building codes and ordinances including planning and development requirements of the City of Minneapolis.
- Upon City Council approval of this Term Sheet, the City, at its expense, will prepare a Redevelopment Agreement to be reviewed, negotiated in good faith and executed by the parties. The Redevelopment Agreement will contain standard City requirements to ensure redevelopment of the City Property, restrictions on transfer

June 24, 2016

and reversionary rights. However, the City's 10% good faith deposit requirement is waived.

OK to do form + content

J. M. Noonan

J. M. NOONAN

Senior Department Administrator

June 24, 2016

EXHIBIT A
Legal Description or Depiction of the Development Site

- Southeast corner of Penn and Plymouth Ave N:
 - 1256 Penn Ave N - 21-029-21-22-0161
Lots 1 thru 4 inclusive, lots 27 thru 30 inclusive and the north 14 feet of lots 5 and 26. Block 2, Oak Trees Addition to Minneapolis, together with that part of the vacated alley adjoining thereto by reason of the vacation thereof, except the West ½ of vacated Oliver Avenue North adjoining .
(Abstract)
 - 1235 Oliver Ave N - 21-029-21-22-0159
The north 28.51 feet of Lot 7, Block 2, Oak Trees Addition to Minneapolis, except west ½ of vacated, Oliver Avenue north adjoining said lots.
(Torrens)
 - 1237 Oliver Ave N - 21-029-24-22-0137
Lot 6, Block 2, Oak Trees Addition to Minneapolis except the West ½ of vacated, Oliver Avenue North adjoining said lots. (Torrens)
 - 1243 Oliver Ave N - 21-029-24-22-0135
The South 26 feet of Lot 5, Block 2, Oak Trees Addition to Minneapolis, together with that part of the vacated alley adjoining thereto by reason of the vacation thereof, except west ½ of vacated Oliver Avenue North adjoining. (Abstract)

- Southwest corner of Penn and Plymouth Ave N:
 - 2215 Plymouth Ave N - 20-029-24-11-0129
Lot 26 except the South 28.5 feet thereof, and Lots 27, 28, 29 , Block 1, Homewood Minneapolis, Minnesota. (Torrens)
 - 2201 Plymouth Ave N - 20-029-24-11-0001
Lots 1 and 2, Block 1, Homewood Minneapolis, Minnesota. (Torrens)
 - 1245 Penn Ave N. 20-029-24-11-0129
Lot 3 and North 1/2 Lot 4, Block 1, Homewood Minneapolis, Minnesota.
(Torrens)

Penn and Plymouth
City owned land



June 24, 2016

EXHIBIT B
Project Schedule

Southeast corner of Penn Avenue North and Plymouth Avenue North

- Commencement - Fall 2016
- Completion - Spring 2018

Southwest corner of Penn Avenue North and Plymouth Avenue North

- Commencement - Fall 2017
- Completion - Spring/Summer 2018

NorthPoint Campus Expansion - Northwest corner of Penn Avenue North and
Plymouth Avenue North

- Commencement - Fall 2018
- Completion - Spring 2020.