

**SOUTHDALE CENTER REDEVELOPMENT AGREEMENT
by and among**

THE CITY OF EDINA, MINNESOTA,

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

and

SOUTHDALE LIMITED PARTNERSHIP

**Dated as of
April 18, 2012**

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REDEVELOPMENT AGREEMENT

THIS REDEVELOPMENT AGREEMENT (this “*Agreement*”) is made and entered into this 18th day of April, 2012, 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 **SOUTHDALE LIMITED PARTNERSHIP**, a Delaware limited partnership (the “*Redeveloper*”).

RECITALS

WHEREAS, the Redeveloper owns the 1.2 million square foot shopping center known as Southdale Center, and proposes to renovate the interior common area and exterior improvements of the Mall buildings by replacing or enhancing the entrance structures, flooring, lighting, graphics, restrooms, parking deck lighting, exterior benches and associated items, columns, interior paint, and furniture; and

WHEREAS, in accordance with Minnesota Statutes, Section 469.174, subdivision 12, the City and the Authority have determined that the Minimum Improvements are in the public interest because they will discourage commerce from moving their operations to another State or municipality, will result in increased employment in the State, and will result in preservation or enhancement of the tax base of the State, and therefore the City and the Authority have agreed to establish an economic development tax increment financing district to facilitate the Minimum Improvements; and

WHEREAS, in accordance with Minnesota Statutes, Section 469.176, subdivision 4c(d), the City and the Authority have determined that the Minimum Improvements involve a project, consisting of buildings and ancillary facilities, that will create or retain jobs in the State, including construction jobs, and that the project would not commence before July 1, 2012, but for the Authority providing the assistance contemplated in this Agreement, which includes up to \$5,000,000 in financial assistance in the form of a no-interest loan to the Redeveloper repayable over the course of ten years from, among other things, tax increment generated from the Southdale 2 TIF District; and

WHEREAS, in accordance with Minnesota Statutes, Section 469.176, subdivision 4(m), the City and Authority have determined that the Minimum Improvements will consist of substantial rehabilitation of buildings and ancillary facilities, create and retain jobs, including construction jobs, and that because of public assistance, the project will commence before July 1, 2012, whereas without the public assistance it would not have commenced by that date and, therefore, the City and Authority intend to finance the Minimum Improvements Loan using funds from the Centennial Lakes TIF District; and

WHEREAS, the City Council intends to adopt a resolution approving a spending plan for the Centennial Lakes TIF District that authorizes expenditure of up to \$5,000,000 of existing tax increment revenues from the Centennial Lakes TIF District on the Minimum Improvements no later than June 30, 2012;

WHEREAS, the Redeveloper has agreed to provide the City with a utility easement at no cost for construction and operation of a water treatment plant within the Mall Property; and

WHEREAS, in consideration for \$250,000 in forgiveness on the Minimum Improvements Loan, the Redeveloper has agreed to provide the City with a permanent public transit easement to allow for the construction and operation of a public transit station within the Mall Property; and

WHEREAS, the Redeveloper has also agreed to grant the City an exclusive option to lease the third floor of the Mall subject to certain terms and conditions detailed in this Agreement; and

WHEREAS, the Redeveloper also agreed to enter into an Assessment Agreement stipulating a minimum valuation of the Mall and the Mall Property for the purposes of real estate tax assessment during the term of this Agreement; and

WHEREAS, the Redeveloper agreed to grant the City up to \$5,000 worth of advertising within the Mall each month during the term of this Agreement, subject to certain conditions; and

WHEREAS, the Redeveloper has advised the City that “but for” the assistance contemplated in the TIF Plan and provided under this Agreement, the Minimum Improvements would not be expected to commence before July 1, 2012; and

WHEREAS, consistent with the TIF Act, the City and the Authority will hold public hearings to consider the need and desirability for adoption of the Southdale 2 TIF District and the creation and establishment of the Mall Property as an economic development tax increment financing district pursuant to the TIF Act, and, based on information provided by the Redeveloper, the City and the Authority are expected to determine that absent such authorization and the provision of the Minimum Improvements Loan and TIF Assistance to undertake the Minimum Improvements, the Minimum Improvements would not be undertaken, and as a consequence the City and the Authority may adopt a TIF Plan; and

WHEREAS, after adoption of a TIF Plan, the Authority agrees to request certification from Hennepin County for the Southdale 2 TIF District no later than June 30, 2012; and

WHEREAS, upon certification of the Southdale 2 TIF District and satisfaction of certain conditions set forth in this Agreement, the Authority will provide TIF Assistance in accordance with Article V of this Agreement; and

WHEREAS, the City and the Authority believe that the Minimum Improvements are 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:

“Agreement” means this Redevelopment Agreement.

“Assessment Agreement” means the assessment agreement required under Section 4.6, which must be substantially in the form attached as Exhibit F.

“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 during any applicable time frame, ninety percent (90%) of that portion of the Tax Increment received by the Authority from the County with respect to the Southdale 2 TIF District which portion is derived from the Available Tax Increment Parcels calculated as if the Available Tax Increment Parcels comprised a separate tax increment district.

“Available Tax Increment Parcels” means those portions of the Mall Property that are identified in the Hennepin County property tax records as parcels 29-028-24-32-0009, 29-028-24-33-0014, 29-028-24-31-0024, 29-028-24-32-0001, 29-028-24-33-0004 and 29-028-24-31-0025, except that if any such parcel is subdivided for new development which is not intended to be operated as part of the existing shopping center, the subdivided portion on which such new development occurs shall not be an Available Tax Increment Parcel.

“Business Subsidy Agreement” means the business subsidy agreement required by the Business Subsidy Act, Minnesota Statutes, Sections 116J.993 to 116J.995 and Section 4.2, attached as Exhibit J.

“Board” means the Board of Commissioners of the Authority.

“Centennial Lakes TIF District” means the Centennial Lakes tax increment financing district, originally approved by the Authority on March 7, 1988, and from which tax increment proceeds will be used to make the Minimum Improvements Loan to the Redeveloper.

“City” means the City of Edina.

“City Consultants” means the financial, engineering, legal and other similar advisors to the City and the Authority regarding the Minimum Improvements.

“City Council” means the Edina City Council.

“City Notice” has the meaning given in Section 4.5(b).

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

“Commencement” or **“Commence”** means receipt by Redeveloper of a building permit for the Minimum Improvements and Redeveloper’s issuance of a Go-Ahead Letter in accordance with Section 3.4.

“Commencement Date” means the date of Commencement.

“Completion” or **“Complete”** means substantial completion of the construction and installation of the Minimum Improvements.

“Completion Date” means the date of substantial completion of the construction and installation of the Minimum Improvements.

“Consent and Subordination Agreement” means the agreement through which Redeveloper’s mortgagees will provide consent to this Agreement in accordance with Section 6.1, in a format substantially similar to Exhibit E.

“County” means the County of Hennepin, Minnesota.

“Cure Rights” means the rights to cure a Default as detailed in Article IX.

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

“Default Date(s)” means the Commencement and Completion Dates outlined in Section 3.2.

“Easement Areas” means those portions of the Mall Property subject to the Public Transit Easement or the Water Treatment Plant Easement.

“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 Redeveloper described in Article IX.

“Exclusive Option” has the meaning given in Section 4.5(a).

“Exclusivity Period” has the meaning given in Section 4.5(a).

“First Refusal Right” has the meaning given in Section 4.5(b).

“Go-Ahead Letter” means the Redeveloper’s letter to the City and the Authority indicating the Redeveloper is prepared to proceed.

“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.

“HRA Act” means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

“Loan Payment” means the required annual payments under the Minimum Improvements Loan.

“Loan Security” means an evergreen letter of credit having a continuously available credit availability in the amount of \$750,000, provided by the Redeveloper to the City and/or the Authority as security for the Minimum Improvements Loan, in accordance with Section 5.1(a).

“Mall” means Southdale Center.

“Mall Property” means the area on which the Redeveloper will construct the Minimum Improvements, which is described on Exhibit A, which description may be modified upon receipt and review of the Title Search.

“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.

“Memorandum of Agreement” means the document described in Section 10.12 and substantially in the form shown in Exhibit K.

“Minimum Improvements” means the improvements described on the Minimum Improvements Plan attached as Exhibit B.

“Minimum Improvements Costs” means the Redeveloper’s costs and expenses related to the Minimum Improvements, as detailed in the Redeveloper Pro Forma, attached as Exhibit I.

“Minimum Improvements Loan” is defined in Section 5.1.

“Minimum Improvements Plan” is attached as Exhibit B.

“Mortgage” means any mortgage loan that is secured, in whole or in part, by any portion of the Mall Property.

“MPCA” means the Minnesota Pollution Control Agency.

“Offer Space” has the meaning given in Section 4.5(a).

“Public Transit Easement” means the easement, attached to this Agreement as Exhibit C-2, by which the Redeveloper will grant the City an easement for the construction and operation of a public transit facility within the Mall Property, as more fully discussed in Section 4.4.

“Qualified Costs” mean certain costs and expenses related to the Minimum Improvements to be paid by the Redeveloper from Redeveloper sources and in specific cases

reimbursed by Available Tax Increment, as set forth in the Redeveloper Pro Forma, attached as Exhibit I.

“Redevelopment Plan” means the redevelopment plan to be adopted by the Authority in accordance with Minnesota Statutes, Section 469.027 and approved by the City Council in accordance with Minnesota Statutes, Sections 469.028 and 469.175, subdivision 3.

“Redeveloper” means Southdale Limited Partnership.

“Redeveloper Parties” means the Redeveloper, and its members, partners, employees, agents, independent contractors and attorneys.

“Redeveloper Pro Forma” means the pro forma for the Minimum Improvements that includes anticipated costs necessary to achieve Completion of the Minimum Improvements, attached as Exhibit I.

“Redeveloper’s Refusal Right” has the meaning given in Section 4.5(b).

“Release” means the spilling, leaking, disposing, discharging, emitting, depositing, ejecting, leaching, escaping or any other release, however defined, whether intentional or unintentional, of any Hazardous Material.

“Remediation Costs” mean any and all costs, expenses and fees incurred to conduct actions required by a governmental entity under Environmental Law to: (i) clean up, remove, treat, or in any other way address any Release of Hazardous Material, (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Materials; or (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care relating to a Release.

“Shortfall Payment” has the meaning given in Section 5.1(b).

“Southdale 2 TIF District” means the economic development TIF District to be created according to this Agreement, which will include the Mall Property and additional parcels as determined by the City and the Authority.

“State” means the State of Minnesota.

“Survey” has the meaning given in Section 4.3.

“Tax Increment” means the tax increment from the Southdale 2 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 Assistance” means provision by the Authority of Available Tax Increment to assist Redeveloper in repaying the Minimum Improvements Loan in accordance with Article V.

“TIF District Certification” means the Authority’s request to the County Auditor to certify the Southdale 2 TIF District in accordance with Minnesota Statutes, Section 469.175, subdivision 3.

“TIF Plan” means the TIF plan to be adopted by the Authority in accordance with Minnesota Statutes, Section 469.175.

“Title Search” has the meaning given in Section 4.3.

“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 Minimum Improvements, (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, or (f) delays in delivery of materials for the Minimum Improvements.

“Water Treatment Plant Easement” means the easement, attached to this Agreement as Exhibit C-1, by which the Redeveloper will grant the City a perpetual easement for the construction and operation of a water treatment plant within the Mall Property, as more fully discussed in Section 4.3.

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 a statutory city 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) The City is authorized by law to enter into the various additional agreements contemplated herein, all in accordance with the terms of this Agreement, and subject to approval as to form and substance by the City Attorney.

(c) In accordance with Minnesota Statutes, Section 469.174, subdivision 4(m), the City will hold a properly noticed public hearing and then adopt a resolution approving a spending plan that authorizes the Minimum Improvements Loan, as contemplated in this Agreement, no later than June 30, 2012.

(d) Other than items disclosed by the City to the 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.

(e) 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.

(f) 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 breach of or default under any existing agreement or instrument to which the City is a party or violate any law, charter or other proceeding or action establishing or relating to the establishment and powers of the City or its officers, officials or resolutions.

(g) City will cooperate with the Redeveloper and Authority with respect to any litigation commenced by third parties with respect to the Minimum Improvements and the transactions contemplated by this Agreement.

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) The Authority will consider the findings necessary to approve the Minimum Improvements Loan, the TIF Assistance, the Southdale 2 TIF District, and the TIF Plan. If the TIF Assistance is finally approved for the Minimum Improvements, the Authority will ensure that certification for the Southdale 2 TIF District is requested no later than June 30, 2012, and the Authority will execute any other documents or instruments required to be executed and delivered by the Authority pursuant to this Agreement.

(c) If the Authority approves the TIF Plan, the Authority will fund fiscal disparities from within the Southdale 2 TIF District, in accordance with Minnesota Statutes, Section 469.177, subdivision 3, but will otherwise agree to retain all of the captured net tax capacity of the Mall Property to finance the Qualified Costs as provided in this Agreement, and will elect that the duration of the Southdale 2 TIF 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 Costs or to reduce the duration of the District until the amount paid or credited to the Redeveloper from Available Tax Increment reaches the maximum amount specified in Section 5.4.

(d) 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 breach of or default under any existing (i) indenture, mortgage, deed of trust or other 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, or

(ii) legislative act, constitution or other proceeding establishing or relating to the establishment of the Authority or its officers or its resolutions.

(e) Other than items disclosed by the Authority to the 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.

(f) 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.

(g) Authority will cooperate with the City and Redeveloper with respect to any litigation commenced by third parties with respect to the Minimum Improvements and the transactions contemplated by this Agreement.

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

(a) The Redeveloper is a Delaware limited partnership organized and in good standing under the laws of 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 of the terms or conditions of the Redeveloper's organizational documents, any restriction or any agreement or instrument to which the Redeveloper is now a party or by which it is bound or to which any property of the 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 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 Redeveloper contrary to the terms of any instrument or agreement to which Redeveloper is a party or by which it is bound.

(c) Based solely on existing phase I environmental assessments which include the Easement Areas, the Redeveloper is not aware of any Hazardous Substances located on or otherwise impacting the Easement Areas in violation of applicable Environmental Law or that would be likely to result in Remediation Costs resulting from City's proposed use and development of the Easement Areas, as contemplated in this Agreement.

(d) To the best of the 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.

(e) Redeveloper will cooperate with the City and Authority with respect to any litigation commenced by third parties with respect to the Minimum Improvements and the transactions contemplated by this Agreement.

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

(g) The 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 Redeveloper to successfully Complete the Minimum Improvements, as provided herein.

(h) The Redeveloper will cooperate fully with the Authority and the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Minimum Improvements.

(i) With respect to the projections of future tax increments from the Southdale 2 TIF District, the risks inherent in tax increment in Minnesota, and the underlying assumptions supporting such projections, the Redeveloper has relied upon independent investigations made by the Redeveloper. To the extent believed by the Redeveloper to be appropriate, the Redeveloper has relied upon its representatives, including its own professional, tax and other advisors, and has not relied upon any formal or informal representation or warranty from the City Parties.

ARTICLE III CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 3.1 Minimum Improvements. Redeveloper agrees to construct the Minimum Improvements, which shall consist of renovation of the interior common area and exterior improvements of the Mall, including replacement or enhancement of the following items: new entrance structures, flooring, lighting, graphics, restrooms, parking deck lighting, exterior benches and associated items, column, interior paint, and furniture, as more fully described on, and in accordance with, the Minimum Improvements Plan attached as Exhibit B.

Section 3.2 Commencement and Completion of Minimum Improvements. Redeveloper agrees to Commence the Minimum Improvements no later than July 1, 2012, and Complete the Minimum Improvements no later than December 31, 2012 (each a "***Default Date***"). Failure to Commence or Complete the Minimum Improvements by the applicable Default Date shall be an Event of Default under this Agreement.

Section 3.3 Effect of Delay. The Redeveloper acknowledges that the City and Authority intend to fund the Minimum Improvements through a short-term jobs development program adopted by the Minnesota Legislature in 2011. Redeveloper understands that if Commencement of the Minimum Improvements is delayed beyond the Default Date for any reason, then the City and Authority will not have the legal authority to issue the Minimum Improvements Loan or offer the TIF Assistance contemplated in this Agreement.

Section 3.4 Submission of Go-Ahead Letter. Having already obtained financing as necessary for construction of the Minimum Improvements, the Redeveloper intends to provide the Go-Ahead Letter to the City and the Authority, and thereby Commence construction of the Minimum Improvements promptly upon receipt of required building permits, but in any event not later than July 1, 2012.

Section 3.5 Construction and Inspection of Minimum Improvements. The Minimum Improvements will be constructed by the Redeveloper on the Mall Property in substantial conformity with this Agreement. Prior to delivery of the certificate of occupancy to the Redeveloper, upon the request of the Authority, the Redeveloper will provide the Authority and the City with reasonable access to the Mall Property. If during any inspection, the Authority observes that the Minimum Improvements are not being constructed in accordance with this Agreement, it shall immediately notify the Redeveloper; provided that failure to provide such notice shall not result in a waiver of any such deficiency. ***“Reasonable access”*** means at least two site inspections per month during regular business hours. During the construction of the Minimum Improvements, the Redeveloper will deliver progress reports to the Authority upon request from the Authority.

Section 3.6 Additional Responsibilities of the Redeveloper.

(a) The Redeveloper will ensure the Minimum Improvements are constructed, operated and maintained in substantial accordance with the terms of this Agreement, 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 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. The Authority and the City agree to use best efforts to assist the Redeveloper in obtaining any permits, licenses and approvals necessary for the construction of the Minimum Improvements, at no cost to the City or Authority.

(c) The Redeveloper will not construct any building or other structures on, over, or within the boundary lines of any public utility or other easement unless such construction is provided for in such easement or has been approved by the parties involved.

(d) The Redeveloper will comply with all applicable Environmental Laws as they relate to the Mall Property and the Minimum Improvements. Redeveloper will provide the City with copies of all environmental reports and investigations relating to the Easement Areas, including, without limitation, any Phase I Site Assessments in its possession.

**ARTICLE IV
ADDITIONAL AGREEMENTS**

Section 4.1 Maintenance and Operation of the Minimum Improvements. The Redeveloper, and its successors or assigns, will, at all times during the term of this Agreement, maintain and operate the Mall (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 Redeveloper, or its successors or assigns, will pay all of the reasonable and necessary expenses of the operation and maintenance of the Mall, including all premiums for insurance insuring against loss or damage thereto and 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 Redeveloper, or its successors or assigns, shall not knowingly cause any person working in or attending the Mall for any purpose, or any tenant of the Mall, 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 Redeveloper, its successors or assigns.

Section 4.2 Business Subsidy Agreement. The City and the Authority have determined that the financial assistance contemplated by this Agreement is a “business subsidy” with the meaning of the Minnesota Business Subsidy Act, Minnesota Statutes, Sections 116J.993 through 116J. 995. Upon execution of this Agreement, the City, Authority and Redeveloper will enter into a Business Subsidy Agreement in the form shown on Exhibit J.

Section 4.3 Water Treatment Plant Easement. Redeveloper agrees to grant the City a permanent utility easement within the Mall Property to allow for construction and operation of a water treatment plant, to be located generally as indicated on Exhibit D. Redeveloper agrees to cooperate with the City in creating a legal description for the Water Treatment Plant Easement. Upon execution of this Agreement, and all at Redeveloper’s expense, the City will (i) hire a registered surveyor to complete a survey in accordance with 2011 ALTA/ACSM Minimum Standard Detail Requirements (“*Survey*”) as necessary to determine the boundaries of the Water Treatment Plant Easement and the Public Transit Easement described in Section 4.4, and (ii) engage a title company to perform a search of the land records of the County to determine what easements, restrictions, conditions and other encumbrances affect the proposed easement property (“*Title Search*”). As a condition to disbursement of the Minimum Improvements Loan proceeds, Redeveloper shall execute and deliver to the City, and record with the County, the Water Treatment Plant Easement substantially in the form attached as Exhibit C-1.

Section 4.4 Public Transit Easement. Redeveloper agrees to grant the City a permanent easement within the Mall Property to allow for construction and operation of a public transit facility, to be located generally as indicated on Exhibit D. Redeveloper agrees to cooperate with the City in creating a legal description for the Public Transit Facility Easement. Not later than 120 days after execution of this Agreement, Redeveloper shall execute and deliver

to the City, and record with the County, the Public Transit Easement substantially in the form attached as Exhibit C-2, or some other form which has been agreed to by the City and the Redeveloper, provided that the sole remedies of the City for failure by the Redeveloper to execute and record the Public Transit Easement shall be to withhold disbursement of the Minimum Improvements Loan proceeds or to not forgive \$250,000 as set forth in Section 5.1(c).

Section 4.5 Third Floor Lease Options.

(a) City shall have the exclusive option to lease any space on the third floor of the Mall (the “*Offer Space*”) for any or all of the twelve-month period commencing January 31, 2013 (the “*Exclusivity Period*”), as is, at a rental rate equal to the cost of applicable common area maintenance payments and share of real estate taxes (the “*Exclusive Option*”), by giving notice to Redeveloper at any time on or prior to the end of the Exclusivity Period.

(b) If, at any time following the expiration of the Exclusivity Period, Redeveloper receives a bona fide written offer (the “*Offer*”) from any third party to which the Redeveloper intends to lease any space on the third floor of the Mall, Redeveloper shall give written notice (the “*Redeveloper’s Refusal Notice*”) to the City of its intent to enter into a lease for such space, and the City will have a right of first refusal (“*First Refusal Right*”). Redeveloper’s Refusal Notice must include a copy of the Offer and, if not already disclosed in the Offer, must specify: (i) the location and rentable area of the space which Redeveloper intends to lease; (ii) the date on which such space is available for occupancy; (iii) the annual base rent per square foot of rentable area which Redeveloper intends to charge for such space, including all fixed and/or indexed adjustments to said rate; (iv) the proposed lease term for such space; and (v) all other economic terms which Redeveloper intends to offer with respect to such space. The City may, within 30 business days after the receipt of the Offer, give notice to Redeveloper agreeing to lease the space in accordance with the terms set forth in the Offer. If the City gives such notice, then Redeveloper shall within ten business days deliver to the City a draft lease of the space having the terms specified in the Offer. Should the City fail to give notice within the time provided or fail to timely execute the lease, Redeveloper shall be free to lease such space to a third party in accordance with the terms of the Offer; provided, however, if Redeveloper proposes to lease the space on rental terms more favorable to a third party than disclosed to the City in the Offer, then Redeveloper shall give an additional notice to the City of the revised terms, and the City shall have the right to lease the space in accordance with the terms of the revised notice and otherwise in accordance with the procedures set forth in this Section 4.5(b).

Section 4.6 Assessment Agreement. During the term of this Agreement and the Minimum Improvements Loan Agreement, Redeveloper agrees that the Market Value of the Mall Property for real estate tax purposes shall be \$110,000,000 beginning January 1, 2012, and increasing 2.5% per annum, and Redeveloper agrees not to appeal the Market Value of the Mall Property. Upon execution of this Agreement, Redeveloper and City will execute the Assessment Agreement, attached as Exhibit F. The Assessment Agreement must be recorded no later than June 30, 2012. Failure to record the Assessment Agreement by June 30, 2012 shall be a Redeveloper Event of Default under this Agreement.

Section 4.7 City Signage. During the term of this Agreement and the Minimum Improvements Loan Agreement, Redeveloper agrees to allow the City and Authority to display

signs and other forms of advertising in the Mall during the months of January to October of each year, provided that such advertising does not exceed a value of \$5,000 per month according to standard Mall advertising rates. Placement of the advertising shall be as reasonably agreed between the City and Mall management.

Section 4.8 Out of Pocket Costs. Redeveloper is obligated to pay all out of pocket costs of the City and the Authority for the City Consultants in connection with the Minimum Improvements as set forth in a budget to be provided to the Redeveloper prior to execution of this Agreement, including but not limited to costs of the negotiating and drafting of this Agreement, the Redevelopment Plan, the TIF Plan and creation of the Southdale 2 TIF District, fiscal analysis, legal fees and all costs and expenses related thereto. The Redeveloper must pay such budgeted 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 Redeveloper. All such costs will be Qualified Costs pursuant to the Redeveloper Pro Forma.

ARTICLE V MINIMUM IMPROVEMENTS LOAN AND TIF ASSISTANCE

Section 5.1 Minimum Improvements Loan. Subject to the terms of this Article V, to assist Redeveloper with construction of the Minimum Improvements, the Authority agrees to provide the Redeveloper with a no-interest loan in an amount up to \$5,000,000 (the “*Minimum Improvements Loan*”). The Authority agrees to fund the Minimum Improvements Loan using funds from the Centennial Lakes TIF District in accordance with authority granted under Minnesota Statutes, Section 469.176, subdivision 4m, or from other sources legally available to it.

(a) **Disbursement Date.** As detailed in the Minimum Improvements Loan Agreement, attached as Exhibit H, the Authority agrees to disburse the Minimum Improvements Loan proceeds upon substantial completion of the Minimum Improvements at a closing scheduled by the Authority upon execution of the Promissory Note and Minimum Improvements Loan Agreement, execution and recording of the Water Treatment Plant Easement and the Public Transit Easement and provision of the Loan Security. In accordance with State law and the terms of this Agreement, the Minimum Improvements Loan shall be disbursed no later than December 31, 2012.

(b) **Loan Repayment.** As detailed in the Minimum Improvements Loan Agreement, the Minimum Improvements Loan shall carry an eight year repayment period with Loan Payments due on the first business day of February, starting February 2015. In accordance with Section 5.2 below, Redeveloper’s Loan Payment obligations will be reduced by Available Tax Increment from the Available Tax Increment Parcels. To the extent that cumulative Available Tax Increment from the Available Tax Increment Parcels does not equal the cumulative Loan Payments to that date, the Redeveloper will pay the balance owed for the scheduled loan payment (a “*Shortfall Payment*”) the first business day of February. For example, if the cumulative Available Tax Increment (less any amounts deducted pursuant to Section 5.5) collected from the beginning of the Southdale TIF District is \$375,000 and the payment due on February 1, 2015, is \$400,000, the Redeveloper must pay the Authority \$25,000 on February 1, 2015. If Redeveloper fails to satisfy its Loan Payment obligation by the first business day in

February, then the Authority may immediately draw on the Loan Security in the amount of the Shortfall Payment plus interest and Authority costs. To the extent that cumulative Available Tax Increment exceeds the cumulative Loan Payments to any date, such excess shall be applied as a prepayment of the Minimum Improvements Loan.

(c) **Loan Forgiveness.** In consideration for granting the Public Transit Easement, the City agrees to forgive \$250,000 of the Minimum Improvement Loan once Redeveloper has executed, delivered and recorded the Public Transit Easement, as described in Section 4.4. The forgiven amount shall be applied as a credit against the first Loan Payment due on February 1, 2015.

(d) **Loan Security Burn-Off.** If Available Tax Increment has been at least 150% of the maximum scheduled Loan Payment, or \$1,125,000, in each of two (2) consecutive years, the Redeveloper shall have no further obligation to maintain the Loan Security, and the City shall surrender the Loan Security to the Redeveloper for cancellation.

Section 5.2 Minimum Improvements Loan Adjustment. The Redeveloper acknowledges that the estimated value of the Minimum Improvements Loan is based on the Redeveloper's anticipated Minimum Improvements Costs of \$15,000,000, as detailed in the Redeveloper Pro Forma, attached as Exhibit I. Upon Completion of the Minimum Improvements, the Redeveloper will submit to the Authority an updated Redeveloper Pro Forma that reflects actual Minimum Improvements Costs. The Authority will not fund the Minimum Improvements Loan if the aggregate Minimum Improvements Costs are less than \$14,000,000. If Redeveloper's actual aggregate Minimum Improvements Costs are more than \$14,000,000 but less than \$15,000,000, then the Minimum Improvements Loan will be reduced on a proportional basis. For instance, if the Redeveloper's actual aggregate Minimum Improvements Costs are \$14,250,000, which is 5% less than the anticipated cost of \$15,000,000, then the Minimum Improvements Loan will likewise be reduced by 5%, for a total of \$4,750,000.

Section 5.3 Creation of Southdale 2 TIF District; Certification. The City and the Authority will take all necessary actions to create, establish and request certification of the Southdale 2 TIF District as an "economic development district" under the TIF Act no later than June 30, 2012. The Southdale 2 TIF District shall include the Mall Property and such other property as determined by the City and the Authority. Tax Increment payment from the Southdale 2 TIF District may begin as early as 2013 and continue for the maximum term of nine years.

Section 5.4 TIF Assistance. The Authority shall provide up to \$5,000,000 in TIF Assistance to Redeveloper as reimbursement for Qualified Costs to assist Redeveloper in repaying the Minimum Improvements Loan in accordance with this Article V. As detailed in the Redeveloper Pro Forma, Redeveloper's anticipated Qualified Costs exceed \$5,000,000. The Authority does not represent or warrant the amounts of Available Tax Increment that will be available for payment of the Minimum Improvements Loan. The Authority will not reimburse the Redeveloper for the Qualified Costs from Authority revenues, other than Available Tax Increment, nor guaranty the amount of money which the Redeveloper will receive as a reimbursement, such amount being payable solely from the Available Tax Increment.

Section 5.5 Available Tax Increment Priority. Available Tax Increment shall be applied to the payment and prepayment of the Minimum Improvements Loan as described in Section 5.1(b), and then to reimburse the Redeveloper for any Shortfall Payments made or drawn on the Loan Security. Any Available Tax Increment remaining thereafter shall be allocated to the Authority for any allowable uses.

ARTICLE VI

ENCUMBRANCE OF MALL PROPERTY

Section 6.1 Encumbrance of the Mall Property. The City and Authority acknowledge that the Mall Property is currently subject to a Mortgage. Upon execution of this Agreement, Redeveloper will provide mortgagee consent to this Agreement in a form substantially similar to the Consent and Subordination Agreement, attached as Exhibit E. Redeveloper will provide mortgagee consent to the Water Treatment Plant Easement and the Public Transit Easement upon execution of each easement.

Section 6.2 Copy of Notice of Default to Mortgagee. If the Authority or the City delivers any notice or demand to the Redeveloper, or any successor in interest to the Redeveloper, with respect to any default under this Agreement, and prior to exercising any remedy available to it due to such default, the Authority or the City, as the case may be, 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 Redeveloper, any successor in interest to the Redeveloper or the mortgagee.

Section 6.3 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 applicable cure periods plus an additional thirty (30) days, or as to any default having no period for cure, within ten (10) days of receipt of notice from the City or Authority. 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 Mall Property remains subject to each of the restrictions set forth in this Agreement and remains subject to all of the obligations of the Redeveloper, or any successor in interest to the Redeveloper, under the terms of this Agreement, but the purchaser at a foreclosure sale or grantee under a deed in lieu of foreclosure shall have no personal liability for a breach of such obligations under this Agreement, and such transfer shall not be an Event of Default hereunder, and neither the City nor the Authority shall be entitled to approve such transfer by the transferee, 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 Mall Property it owns;

(c) The City has no obligation to approve any plans for Minimum Improvements or 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, provided any prior approval or permit issued shall not be withdrawn or rendered ineffective by such transfer of title.

The purpose of this section is to permit a foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) to hold title to the portion of the Mall Property 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 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 Mall Property it acquires through foreclosure or deed in lieu of foreclosure, the foreclosing lender (or mortgagee obtaining a deed in lieu of foreclosure) or other purchaser at a foreclosure sale desires to sell portions of the Mall Property for construction of the Minimum Improvements, the purchaser at the foreclosure sale (or mortgagee obtaining a deed in lieu of foreclosure) must assume and perform each of the obligations of the Redeveloper, or the applicable successor to the interest of the Redeveloper, under this Agreement. 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 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 successor to the rights of the Redeveloper hereunder and taking appropriate actions to allow the benefits and rights hereunder to be realized by such person, should the Authority approve such person as a successor in accordance with this Agreement.

Section 6.4 Defaults Under Mortgage. The Redeveloper, or its successor or assign, will use its best efforts to obtain an agreement from any mortgagee under a Mortgage that in the event the Redeveloper is in default under any Mortgage, the mortgagee will use its best efforts, within 10 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 Redeveloper, or its successor or assign, will use its best efforts to obtain an agreement from such mortgagee, which 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.

Section 6.5 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 loan or Loan Security, 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 Mall Property, except for Special Assessments, upon the occurrence of an Event of Default by the Redeveloper.

**ARTICLE VII
INSURANCE AND CONDEMNATION**

Section 7.1 Insurance.

(a) The Redeveloper, and any successor in interest to the Redeveloper, shall obtain and continuously maintain insurance on the Mall 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 Redeveloper must obtain and continuously maintain:

(i) During the construction period, 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 Minimum Improvements at the date of Completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy.

(ii) Commercial general liability insurance 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 with responsible insurance companies selected by the 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, the Redeveloper shall provide notice to the City and the Authority immediately upon receipt of notice of cancellation from its insurance carrier. Not less than 15 days after the expiration of any policy, the 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. The 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 Redeveloper, its successor or assign, agrees to notify the Authority promptly in the case of damage exceeding \$250,000 in amount to, or destruction of the Mall or the Minimum Improvements resulting from fire or other casualty.

Section 7.2 Condemnation. In the event that title to or possession of the Easement Areas, or any material part thereof, is threatened with a taking through the exercise of the power of eminent domain, the Redeveloper, or its successor or assign, will notify the Authority of the threatened taking with reasonable promptness. The Redeveloper, or its successor or assign, will cooperate with the Authority if the Authority elects to assert any interests the Authority may have in the City's or Authority's improvements located on the Easement Areas in any condemnation action undertaken against the easement Areas.

ARTICLE VIII
TRANSFER LIMITATIONS AND INDEMNIFICATION

Section 8.1 Representation as to the Minimum Improvements. The Redeveloper represents to the City and the Authority that its undertakings under this Agreement, are for the purpose of developing the Minimum Improvements. The Redeveloper acknowledges that, in view of the importance of the Minimum 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 possible, the qualifications and identity of the Redeveloper are of particular concern to the Authority. The Redeveloper further acknowledges that the City and the Authority are willing to enter into this Agreement with the Redeveloper because of the qualifications and identity of the Redeveloper.

Section 8.2 Limitations on Transfer.

(a) Subject to Section 6.3, if the Redeveloper sells any portion of the Mall Property to an unrelated third party before the Minimum Improvements Loan is paid in full, then the outstanding balance of the Minimum Improvements Loan will become due and payable immediately upon such transfer; provided that the Redeveloper may (i) transfer property which is not currently occupied by a building for new development which is not intended to be operated as part of the existing shopping center, provided that the property so transferred shall be excluded from the definition of Available Tax Increment Parcels, and (ii) transfer ownership interests in the Mall or Mall Property to any entity in which Simon Property Group (“SPG”) or an affiliate of SPG has an ownership interest, in each case without accelerating the repayment of the Minimum Improvements Loan.

(b) Subject to Section 6.3, the Redeveloper may not sell, assign, convey, or transfer in any other mode or manner any of its right, title, and interest in and to this Agreement, without the express written approval of the Authority.

Section 8.3 Indemnification.

(a) **Minimum Improvements Indemnification.** Redeveloper agrees that the City Parties will bear no responsibility or liability to the Redeveloper for 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 constructed by the Redeveloper to the extent not attributable to the negligence of the City Parties. Redeveloper agrees to indemnify and hold harmless City Parties against all claims, costs, and liabilities arising out of arising from the actions or inactions of the Redeveloper (or if other persons acting on their behalf or under its direction or control) under this Agreement or the construction, installation, ownership, and operation of the Minimum Improvements constructed by the Redeveloper; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the Authority in this Agreement. If the Redeveloper fails to defend the City Parties, the City Parties shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter, for the account of and at the risk of the Redeveloper. In the event that the Redeveloper fails to defend, all attorneys’ fees incurred by the City Parties related to such defense shall be paid for by the Redeveloper.

(b) **Easement Areas Indemnification.** City agrees that the Redeveloper will bear no responsibility or liability to the City for any Hazardous Material identified within the Water Treatment Plant Easement or the Public Transit Easement (the “*Easement Areas*”) which are located thereon prior to the date of conveyance of the easements. The City agrees to indemnify and hold harmless the Redeveloper Parties against all claims, costs, and liabilities arising out of the presence or Release of any Hazardous Material on the Easement Areas due to City’s use, development or operation of the Easement Areas, and City further agrees to indemnify Redeveloper Parties against any Remediation Costs incurred by Redeveloper Parties to comply with applicable Environmental Laws within the Easement Areas due to City’s use, development or operation of the Easement Areas. In the event that a Redeveloper Party is named as a defendant in any legal or administrative action alleging liability against the Redeveloper due to the presence of any Hazardous Material on or about the Easement Areas in violation of any Environmental Law, the City shall indemnify and hold the Redeveloper Party harmless from any judgments, damages and liabilities of any kind determined in such legal or administrative action to be due and owing by the Redeveloper. If the City fails to defend the Redeveloper, the Redeveloper shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter, for the account of and at the risk of the City. In the event that the City fails to defend, all attorneys’ fees incurred by the Redeveloper related to such defense shall be paid for by the City.

Section 8.4 Limitation. All covenants, stipulations, promises, agreements and obligations of the City, the Authority or the Redeveloper contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City, the Authority and the Redeveloper, and not of any governing body member, officer, agent, servant or employee of the City, the Authority or the Redeveloper, respectively, in the individual capacity thereof.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. Subject to applicable cure periods and Unavoidable Delays, Events of Default under this Agreement include any one or more of the events listed in Sections 9.2 and 9.3.

Section 9.2 Redeveloper Events of Default.

(a) If Redeveloper fails to Commence or Complete the Minimum Improvements by the Default Dates, it will be an Event of Default for which no cure period exists and upon such Event of Default this Agreement shall terminate.

(b) If the Redeveloper fails to make required Loan Payments on or before the first business day of February of the year in which such Loan Payment is due, then it shall be an Event of Default and the Authority may immediately draw on the Loan Security to satisfy the Loan Payment obligation.

(c) If the Redeveloper fails to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and such

failure continues for a period of 30 days after the City or Authority provides Redeveloper written notice of such failure, then it shall be an Event of Default.

(d) If the Redeveloper shall (1) 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 (2) make an assignment for the benefit of its creditors; or (3) become insolvent or adjudicated a bankrupt; or if a petition or answer proposing the adjudication of 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 180 days after the filing thereof; or a receiver, trustee or liquidator of Redeveloper, or of the Mall, or part thereof, shall be appointed in any proceeding brought against Redeveloper, and shall not be discharged within 180 days after such appointment, or if Redeveloper shall consent to or acquiesce in such appointment, it shall be an Event of Default.

Section 9.3 City and Authority Events of Default. 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 9.4 Cure Rights. Notwithstanding the foregoing, if a default reasonably requires more than 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 180 days.

Section 9.5 City and Authority Remedies on Redeveloper Events of Default. Whenever any Event of Default occurs by the 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 Redeveloper under this Agreement, including an action for specific performance. Any action for specific performance must be commenced within six months of the Event of Default.

Section 9.6 Redeveloper Remedies on City or Authority Events of Default. Whenever any Event of Default occurs by the City or the Authority, the 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. Any action for specific performance must be commenced within six months of the Event of Default.

Section 9.7 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City, the Authority or the 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 IX and Section 6.4.

Section 9.8 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 9.9 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.

ARTICLE X ADDITIONAL PROVISIONS

Section 10.1 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 Mall Property or the Minimum Improvements, 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 Redeveloper or successor or on any obligations under the terms of this Agreement.

Section 10.2 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 10.3 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 Redeveloper, is addressed to or delivered personally to the Redeveloper at:

Southdale Limited Partnership
Simon Property Group
Development Operations
225 West Washington Street
Indianapolis, IN 46204

with a copy to:

Stefanie N. Galey
Faegre Baker Daniels LLP
90 South Seventh Street, Suite 2200
Minneapolis, MN 55402

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

Edina HRA
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

and

Roger N. Knutson
Campbell Knutson
1380 Corporate Center Curve, Suite 317
Eagan, MN 55121

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

and

Roger N. Knutson
Campbell Knutson
1380 Corporate Center Curve, Suite 317
Eagan, MN 55121

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

Section 10.5 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

Section 10.6 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 10.7 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 10.8 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 10.9 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 10.10 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, or (b) payment in full of Minimum Improvements Loan.

Section 10.11 Memorandum of Agreement. Neither party shall cause this Agreement to be recorded or filed in the real estate records of Hennepin County. At the time of execution of this Agreement the parties hereto will also execute and acknowledge the Memorandum of Agreement, attached as Exhibit K. Within seven (7) days thereafter, Redeveloper shall record the 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 10.12 Representatives. 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. All actions required of or taken by the Redeveloper shall be effective upon action by a duly authorized officer of the limited partnership.

[Signature pages to follow]

IN WITNESS WHEREOF, the City, Authority and 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.

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

By _____
Chair

By _____
Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by James Hovland and Scott Neal, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority of the City of Edina, Minnesota, a body corporate and politic organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said Authority.

Notary Public

IN WITNESS WHEREOF, the City, Authority and 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.

SOUTHDALE LIMITED PARTNERSHIP,
a Delaware limited partnership
By: SOUTHDALE, L.L.C., a Delaware limited liability company, its general partner
By: SIMON-MILLS III, LLC, a Delaware limited liability company, its Manager

By: _____
Its: _____

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by _____, the _____ of Simon-Mills III, LLC, the Manager of Southdale, L.L.C., the General Partner of Southdale Limited Partnership, a Delaware limited partnership on behalf of said partnership.

Notary Public

EXHIBIT A
Legal Description of Mall Property

PARCEL 1:

That part of Tract G, Registered Land Survey No. 432, Hennepin County, Minnesota, lying Easterly of the following described line: Beginning at a point on the Easterly line of Tract C, Registered Land Survey No. 1641, distant 281.80 feet North of the Southeast corner of said Tract C; thence Southerly along said Easterly line and its Southerly extension a distance of 285.00 feet; thence Southerly to the Northeast corner of Tract D, said Registered Land Survey No. 1641 and there terminating.

PARCEL 2:

Tracts G and H, Registered Land Survey No. 629, Hennepin County, Minnesota.

PARCEL 3:

Tract B, Registered Land Survey No. 1641, Hennepin County, Minnesota.

PARCEL 4:

Par. 4(a) Tract B, Registered Land Survey No. 1642, Hennepin County, Minnesota.

Par. 4(b) Non-exclusive perpetual right-of-way for street purposes as appurtenant to said Tract B, Registered Land Survey No. 1642 over a parcel of land abutting on said Tract which parcel is comprised of Tracts D, S and A, Registered Land Survey No. 629, and that portion of York Avenue South as now platted, lying between said Tracts D and A, Registered Land Survey No. 629, in the event said portion of said York Avenue South last described shall hereafter be vacated as a public street, all according to the terms and conditions of that certain document entitled Easement Agreement dated as of February 25, 1957, filed on February 27, 1957 as Document No. 524085 as shown in Deed Document Number 524648; and

Par. 4(c) Non-exclusive easements granted and reserved to L.S. Donaldson Company (now merged into Allied Central Stores, Inc., a Missouri corporation) by virtue of those certain Documents dated as of April 1, 1955 by and between Southdale Center, Inc., L.S. Donaldson Company and others entitled "Acquisition and Construction Agreement" and "Operating Agreement" filed on December 22, 1956 as Document Number 519481 respecting the premises described in said Agreements now designated at Tracts E, F, G, H, I, J, K, L and M, Registered Land Survey No. 432 and Tracts C, D, E, G and H, Registered Land Survey No. 629, and all rights, title and interest of party of the first part in and to the aforesaid Acquisition and Construction and Operating Agreement as shown in Deed Document Number 524648.

All of the above being Registered Land
Certificate of Title No. 1099265

PARCEL 5:

Together with the benefits of those certain appurtenant, non-exclusive easements for parking, utility lines, access, and encroachments as contained in the following instruments:

(a) Acquisition and Construction Agreement and Operating Agreement dated April 1, 1955, filed December 22, 1956, as Document Number 519481, as amended by Amendment to Acquisition and Construction Agreement dated August 10, 1966, filed August 4, 1969, as Document Number 949271, as assigned to The Equitable Life Assurance Society of the United States from Dayton Development Company by an Assignment of Operating Agreements filed May 19, 1978, as Document Number 1273418, Notice of Continuation of Covenants filed March 23, 1989, as Document Number 2001558, as assigned to CPS Realty Partnership, an Illinois general partnership, from CPS Department Stores, Inc., by an Assignment of Assumption filed December 7, 1989, as Document No. 2059087, as amended by First Operating Agreement Amendment dated May 17, 1990, filed December 31, 1990, as Document Number 2146152. (Refiled January 29, 1991, as Document Number 2151739), as amended by Second Amendment of Acquisition and Construction Agreement dated May 17, 1990, filed December 31, 1990, as Document Number 2146153. (Refiled January 29, 1991, as Document Number 2151740), as assigned to Concordia Properties, LLC, a Delaware limited liability company, by an Assignment of Agreement filed July 3, 1997, as Document Number 2824026, as amended by that certain Amendment of Agreement filed November 28, 2001, as Document Number 3464949. (Affects Parcels 1, 2, 3 and 4)

(b) Operating Agreement dated July 31, 1969, filed August 4, 1969, as Document Number 949275, as amended by Amendment of Operating Agreement dated August 1, 1969, filed August 20, 1969, as Document Number 950836, as assigned to J.C. Penny Company, Inc., by an Assignment of Operating Agreement filed October 16, 1970, as Document Number 980313, as amended by Second Amendment to Operating Agreement dated July 1, 1971, filed April 21, 1972, as Document Number 1028560, as amended by Third Amendment to Operating Agreement dated September 1, 1971, filed April 21, 1972, as Document Number 1028561, as amended by Fourth Amendment to Operating Agreement dated January 11, 1972, filed June 6, 1974, as Document No. 1109561, as assigned to The Equitable Life Assurance Society of the United States from Dayton Development Company by an Assignment of Operating Agreements filed May 19, 1978, as Document Number 1273418, as amended by Fifth Amendment to Operating Agreement dated May 8, 1990, filed August 24, 1990, as Document Number 2119662, as amended by Sixth Amendment to Operating Agreement dated May 3, 1991, filed July 23, 1991, as Document Number 2189839, as assigned to Concordia Properties, LLC, a Delaware limited liability company, by an Assignment of Operating Agreement filed July 3, 1997, as Document Number 2824025, as amended by Seventh Amendment to Operating Agreement filed November 30, 2001, as Document Number 3466297. (Affects Parcels 1, 2, 3 and 4)

(c) Operating Agreement dated May 18, 1978, filed May 19, 1978, as Document Number 1273414, as amended by Amendment to Operating Agreement dated October 1, 1990, filed June 7, 1991, as Document Number 2178411, as amended by Second

Amendment to Operating Agreement dated January 25, 1995, filed January 31, 1995, as Document Number 2586873, as assigned to Concordia Properties, LLC, a Delaware limited liability company, by an Assignment to Operating Agreement filed July 3, 1997, as Document Number 2824024, as amended by Third Amendment to Operating Agreement filed November 30, 2001, as Document Number 3466293, as amended by Fourth Amendment to Operating Agreement filed November 30, 2001, as Document Number 3466296. (Affects Parcels 1, 2, 3 and 4)

(d) Truck Tunnel Easement dated December 21, 1990, filed December 26, 1990, as Document Number 2145513. (Affects Parcel 3)

(e) Encroachment Easement Agreement filed November 28, 2001, as Document Number 3464950. (Affects Parcels 1, 2, 3 and 4)

PARCEL 6:

Tract A RLS No. 1642

EXHIBIT B
Minimum Improvements Plan

Southdale Mall Renovation

Exterior:

Parking Lot – Paint parking deck handrail, upgrade lighting underneath parking decks, pave areas in front of food court entrance.

Building Entrances – 7 mall entrances. Construction of porte cochere at new Food Court entrance, reconstruction of two "lifestyle" entrances, and renovation of existing entrances, including new entrance signage and sliding doors.

Landscaping – Improved landscaping at building, improved pedestrian connectivity to property entrances, stormwater retention as required for building improvements.

Graphics – Replacing four monument signs, replace way-finding signage along outer ring road, replace graphics at building entrances, replace parking lot identification and traffic signage.

Façade – Paint building exterior, additional treatment of existing building at pedestrian entrances (near mall entrances, but not directly tied).

Roof – Roof repair as needed to protect renovation improvements.

Interior:

Floor – install new porcelain floor, with carpet accents at seating areas

Handrails – Replace rail cap with wood.

Overhead – Remove tower and fountain, new ceiling in grand court.

Vertical Transportation – 2 feature elevators, 8 escalator sets. Address architectural elements of feature elevators, improve cab interiors, replace exterior cab finishes.

Columns/Neutral Piers – 107 round columns, 25 square columns. Reclad columns to reduce size and improve sight lines.

Mall Finishes – Paint mall interior, address "grid" effect at center court, add wood trim accents to "wells" between lower and upper levels.

Graphics – Replace and enhance interior graphics package.

Lighting/Power – Lighting improvements throughout the common area, including addition of architectural lighting, remove sconce lighting, addition of kiosk and RMU power and data lines.

Life Safety – Anticipated required fire alarm upgrades, ADA device installation, sprinkler work as needed for ceiling improvements, and sound system improvements.

FF&E – Replace existing wire metal benches and trash cans, add soft seating, add play area interior landscaping.

ACM Abatement – Where required by renovation improvements.

WiFi/Fiber Optic Cabling

Soft Costs:

Permits/Testing/Inspections

General Conditions

Contractors Fee

A&E

Insurance



SOUTHDALE CENTER
 6300 S. MINNESOTA

Food Court Entry Design



07 September 2011



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 3501 O'Connell Street
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 T 481.274.7900
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 www.jp2architects.com

SIMON

Simon Property Group
 220 W. Washington St.
 Indianapolis, IN 46204
 T 317.416.1400



SOUTHDALE CENTER
 4000 S. MICHIGAN

Main Court Design



07 September 2011



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SOUTHDALE CENTER
 6000 S. BIRCHWOOD

Main Court Design

07 September 2011



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Elevator Design



Existing Elevator Photos

SOUTHDALE CENTER
edina, minnesota

07 September 2011

Elevator Design

JP2
 JP2 ARCHITECTS, LLC
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 Group

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EXHIBIT C-1

Water Treatment Plant Easement

EASEMENT AGREEMENT
between
THE CITY OF EDINA, MINNESOTA
and
SOUTHDALE LIMITED PARTNERSHIP
for construction, operation, maintenance and use of

WATER TREATMENT IMPROVEMENTS

THIS EASEMENT AGREEMENT (this “Agreement”), made as of this ____ day of _____, 2012, by and between the CITY OF EDINA, MINNESOTA, a Minnesota statutory city (hereinafter the “City”) and SOUTHDALE LIMITED PARTNERSHIP, a Delaware limited partnership (hereinafter, “SLP”).

W I T N E S S E T H:

WHEREAS, SLP is the owner of the real property situated in Hennepin County, Minnesota, legally described on Exhibit A attached hereto (the “Mall Property”); SLP, in its capacity as the owner of the Mall Property, and each successor owner of the Mall Property, is referred to herein as the “Redeveloper”; and

WHEREAS, the Housing and Redevelopment Authority of the City of Edina, Minnesota (the “Authority), the City, and the Redeveloper have entered into the Southdale Center Redevelopment Agreement (the “Contract”) dated April 18, 2012, a memorandum of which will be recorded in the real estate records of Hennepin County, Minnesota; and

WHEREAS, the Redeveloper has agreed under the Contract to provide the City with an easement for the Water Treatment Improvements (hereinafter defined) to be located on the Mall Property; and

WHEREAS, the City and the Redeveloper deem it to be in their vital interest and in the best interest of the City, the Authority and the State of Minnesota and in furtherance of the economic development and redevelopment plan for Southdale Center to enter into this Agreement with the Redeveloper with respect to certain lands included within the Mall Property;

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; Access The Redeveloper hereby grants and conveys to the City a non-exclusive permanent easement (the “Easement”) for the purpose described in Section 1.2 below, over and across those portions of the Mall Property described and depicted on Exhibit B, which are situated in the City of Edina, County of Hennepin, State of Minnesota (the “Easement Premises”). Redeveloper hereby grants to the City a non-exclusive, permanent easement for vehicular and pedestrian ingress to and egress from the Easement Premises over those areas designated as “[access]” on Exhibit B. Redeveloper shall have the right from time to time and without the consent of the City, to modify the route of the ingress and egress easement granted herein, provided that any such modification shall provide the City with reasonable access to the Easement Premises and the City will be provided with reasonable prior written notice of such modification. The City will execute such amendments to this Agreement in recordable form as may be reasonably requested by Redeveloper to show the modified routes of ingress and egress to the Easement Premises, however execution of such instruments is not necessary to effect the modifications described in this Section 1.1.

Section 1.2 Easement Purpose - The Easement is granted for the purpose of constructing, maintaining, and operating, on, within and under the Easement Premises, a ground water treatment plant and related facilities and improvements, including, but not limited to, driveways, curbs, landscaping, utility lines, and appurtenances thereto (the “Water Treatment Improvements”) and for no other purpose.

Section 1.3 Releases and Reservations

(a) The Redeveloper reserves in, over, under, above, across and upon the Easement Premises:

- (i) the right of support for all adjoining land and improvements;
- (ii) the right to bring utilities, materials, and other facilities through the Easement Premises and
- (iii) the right of access for ingress and egress, and the right of access for maintenance, repair, replacement and removal of utilities, materials and other facilities of the Redeveloper located within the Easement Premises from time to time.

(b) Upon request by the Redeveloper, the City must execute and deliver instruments to evidence the Redeveloper’s reservation of rights under section (a), however execution of such instruments is not necessary to effect the reservations in this Section.

(c) All provisions in this Section 1.3 are subject to any planned unit development agreement affecting the Mall Property, and applicable City Code.

Section 1.4 Traffic Regulations and Enforcement – All vehicular and pedestrian traffic on the Easement Premises shall be subject to applicable local, state and federal laws.

ARTICLE II

UTILITIES

Section 2.1 Utility Charges - The City 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. The City will be responsible for the cost of any utility relocations and submetering expenses incurred in connection with the construction of the Water Treatment Improvements.

ARTICLE III

[INTENTIONALLY OMITTED.]

ARTICLE IV

USE OF EASEMENT PREMISES

Section 4.1 Construction of Water Treatment Improvements –

The City plans to build, construct, modify, alter, or reconstruct, on and under the Easement Premises, the Water Treatment Improvements. The Water Treatment Improvements will include a single, fully-enclosed water treatment plant with a footprint of no more than 75 feet by 75 feet (the “Building”) plus a below ground recycle basin measuring no more than 65 feet by 65 feet. The Redeveloper will have the right to review and approve the exterior building design (including building materials), building location, building height, and site plans (including, without limitation, parking, ancillary structures, fencing, barricades, screens and landscaping). The City will submit any architectural drawings and plans (“Architect Documents”) and any site plans and drawings (“Site Plans”) to the Redeveloper as soon as reasonably possible. The Redeveloper will be deemed to have approved the Architect Documents and the Site Plans unless the Redeveloper delivers written objections to the City within thirty (30) business days after the Redeveloper’s receipt thereof. If the Redeveloper objects, then the City shall submit revised Architect Documents and/or Site Plans to the Redeveloper within thirty (30) business days after receipt of the Redeveloper’s objection(s), and the Redeveloper shall approve or disapprove the revised Architect Documents and/or Site Plans in accordance with the same procedures set forth in this Section 4.1.

The Water Treatment Improvements shall be located only as designated on the Site Plans approved (or deemed approved as provided above) by Redeveloper. While the City shall have no obligation to commence construction of the Water Treatment Improvements, once the City has commenced construction of the Water Treatment Improvements, the City must complete the Water Treatment Improvements within a reasonable time. All of the Water Treatment Improvement work must conform to all applicable law, the building maintenance standards of

Southdale Center and the requirements of any reciprocal or operating easement agreement or planned unit development agreement affecting the Mall Property from time to time.

The City will be the owner of the Water Treatment Improvements. The City, its employees, agents, contractors and subcontractors shall have the right to enter upon the Easement Premises as may be necessary and, upon the prior written consent of the Redeveloper for the purposes of staging for construction of the Water Treatment Improvements, upon portions of the Mall Property adjoining the Easement Premises, with such equipment, materials, supplies and workers as is necessary for the purposing of constructing, installing, reconstructing, reinstalling, altering, repairing and maintaining the Water Treatment Improvements. The City will promptly repair any damage to the Mall Property (including all improvements, roadways, parking areas and landscaping) caused by constructing, installing, reconstructing, reinstalling, altering, repairing or maintaining of the Water Treatment Improvements. Notwithstanding anything to the contrary provided herein, the City shall not construct the Water Treatment Improvements and shall not modify, alter, or reconstruct, on and under the Easement Premises, except in the event of an emergency affecting human health or safety, during the months of October, November, December or January.

Section 4.2 Liens – Neither the City nor the Redeveloper will permit any mechanic’s or materialmen’s liens to stand against the Easement Premises or the Mall Property on account of improvements authorized by such party, including the Minimum Improvements and the Water Treatment Improvements, provided, however, that either party may in good faith and at its sole cost and expense contest any such lien in which event such lien may remain undischarged and unsatisfied during the contest and any appeal, provided that the contesting party files a bond or deposits cash or other reasonable security in the amount of such lien with the court or with a mortgagee of the premises encumbered by such lien to secure the payment of such lien if finally determined to be valid.

Section 4.3 Legal and Regulatory Compliance; Control of Premises - The City will operate and maintain the Water Treatment Improvements on the Easement Premises for the benefit of the public in accordance with all applicable governmental laws, ordinances, regulations and orders pertaining to the Water Treatment Improvements generally from time to time but only for the purposes and uses described in this Agreement. Subject only to the express provisions of this Agreement and any planned unit development agreement affecting the Mall Property, the City will have full authority and control over the management, operation, and use of the Easement Premises and may operate the Water Treatment Improvements in any manner the City deems appropriate and/or necessary. The City will be obligated to conform the operation and maintenance of the Water Treatment Improvements and all other facilities located on the Easement Premises to all applicable law, the building maintenance standards of Southdale Center and the requirements of any reciprocal or operating easement agreement or planned unit development agreement affecting the Mall Property from time to time. The City will maintain the Water Treatment Improvements in a first class condition, and will not (i) create obnoxious odors, excessive noise or air discharges (ii) store any materials outside of the Building or (iii) permit the overnight parking of vehicles or equipment on the Easement Premises.

Section 4.4 Hours of Operation, Rules and Regulations - The City may establish, subject to the terms of any and all operations and reciprocal easement agreements affecting the

Mall Property, reasonable hours of operation, rules, and regulations as it deems advisable, necessary, or appropriate for the safe, efficient, and orderly use of the Water Treatment Improvements.

Section 4.5 Contractors - The City 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. The City may make all decisions and execute all agreements, in its sole discretion, with respect to the Water Treatment Improvements so long as such decisions and agreements do not violate any provisions of this Agreement or the Contract during the term thereof.

Section 4.6 No Fees - The Easement Premises may be used by the City for the purposes described herein without fee or charge to the City.

Section 4.7 No Interference – The Redeveloper shall take reasonable steps to avoid materially interfering with the use, occupancy and operation of the Easement Premises or Water Treatment Improvements by the City, its employees and agents.

Section 4.8 No Waste or Damage - Neither the City nor the Redeveloper may knowingly or willfully commit or suffer to be committed any waste or damage or nuisance in or upon the Easement Premises, or any disfigurement or injury to the Water Treatment Improvements. Usual and normal wear and tear, damage by the elements, unavoidable casualty or depreciation and diminution over time will not be considered “waste,” “nuisance,” “damage,” “disfigurement,” or “injury.” The City shall maintain the Easement Premises in a first class manner in accordance with Section 4.3 and the standards of maintenance applicable to the Mall Property generally.

Section 4.9 Signage - No signage shall be placed on the Easement Premises or Water Treatment Improvements unless constructed solely for the purpose of identifying the City and the Water Treatment Improvements. Redeveloper will have the right to approve, in its sole and absolute discretion, all other signage on the Easement Premises or Water Treatment Improvements.

ARTICLE V

INDEMNIFICATION, INSURANCE

Section 5.1 Property Insurance - The City, at its sole cost and expense, must keep all Water Treatment Improvements, 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 buildings and improvements similar in construction, general location, use, and occupancy to the Water Treatment Improvements. The City hereby releases and waives for itself, and any party that may claim by, through or under it (by way of subrogation or otherwise), the Redeveloper from any liability for any loss or damage to the Water Treatment Improvements, which loss or damage is of the type covered or coverable by the insurance required to be maintained under this Section

5.1, irrespective of the amount of such insurance required or actually carried, including any deductible or self insurance reserve.

Section 5.2 Personal Property - All property of every kind and character which the City may keep or store in, at, upon, or about the Easement Premises will be kept and stored at the sole risk, cost, and expense of the City.

Section 5.3 Indemnification by the City - Except to the extent caused by the willful misconduct or gross negligence of the Redeveloper, and its employees or agents, the City hereby covenants and agrees to assume and to indemnify and save harmless the Redeveloper and its officers, employees and agents, of, from, and against any and all claims, demands, actions, damages, costs, expenses, attorneys' fees, and liability in connection with the loss of life, personal injury and/or damage to property arising from or out of any occurrence in, at, upon, or from the Easement Premises or the Water Treatment Improvements. This provision will survive any termination of this Agreement.

Section 5.4 Liability Insurance - The City will procure and maintain continuously in effect (or cause the same to occur), liability policies of insurance with a combined single limit of liability of Two Million Dollars (\$2,000,000.00) for bodily injury, personal injury and property damage, arising out of any one occurrence and such other policies as may be required pursuant to the terms of any and all operating and reciprocal easement agreements affecting the Mall Property from time to time. The Redeveloper be an "additional insured" under such policy with respect to the Water Treatment Improvements.

Section 5.5 General Insurance Requirement - All insurance required in this Agreement must be placed with financially sound and reputable insurers rated by Best's Rating Guide not less than A-/X and licensed to transact business in the State of Minnesota. The insurance coverage herein required may be provided by a blanket insurance policy or policies.

Section 5.6 Environmental Indemnification - City further agrees that the Redeveloper will bear no responsibility or liability to the City for any Hazardous Material identified within the Easement Premises which are located thereon prior to the date of conveyance of this easement. The City agrees to indemnify and hold harmless the Redeveloper Parties against all claims, costs, and liabilities arising out of the presence or Release of any Hazardous Material on the Easement Premises due to City's use, development or operation of the Easement Premises, and City further agrees to indemnify Redeveloper Parties against any Remediation Costs incurred by Redeveloper Parties to comply with applicable Environmental Laws within the Easement Premises due to City's use, development or operation of the Easement Premises. In the event that a Redeveloper Party is named as a defendant in any legal or administrative action alleging liability against the Redeveloper due to the presence of any Hazardous Material on or about the Easement Premises in violation of any Environmental Law, the City shall indemnify and hold the Redeveloper Party harmless from any judgments, damages and liabilities of any kind determined in such legal or administrative action to be due and owing by the Redeveloper. If the City fails to defend the Redeveloper, the Redeveloper shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter, for the account of and at the risk of the City. In the event that the City fails to defend, all attorneys'

fees incurred by the Redeveloper related to such defense shall be paid for by the City. This provision will survive any termination of this Agreement.

ARTICLE VI

ASSIGNMENT, SUBORDINATION

Section 6.1 Assignment by the City - The City may not assign or transfer all or a portion of its interest under this Agreement without the prior written consent of the Redeveloper, which consent may be withheld in the sole and absolute discretion of Redeveloper, and the City shall not permit the use or occupancy of the Easement Premises or the Water Treatment Improvements by any third party.

Section 6.2 Assignment by the Redeveloper - The City will recognize and accept any successors or assigns of the Redeveloper. Any successor or assignee to the interest of the original Redeveloper named herein to the Easement Premises shall succeed to the interest of the Redeveloper herein. Each party who becomes Redeveloper hereunder shall be liable for the performance of only those covenants, obligations and undertakings hereunder that accrue during its period of ownership of the Mall Property.

ARTICLE VII

MAINTENANCE OF THE EASEMENT PREMISES

Section 7.1 Maintenance The City, at its cost and expense, must maintain all of the Easement Premises and the Water Treatment Improvements in good condition and repair. It is distinctly understood that the preceding does not require maintenance and/or repair of the Easement Premises or the Water Treatment Improvements in perfect condition or in a condition equal to new at all times, but the City must keep and maintain the same (a) 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 the Water Treatment Improvements or any part thereof, and (b) in accordance with Section 4.3 and the standards required of the Mall Property generally.

Section 7.2 Delegation of Maintenance Obligations. The City may delegate to one or more contractors or agents responsibility for maintaining the Easement Premises and Water Treatment Improvements, but such delegation shall relieve or release the City from its obligations hereunder.

Section 7.3 No Obligation of the Redeveloper to Repair or Maintain The Redeveloper will have no obligation of any kind, expressed or implied, to repair, rebuild, restore, reconstruct, modify, alter, replace, or maintain the Water Treatment Improvements or any part thereof.

Section 7.4 Destruction - In the event that the Water Treatment Improvements on the Easement Premises are damaged or destroyed by fire or other casualty, the City may, at its sole option, repair, rebuild or reconstruct the Water Treatment Improvements, provided, however, that if the City elects to repair, rebuild or reconstruct the Water Treatment Improvements, such work shall be subject to approval by Redeveloper pursuant to Section 4.1 as though such work were

the initial construction of the Water Treatment Improvements, and provided further that if the City will not elect within sixty (60) days to repair or rebuild the Water Treatment Improvements, the City shall promptly thereafter clean up the portions of the Building and the Easement Premises affected by such casualty event, remove debris, building frameworks and outer shells therefrom and do and perform at the City's own cost and expense all that work that will restore the Easement Premises to a safe and clean condition, and so that the Easement Premises will appear visually pleasing and attractive to the persons using the Mall Property.

ARTICLE VIII

EMINENT DOMAIN

Section 8.1 Condemnation - If the Easement Premises are taken, acquired, or condemned by eminent domain for any public or quasi-public use or purpose, then the Redeveloper, at any time within sixty (60) days next after it has actual notice of such proposed acquisition or condemnation, will have the option to (i) cancel and terminate this Agreement as of the date of vesting of title in the condemning authority of the acquired or condemned property, or to (ii) continue this Agreement as to the remaining part of the Easement Premises not so taken or threatened to be taken. The Redeveloper may exercise one of the foregoing options by giving the City written notice of the exercise thereof within the foregoing sixty (60) days' period, and in the event Redeveloper fails or refuses, for any reason, so to furnish the City written notice of the exercise thereof within the time and in the manner herein provided, then this Agreement will continue in full force and effect under option (ii) above.

ARTICLE IX

DEFAULT AND TERMINATION

Section 9.1 Default by the City If the City fails to perform any of its obligations under this Agreement, and fails to cure such default after thirty (30) days' written notice of such default, or, if such default cannot reasonably be cured within such thirty (30) days, fails to commence curative action and thereafter diligently complete the same, then in such case the Redeveloper may declare the termination of this Agreement and re-enter and take possession of the Easement Premises, or cure such default on behalf of the City and the City consents to pay to the Redeveloper any and all such sums as are due and owing on account thereof. The Redeveloper will submit a statement to the City evidencing the costs incurred to cure such default. In the event of termination, the City agrees to execute and deliver to the Redeveloper a written termination of this Agreement in recordable form, which termination agreement will be filed in the official records of Hennepin County, Minnesota.

Section 9.2 Default by the Redeveloper - If the Redeveloper fails to perform any of its obligations under this Agreement, and fails to cure such default after thirty (30) days' written notice of such default or, if such default cannot reasonably be cured within such thirty (30) days, fails to commence curative action and thereafter diligently complete the same, then in such case, the City may cure such default on behalf of the Redeveloper and the Redeveloper consents to pay to the City any and all such sums as are due and owing on account thereof. The City will submit a statement to the Redeveloper evidencing the costs incurred to cure such default. If the

Redeveloper has failed to make payment in accordance with the statement within sixty (60) days after receipt thereof, the City will have the right to assess the costs incurred by the City to all or any portion of the Mall Property as a service charge pursuant to Minnesota Statutes, Section 429.101, or any successor statute.

ARTICLE X

SURRENDER

Section 10.1 Surrender - Upon any termination of this Agreement, the City will surrender the Easement Premises to the Redeveloper, 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 will become the property of the Redeveloper upon any termination and will be surrendered to the Redeveloper by the City without any payment therefor.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Waiver - The waiver by any party hereto of any breach or default of any provisions anywhere contained in this Agreement does not constitute a waiver of any subsequent breach or default thereof. No provision of this Agreement is waived unless such waiver is in writing and signed by the party charged with any such waiver.

Section 11.2 Amendments; Governing Law - Except as otherwise herein provided, no subsequent alteration, amendment, change, waiver, discharge, termination, deletion, or addition to this Agreement will be binding upon either party unless in writing and signed by both parties. The Redeveloper and the City agree to join in and consent to amendments to this Agreement, to the extent such amendments are reasonably required by the Redeveloper's lenders; provided, however, that the Redeveloper and the City will not be required to enter into such amendments if the amendments do not adequately protect the legitimate interest and security of the Authority or the City. This Agreement shall be governed by the laws of the State of Minnesota.

Section 11.3 Joinder; Permitted Encumbrance - Except for the Consent and Subordination attached hereto, if any, 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 will constitute a permitted encumbrance under any loan agreement heretofore or hereafter entered into between the Redeveloper and any construction or permanent lender.

Section 11.4 Not a Public Dedication. Nothing herein contained shall be deemed to be a gift or dedication of any portion of the Mall Property or any portion thereof to the general public, or for use by members of the general public whatsoever. No right, privileges or

immunities of any party hereto shall inure to the benefit of any third-party nor shall any third-party be deemed to be a beneficiary of any of the provisions contained herein.

Section 11.5 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 Redeveloper, is addressed to or delivered personally to the Redeveloper at:

Southdale Limited Partnership
Simon Property Group
Development Operations
225 West Washington Street
Indianapolis, IN 46204

with a copy to:

Stefanie N. Galey
Faegre Baker Daniels LLP
90 South Seventh Street, Suite 2200
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

and

Roger N. Knutson
Campbell Knutson
1380 Corporate Center Curve, Suite 317
Eagan, MN 55121

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

Section 11.7 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

Section 11.8 Running with the Land - The obligations under this Agreement should bind and benefit the permitted successors and assigns to the City and the Redeveloper owning the land subject to the Agreement from time to time and run with the land.

[Signature pages follow]

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

CITY OF EDINA, MINNESOTA, a
Minnesota statutory city

By: _____
Its: Mayor

By: _____
Its: City Manager

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

SOUTHDALE LIMITED PARTNERSHIP,
a Delaware limited partnership
By: SOUTHDALE, L.L.C., a Delaware limited
liability company, its general partner
By: SIMON-MILLS III, LLC, a Delaware
limited liability company, its Manager

By: _____
Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by James Hovland and Scott Neal, the Mayor and City Manager, respectively, of the CITY OF EDINA, MINNESOTA, a Minnesota statutory city, on behalf of the city.

Notary Public

My Commission Expires

EXHIBIT A

LEGAL DESCRIPTION OF MALL PROPERTY

EXHIBIT B

DESCRIPTION AND DEPICTION OF EASEMENT PREMISES

[TO BE ATTACHED PRIOR TO EXECUTION OF THE AGREEMENT: A legal description and depiction of the Easement Premises will be mutually approved by the parties and added to this exhibit upon completion and review of the Survey and Title Search with respect to the Mall Property and Easement Premises.]

The foregoing instrument was acknowledged before me this ____ day of _____, 2012,
by _____, the _____ of _____,
a _____, on behalf of the _____.

(Signature of Person Taking Acknowledgment)

**This Instrument was drafted by
and when recorded should be returned to:**

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

Exhibit C-2

Public Transit Easement

EASEMENT AGREEMENT
between
THE CITY OF EDINA, MINNESOTA
and
SOUTHDALE LIMITED PARTNERSHIP
for construction, operation, maintenance and use of
PUBLIC TRANSIT IMPROVEMENTS

THIS EASEMENT AGREEMENT (this “Agreement”), is made as of this ____ day of _____, 2012 (“Effective Date”), by and between the CITY OF EDINA, MINNESOTA, a Minnesota statutory city (hereinafter the “City”) and SOUTHDALE LIMITED PARTNERSHIP, a Delaware limited partnership (hereinafter the “SLP”).

W I T N E S S E T H:

WHEREAS, SLP is the owner of the real property situated in Hennepin County, Minnesota, legally described on Exhibit A attached hereto (the “Mall Property”); SLP, in its capacity as the owner of the Mall Property, and each successor owner of the Mall Property, is referred to herein as the “Redeveloper”; and

WHEREAS, the Housing and Redevelopment Authority of the City of Edina, Minnesota (the “Authority”), the City, and the Redeveloper have entered into the Southdale Center Redevelopment Agreement (the “Contract”) dated April 18, 2012, a memorandum of which will be recorded in the real estate records of Hennepin County, Minnesota; and

WHEREAS, the Redeveloper has agreed to provide the City with an easement for the Public Transit Improvements (hereinafter defined) to be located on the Mall Property; and

WHEREAS, the City and the Redeveloper deem it to be in their vital interest and in the best interest of the City, the Authority and the State of Minnesota and in furtherance of the economic development and redevelopment plan for the Southdale Center (the “Mall”) to enter into this Agreement with respect to certain lands included within the Mall Property.

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 Public Transit Improvements Easement Redeveloper hereby grants to City a non-exclusive easement (the “Public Transit Easement”) for the purpose of constructing, maintaining, operating and using, on and within the Easement Premises the Public Transit Improvements. The term “Easement Premises” as used herein shall mean certain space on a portion of the Mall Property as depicted on the site plan attached hereto as Exhibit C which is incorporated herein by reference. The term “Public Transit Improvements” as used herein shall mean the public transit station and related facilities and improvements constructed for bus use only in accordance with the plans and specifications described on Exhibit B (the “Transit Improvement Plans”), as said facilities and improvements may be modified from time to time in accordance with Section 4.1.

Section 1.2 Access Easement

The Redeveloper hereby grants and conveys to the City a non-exclusive easement (the “Access Easement”), for vehicular and pedestrian ingress, egress, and access to and from one or more public streets adjoining the Mall Property to the Easement Premises, over and across one or more Drive Lanes maintained by the Redeveloper on the Mall Property. “Drive Lanes” as used in this Section 1.1 shall mean roads and private streets on the Mall Property as the same may be relocated by the Redeveloper from time to time, and as the same may be designated for use for bus transit purposes by the Redeveloper from time to time.

Section 1.3 Releases and Reservations

(a) The Redeveloper reserves in, over, under, above, across and upon the Easement Premises:

(i) the right of support for all adjoining land and improvements;

(ii) the right of access for ingress and egress through the Easement Premises, and the right of access for maintenance, repair, replacement and removal of utilities, materials and other facilities of the Redeveloper located within the Easement Premises from time to time; and

(iii) the right to bring utilities, materials, and other facilities through the Easement Premises.

(b) Upon request by the Redeveloper, the City must execute and deliver instruments to evidence the Redeveloper’s reservation of rights under section (a), however execution of such instruments is not necessary to effect the reservations in this Section 1.3.

(c) All provisions in this Section 1.3 are subject to any planned unit development agreement affecting the Mall Property, and applicable City Code.

(d) At its sole option Redeveloper shall have the right from time to time to relocate the Access Easement and the Easement Premises with one hundred and eighty (180) days' prior written notice to City in order to accommodate construction, redevelopment, special events, or other similar reasons that Redeveloper determines require the relocation for the efficient operation of the Mall. Redeveloper shall pay all costs and expenses of relocating the Public Transit Improvements and the Access Easement, if any.

(e) In addition to Redeveloper's general right to relocate the Easement Premises and the Access Easement, City acknowledges and agrees that Redeveloper's operation of the Mall Property includes use of a threat level assessment which determines Redeveloper's security measures. In the event Redeveloper in its sole discretion raises the threat level assessment, City shall, upon twenty-four (24) hours' prior notice, comply with Redeveloper's directives with regard to modification of City's access to the Mall Property, including without limitation adjustment of City's entry and access routes across the Mall Property, the location of the Public Transit Easement, the Access Easement and/or cessation of service on or across Mall Property until Redeveloper determines such modifications are no longer required. In the event Redeveloper determines the threat level to be an emergency, City shall comply with the modifications and/or restrictions immediately. City acknowledges that the applicable threat level assessment shall be as determined by Redeveloper. In the event that Redeveloper invokes this right to modify the manner of City's use of the Mall Property, during the period of modification, City shall have the right to terminate this Agreement upon sixty (60) days' written notice to Redeveloper.

(f) City acknowledges and agrees that in the event of extreme weather, Redeveloper may be required to undertake particular actions to respond to the effects of such extreme weather for the benefit of the Mall Property and its patrons. Redeveloper shall have the right in the event of extreme weather to temporarily impose modifications or restrictions on the Public Transit Easement, the Access Easement and/or access to the Mall Property or to deny access entirely until the extreme weather conditions moderate and any effects (for example flooding, snow accumulation or wind damage), have moderated or been remediated. Redeveloper shall impose such modifications or restrictions only to the extent and for the time period necessary in the sole discretion of Redeveloper to provide for the safety of Mall Property and its patrons.

(g) If at any time during the term hereof, City fails to comply with any material provision of this Agreement, and such failure is not cured within thirty (30) days after receipt of written notice thereof from Redeveloper, Redeveloper may, at its option, cure the failure at City's expense (in which case City shall reimburse Redeveloper within ten (10) days after Redeveloper's demand therefor) without affecting its right to demand, sue for, and collect all of its damages arising out of City's failure to comply, or any other right or remedy under this Agreement. Redeveloper is entitled to collect, in addition to any other amounts owed, its reasonable costs and attorneys' fees thereby incurred.

Section 1.4 Traffic Regulations and Enforcement

All vehicular and pedestrian traffic on the Easement Premises and the Access Easement shall be subject to applicable local, state and federal laws.

Section 1.5 Easements Perpetual

The Access Easement and the Public Transit Easement will be perpetual in nature, unless terminated as provided in this Agreement; *provided, however*, if the Mall Property ceases to operate as a regional retail mall (not including temporary interruptions that may occur during construction of any expansions, or restoration following a casualty event), the Redeveloper may elect to terminate this Agreement, the Public Transit Easement and the Access Easement upon one hundred and eighty (180) days notice to the City.

ARTICLE II

UTILITIES AND COMMON AREAS

Section 2.1 Utility ChargesThe City 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.

Section 2.2 Common Area Maintenance Reimbursement

In consideration of the grant of the easements herein granted to use the Mall Property and as reimbursement of the expenses that Redeveloper will incur, during any annual period in which the Transit Premises are occupied by the Public Transit Improvements, to maintain and repair its property and improvements attributable to City’s use of the Mall Property and routes as described herein, City shall pay to Redeveloper an amount (the “CAM Reimbursement”) to be agreed upon by the Redeveloper and the City.

ARTICLE III

INTENTIONALLY OMITTED

ARTICLE IV

USE OF EASEMENT PREMISES

Section 4.1 Construction of Public Transit Improvements

The City plans to build, construct, modify, alter, or reconstruct on the Easement Premises, the Public Transit Improvements. The City will construct, at its sole cost and expense, the Public Transit Improvements substantially in accordance with the Transit Improvement Plans, and in accordance with all applicable laws, codes, ordinances and regulations. The plans included on or described in Exhibit B attached hereto are concept plans only, and do not reflect final construction drawings and specifications. Once final construction drawings and

specifications are available, the City will submit them to Redeveloper for approval (which approval will not be unreasonably withheld as long as the revisions are consistent with the Transit Improvement Plans) and, upon approval by the Redeveloper, such final construction drawings and specifications shall become the Transit Improvement Plans for purposes of this Agreement. No construction work shall be undertaken at the Mall Property until Redeveloper has approved the construction drawings and specifications in writing, and no change shall be made to the approved drawings and specifications without Redeveloper's written consent. The City will be the owner of the Public Transit Improvements. The City, its employees, agents, contractors and subcontractors shall have the right, upon the prior written consent of the Redeveloper, to enter upon the Mall Property with such equipment, materials, supplies and workers as is necessary for the purpose of constructing, installing, reconstructing, reinstalling, altering, repairing and maintaining the Public Transit Improvements. Notwithstanding anything to the contrary provided herein, the City shall not construct the Public Transit Improvements and shall not modify, alter, or reconstruct, on and under the Easement Premises, except in the event of an emergency affecting human health or safety, during the months of October, November, December or January.

Section 4.2 Liens

Neither the City nor the Redeveloper will permit any mechanic's or materialmen's liens to stand against the Easement Premises or the Mall Property on account of improvements authorized by such party, including, the Public Transit Improvements, provided, however, that either party may in good faith, and at its sole cost and expense, contest any such lien in which event such lien may remain undischarged and unsatisfied during the contest and any appeal, provided that the contesting party files a bond or deposits cash or other reasonable security in the amount of such lien with the court or with a mortgagee of the premises encumbered by such lien to secure the payment of such lien if finally determined to be valid.

Section 4.3 Legal and Regulatory Compliance; Control of Premises

City shall, at its own cost and expense: (a) operate and maintain the Access Easement and the Easement Premises for the benefit of the public and in accordance with all applicable governmental laws, ordinances, regulations and orders pertaining to the Access Easement, Easement Premises, and Public Transit Improvements generally from time to time, but only for the purposes and uses described in this Agreement; (b) comply with and execute all rules, recommendations, requirements and regulations of (i) the governing fire marshal or other fire prevention authority with jurisdiction, (ii) Redeveloper's and City's insurance companies and (iii) any other organization establishing insurance rates in the geographical area where the Mall is located; (c) conform the use, operation and maintenance of the Access Easement and the Easement Premises to the building maintenance standards of the Mall and the requirements of any reciprocal or operating easement agreement or planned unit development agreement affecting the Mall Property from time to time; (d) maintain the Public Transit Improvements in a first class condition. Subject to the forgoing, the City will have full authority and control over the management, operation, and use of the Easement Premises and may operate the Public Transit Improvements in any manner the City deems appropriate and/or necessary.

Section 4.4 Intentionally Omitted.

Section 4.5 Contractors

The City may engage such employees, agents, or independent contractors as it may deem advisable to conduct the management and operation of the Easement Premises from time to time, but such delegation shall not release City of its obligations hereunder. The City may make all decisions and execute all agreements, in its sole discretion, with respect to the Public Transit Improvements so long as such decisions and agreements do not violate any provisions in the Agreement.

Section 4.6 No Interference

Except as provided in Section 1.3 above or elsewhere in this Agreement, the Redeveloper must not interfere with the use, occupancy and operation of the Easement Premises or Public Transit Improvements by the City, its employees and agents.

Section 4.7 No Waste or Damage

Neither the City nor the Redeveloper may knowingly or willfully commit or suffer to be committed any waste or damage or nuisance in or upon the Easement Premises or Access Easement, or any disfigurement or injury to the Easement Premises. Usual and normal wear and tear, damage by the elements, unavoidable casualty or depreciation and diminution over time will not be considered “waste,” “nuisance,” “damage,” “disfigurement,” or “injury.”

Section 4.8 Signage

Except as described in the Transit Improvement Plans, the City shall not construct, locate, install or erect any signs, posters, advertisements, billboards, personal fixtures, attachments, building improvements or other structures in, on or about the Mall or the Easement Premises without the express prior written approval of Redeveloper. If City erects or installs any of the aforementioned items, or allows the same to be erected, in violation of this Agreement, the same shall be removed immediately upon the direction of Redeveloper.

Section 4.9 License to Operate

City or any Permitted Designee (as defined in Section 6.1) shall be duly licensed and qualified to operate a public bus transit system during all times and shall provide evidence thereof upon Redeveloper’s request.

Section 4.10 Accessibility Compliance

The City shall be solely responsible at its sole cost and expense to keep the Access Easement and the Easement Premises in full compliance with the Americans with Disabilities Act and/or any applicable regulations and with other applicable federal, state or local accessibility law, code or regulations, including without limitation provision of an accessible route from the Easement Premises to any other location on the Mall Property if the installation or operation of the Easement Premises or the operation of the bus service on Mall Property as

provided for herein requires the provision of an accessible route that would not otherwise have been required on Mall Property.

Section 4.11 Security

City acknowledges and agrees that City is solely responsible for providing guard services or other security measures for the Easement Premises as it reasonably determines are necessary, and that Redeveloper has no obligation to provide same. City is responsible for the protection of the Easement Premises, the Public Transit Improvements, City, City's Permitted Designees, and City's (or any Permitted Designee's) drivers, contractors, subcontractors, employees, invitees, the Transit Improvements, City's, guests and customers (the "City Parties") against the acts of third parties occurring within, upon or about the Access Easement, and the Easement Premises. City shall provide security at the Easement Premises at its sole cost and expense at all times. City shall provide Redeveloper with City's security plan, schedule and access to City's security camera feeds and monitoring equipment and shall promptly notify Redeveloper of changes in any of the foregoing. City will indemnify, defend and hold harmless Redeveloper from any claims made by any of the above specified class of persons and any damages, including attorney's fees resulting therefrom.

ARTICLE V

INDEMNIFICATION, INSURANCE

Section 5.1 Property Insurance

The City, at its sole cost and expense, must keep all Public Transit Improvements, 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 buildings and improvements similar in construction, general location, use, and occupancy to the Public Transit Improvements. The City hereby releases and waives for itself, and any party that may claim by, through or under it (by way of subrogation or otherwise), the Redeveloper Parties from any liability for any loss or damage to the Public Transit Improvements, which loss or damage is of the type covered or coverable by the insurance required to be maintained under this Section 5.1, irrespective of the amount of such insurance required or actually carried, including any deductible or self-insurance reserve.

Section 5.2 Personal Property

All property of every kind and character which the City may keep or store in, at, upon, or about the Easement Premises will be kept and stored at the sole risk, cost, and expense of the City.

Section 5.3 Indemnification by the City

Except to the extent caused by the willful misconduct or gross negligence of the Redeveloper, and its employees or agents, the City hereby covenants and agrees to assume and to

indemnify and save harmless the Redeveloper and its officers, members, partners, parents, subsidiaries, employees and agents (the “Redeveloper Parties”) and any other affiliated entities, of, from, and against any and all claims, demands, actions, damages, costs, expenses, attorneys’ fees, and liability in connection with City’s breach of the terms of the Agreement, the negligent acts or omissions of the of City Parties in connection with the use of the Mall Property, the loss of life, personal injury and/or damage to property arising from or out of any occurrence in, at, upon, or from the Easement Premises or the Access Easement. This provision will survive any termination of this Agreement.

Section 5.4 Liability Insurance

The City will procure and maintain continuously in effect (or cause the same to occur), liability policies of insurance of the kind and minimum amounts as are customarily maintained with respect to the Public Transit Improvements.

Section 5.5 General Insurance Requirement

All insurance required in this Agreement must be placed with financially sound and reputable insurers rated by Best’s Rating Guide not less than A-/X and licensed to transact business in the State of Minnesota. The insurance coverage herein required may be provided by a blanket insurance policy or policies.

Each of the required insurance coverage amounts provided in Section 5.4 above shall be in Constant Dollars. “Constant Dollars” as used in this Agreement shall mean the value of the U.S. dollar to which such phrase refers, as adjusted at five (5) year intervals beginning on the fifth anniversary of the Effective Date. Constant Dollars shall be determined by multiplying the dollar amount to be adjusted by a fraction, the numerator of which is the Current Index Number and the denominator of which is the Base Index Number. The “Base Index Number” shall be the level of the Index for the calendar year 2012; the “Current Index Number” shall be the level of the Index for the year preceding the adjustment year; the “Index” shall be the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor for U.S. City Average, All Items (1982-84=100), or any successor index thereto as hereinafter provided. If publication of the Index is discontinued, or if the basis of calculating the Index is materially changed, then the City and Redeveloper shall substitute for the Index comparable statistics as computed by an agency of the United States Government or, if none, by a substantial and responsible periodical or publication of recognized authority most closely approximating the result which would have been achieved by the Index.

Section 5.6 Environmental Indemnification

The City further agrees that the Redeveloper will bear no responsibility or liability to the City for any Hazardous Material identified within the Easement Premises which are located thereon prior to the date of conveyance of this easement. The City agrees to indemnify and hold harmless the Redeveloper Parties against all claims, costs, and liabilities arising out of the presence or Release of any Hazardous Material on the Easement Premises due to the City’s use, development or operation of the Easement Premises. The City further agrees to indemnify the Redeveloper Parties against any Remediation Costs incurred by the Redeveloper Parties to

comply with applicable Environmental Laws within the Easement Premises due to the City's use, development or operation of the Easement Premises. In the event that a Redeveloper Party is named as a defendant in any legal or administrative action alleging liability against the Redeveloper due to the presence of any Hazardous Material on or about the Easement Premises in violation of any Environmental Law, the City shall indemnify and hold the Redeveloper harmless from any judgments, damages and liabilities of any kind determined in such legal or administrative action to be due and owing by the Redeveloper. If the City fails to defend the Redeveloper, the Redeveloper shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter, for the account of and at the risk of the City. In the event that the City fails to defend, all attorneys' fees incurred by the Redeveloper related to such defense shall be paid for by the City. This provision will survive any termination of this Agreement.

ARTICLE VI

ASSIGNMENT, SUBORDINATION

Section 6.1 Delegation and Assignment by the City

The City may delegate or transfer all or a portion of its rights under this Agreement to the Metropolitan Council or another public entity organized and operated for the purpose of providing regional public transit services (each a "Permitted Designee") without the prior written consent of the Redeveloper, provided that the City (i) gives thirty (30) days advance written notice of such delegation or transfer to the Redeveloper, and (ii) delivers to the Redeveloper a signed agreement by which the Permitted Designee agrees to assume and be liable for the performance of all the obligations, covenants and undertakings of the City under this Agreement and to be bound by the terms of this Agreement, as though such party were named hereunder. No such delegation or transfer by the City of its rights under this Agreement to a Permitted Designee shall release the City from its duties and obligations under this Agreement. The City may not otherwise assign or transfer all or a portion of its interest under this Agreement without the prior written consent of the Redeveloper, which consent may be withheld in the sole and absolute discretion of Redeveloper, and the City shall not permit the use or occupancy of the Easement Premises by any third party.

Section 6.2 Assignment by the Redeveloper

The City will recognize and accept any successors or assigns of the Redeveloper. Any successor or assignee to that portion of the Mall Property which includes the Easement Premises shall succeed to the interest of the Redeveloper herein. Each party who becomes Redeveloper hereunder shall be liable for the performance of only those covenants, obligations and undertakings hereunder that accrue during its period of ownership of the Mall Property.

ARTICLE VII

MAINTENANCE OF THE EASEMENT PREMISES

Section 7.1 Maintenance of the Easement Premises

The City, at its cost and expense, must maintain all of the Easement Premises in good condition and repair, including snow removal. It is distinctly understood that the preceding does not require maintenance and/or repair of the Easement Premises and/or improvements hereinafter erected thereon in perfect condition or in a condition equal to new at all times, but the City must (a) 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, and (b) in accordance with Section 4.3 and the standards required of the Mall Property generally.

Section 7.2 Delegation of Maintenance Obligations

The City may delegate to one or more contractors or agents responsibility for maintaining the Easement Premises and Public Transit Improvements, but such delegation shall not relieve or release the City from its obligations hereunder.

Section 7.3 No Obligation of the Redeveloper to Repair or Maintain Easement Premises

The Redeveloper will have no obligation of any kind, expressed or implied, to repair, rebuild, restore, reconstruct, modify, alter, replace, or maintain the Public Transit Improvements or any part thereof.

Section 7.4 Maintenance of the Access Easement

Redeveloper shall maintain, at its sole cost and expense, but subject to City's obligation to pay its CAM Reimbursement, the Access Easement in good condition and repair. Redeveloper shall not be obligated to maintain the areas of the Access Easement in perfect condition, but in accordance with the standards required by the Mall generally.

Section 7.5 Destruction

In the event that the Public Transit Improvements on the Easement Premises are damaged or destroyed by fire or other casualty, the City may, at its sole option, repair, rebuild or reconstruct the Public Transit Improvements, provided, however, that if the City elects to repair, rebuild or reconstruct the Public Transit Improvements, such work shall be subject to the approval of the Redeveloper pursuant to Section 4.1 as though such work were the initial construction of the Public Transit Improvements, and provided further that if the City does not elect within sixty (60) days to repair or rebuild the Public Transit Improvements, the City shall promptly thereafter clean up the portions of the Easement Premises affected by such casualty event, remove debris, building frameworks and outer shells therefrom and do and perform at the City's own cost and expense all that work that will restore the Easement Premises to a safe and clean condition, and so that the Easement Premises will appear visually pleasing and attractive to the persons using the Mall Property.

ARTICLE VIII
EMINENT DOMAIN

Section 8.1 Condemnation

If the Easement Premises are taken, acquired, or condemned by eminent domain for any public or quasi-public use or purpose, then the Redeveloper, at any time within sixty (60) days next after it has actual notice of such proposed acquisition or condemnation, will have the option to (i) cancel and terminate this Agreement as of the date of vesting of title in the condemning authority of the acquired or condemned property, or to (ii) continue this Agreement as to the remaining part of the Easement Premises not so taken or threatened to be taken. The Redeveloper may exercise one of the foregoing options by giving the City written notice of the exercise thereof within the foregoing sixty (60) days' period, and in the event Redeveloper fails or refuses, for any reason, so to furnish the City written notice of the exercise thereof within the time and in the manner herein provided, then this Agreement will continue in full force and effect under option (ii) above.

ARTICLE IX
DEFAULT AND TERMINATION

Section 9.1 Default by the City

If the City fails to perform any of its obligations under this Agreement, and fails to cure such default after thirty (30) days' written notice of such default, or, if such default cannot reasonably be cured within such thirty (30) days, fails to commence curative action and thereafter diligently complete the same, then in such case the Redeveloper may declare the termination of this Agreement and re-enter and take possession of the Access Easement and the Easement Premises, or cure such default on behalf of the City and the City consents to pay to the Redeveloper any and all such sums as are due and owing on account thereof. The Redeveloper will submit a statement to the City evidencing the costs incurred to cure such default. In the event of a termination, the City agrees to execute and deliver to the Redeveloper a written termination of this Agreement in recordable form, which termination agreement will be filed in the official records of Hennepin County, Minnesota.

ARTICLE X
SURRENDER

Section 10.1 Surrender

Upon any termination of this Agreement, the City will surrender the Easement Premises to the Redeveloper, 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 will become the property of the Redeveloper upon any termination and will be surrendered to the Redeveloper by the City

without any payment therefor. City shall reimburse Redeveloper for all expenses, including legal costs and counsel fees, incurred by Redeveloper as a result of any failure by City to remove its property as set forth herein and to restore any injury to the Mall caused by operations of City or the result of its use.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Waiver

The waiver by any party hereto of any breach or default of any provisions anywhere contained in this Agreement does not constitute a waiver of any subsequent breach or default thereof. No provision of this Agreement is waived unless such waiver is in writing and signed by the party charged with any such waiver.

Section 11.2 Amendments; Governing Law

Except as otherwise herein provided, no subsequent alteration, amendment, change, waiver, discharge, termination, deletion, or addition to this Agreement will be binding upon either party unless in writing and signed by both parties. The Redeveloper and the City agree to join in and consent to amendments to this Agreement, to the extent such amendments are reasonably required by the Redeveloper's lenders; provided, however, that the Redeveloper and the City will not be required to enter into such amendments if the amendments do not adequately protect the legitimate interest and security of the Authority or the City. This Agreement shall be governed by the laws of the State of Minnesota.

Section 11.3 Joinder; Permitted Encumbrance

Except for the Consent and Subordination attached hereto, if any, 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 will constitute a permitted encumbrance under any loan agreement heretofore or hereafter entered into between the Redeveloper and any construction or permanent lender.

Section 11.4 Not a Public Dedication

Nothing herein contained shall be deemed to be a gift or dedication of any portion of the Mall Property or any portion thereof to the general public, or for use by members of the general public whatsoever. No right, privileges or immunities of any party hereto shall inure to the benefit of any third-party nor shall any third-party be deemed to be a beneficiary of any of the provisions contained herein.

Section 11.5 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 Redeveloper, is addressed to or delivered personally to the Redeveloper at:

Southdale Limited Partnership
Simon Property Group
Development Operations
225 West Washington Street
Indianapolis, IN 46204

with a copy to: Stefanie N. Galey
Faegre Baker Daniels LLP
90 South Seventh Street, Suite 2200
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

and Roger N. Knutson
Campbell Knutson
1380 Corporate Center Curve, Suite 317
Eagan, MN 55121

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 11.6 Counterparts

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

Section 11.7 Law Governing

This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

Section 11.8 Running with the Land

The obligations under this Agreement should bind and benefit the permitted successors and assigns to the City and the Redeveloper owning the land subject to the Agreement from time to time and run with the land

Section 11.9 Limitation of Liability

Neither Redeveloper, its managing agent, nor Simon Property Group, Inc. nor any of their respective agents subsidiaries, affiliates, directors, partners, members, employees, and assigns or mortgages shall have any personal liability in connection with respect to any of the terms, covenants, conditions, and provisions of this Agreement, or of any other events, acts, omissions, or occurrences arising from or related to this Agreement. Such exculpation of personal liability is absolute and without any exception whatsoever. Redeveloper shall in no event be liable for indirect, incidental, consequential or exemplary damages.

[Signature pages follow]

fb.us.8388908.03

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

CITY OF EDINA, MINNESOTA, a
Minnesota statutory city

By: _____
Its: Mayor

By: _____
Its: City Manager

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

SOUTHDALE LIMITED PARTNERSHIP,
a Delaware limited partnership
By: SOUTHDALE, L.L.C., a Delaware limited
liability company, its general partner
By: SIMON-MILLS III, LLC, a Delaware
limited liability company, its Manager

By: _____
Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by James Hovland and Scott Neal, the Mayor and City Manager, respectively, of the CITY OF EDINA, MINNESOTA, a Minnesota statutory city, on behalf of the city.

Notary Public

My Commission Expires

CONSENT AND SUBORDINATION

The undersigned, _____, a _____, holder of (1) that certain [Mortgage] (the “Mortgage”); and (2) that certain [Assignment of Leases and Rents] (the “Assignment”), hereby consents to the foregoing Transit Easement Agreement (the “Easement Agreement”), and hereby subjects and subordinates the Mortgage and the Assignment and all of its right, title and interest in the Easement Premises to the Easement Agreement.

Nothing in this Consent and Subordination may be construed to impose on the undersigned any obligation created by the Easement Agreement, unless and until the undersigned has acquired fee title to property burdened by the Easement Agreement, and further subject to Section 6.3 of the Contract (as defined in the Easement Agreement); and further provided, that neither the undersigned nor any other party that becomes the owner of the Mall Property as a result of the undersigned’s exercise of its remedies under the Mortgage, the Assignment, and/or any related loan documents (such other party being referred to in this Consent and Subordination as a “transferee”) shall be personally liable for any monetary obligations incurred by Redeveloper or any other party that precedes the undersigned’s or transferee’s ownership of the Mall; and no lien that might arise (no consent to any such lien by the undersigned is hereby implied) out of a breach by Redeveloper or the City of Edina, Minnesota, of its obligations under the Easement Agreement shall have any priority over the lien of the Mortgage or Assignment or any other related loan documents as such may have been amended, renewed or restated from time to time; and no amendment to or modification of the Easement Agreement shall be binding on the undersigned or a transferee unless the undersigned or such transferee, as applicable, shall have consented thereto in writing in its sole discretion.

EXHIBIT A
LEGAL DESCRIPTION OF MALL PROPERTY

EXHIBIT B

**DESCRIPTION OF PUBLIC TRANSIT IMPROVEMENTS PLANS AND
SPECIFICATIONS**

EXHIBIT C

SITE PLAN

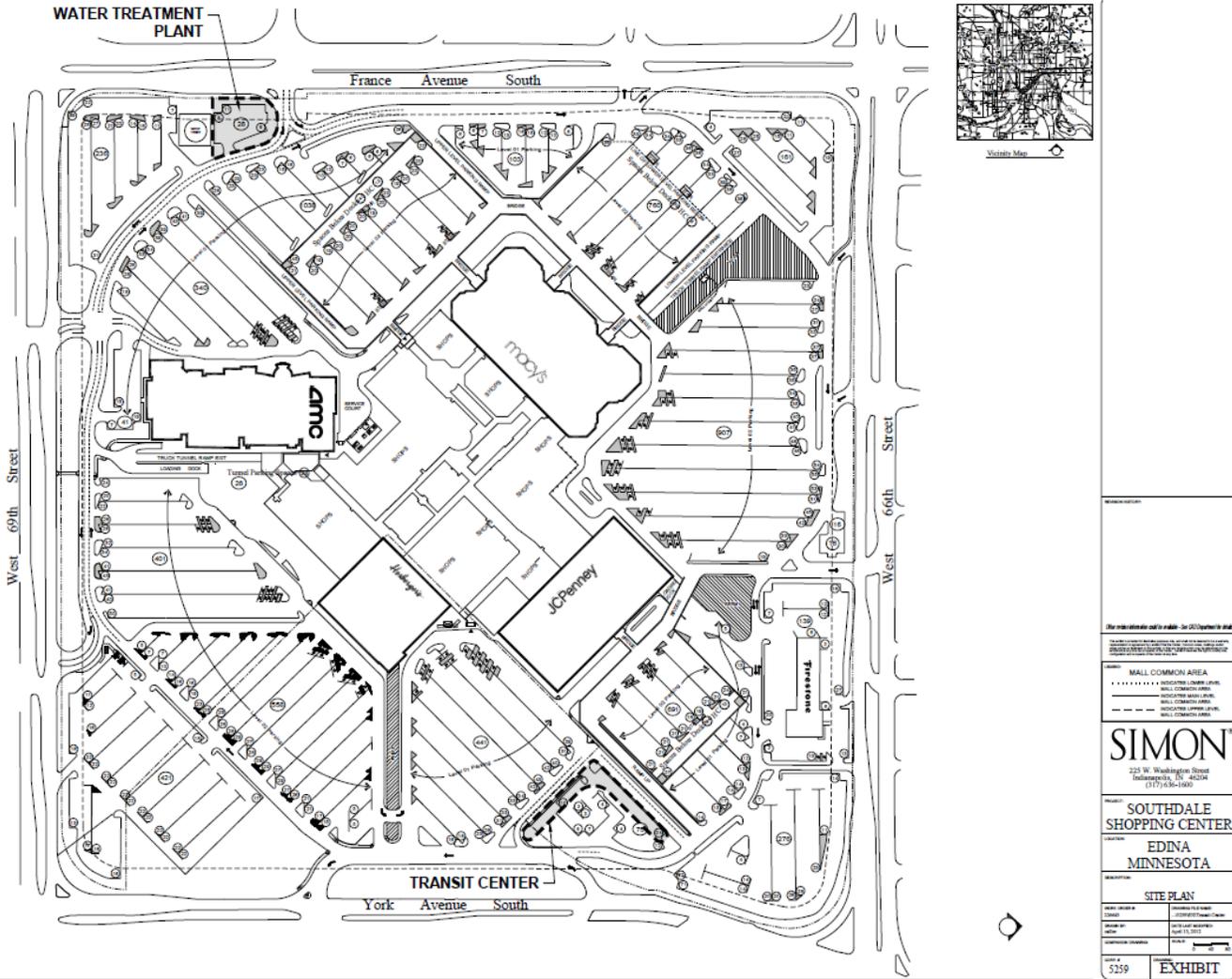


Exhibit C-2-C-1

EXHIBIT D
General Location of Water Treatment Plant Easement and Public Transit Easement

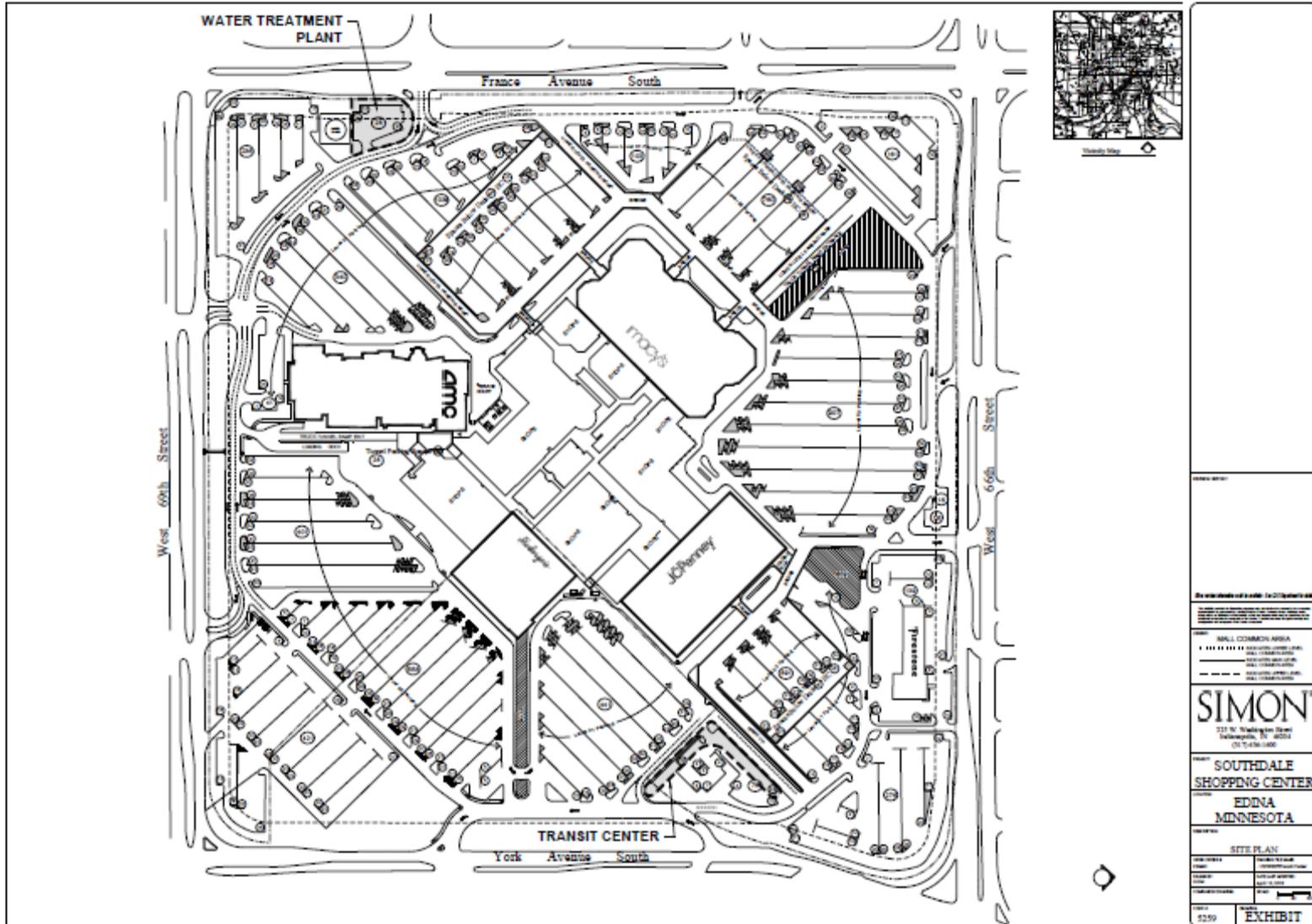


EXHIBIT E
Consent and Subordination Agreement

The undersigned, **WELLS FARGO BANK, N.A., AS TRUSTEE FOR THE REGISTERED HOLDERS OF BANC OF AMERICA COMMERCIAL MORTGAGE INC. COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2005-1**, having an address c/o C-III Asset Management LLC, 5221 N. O'Connor Blvd, Suite 600, Irving, TX 75039, Attention: Special Servicing, Series 2005-1, Loan No. 003197407 (together with its successors and/or assigns, "**Lender**"), is the holder of (1) that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of March 7, 2005, and recorded March 15, 2005, as Document No. 4089179 in the Office of the Registrar of Titles of Hennepin County, Minnesota, as amended by that certain First Amendment to Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of January 6, 2012, and recorded January 9, 2012, as Document No. T4918351 in the Office of the Registrar of Titles of Hennepin County, Minnesota, and (2) that certain Assignment of Leases and Rents, executed by Southdale Limited Partnership, dated as of March 7, 2005, and recorded March 15, 2005, as Document No. 4089180 in the Office of the Registrar of Titles of Hennepin County, Minnesota, hereby consents to the Southdale Center Redevelopment Agreement (the "**Redevelopment Agreement**") by and among the Housing and Redevelopment Authority of the City of Edina, Minnesota (the "**Authority**"), the City of Edina, Minnesota, and Southdale Limited Partnership (the "**Redeveloper**") dated as of April 18, 2012, and the Assessment Agreement (the "**Assessment Agreement**") by and between the Authority and the Redeveloper and certified by the County Assessor for Hennepin County, Minnesota, affecting a portion of the Mall Property (as defined in the Redevelopment Agreement), and hereby acknowledges and agrees that such portion of the Mall Property, and its interest therein, will be subject to the terms and provisions of the Assessment Agreement.

Nothing in this Consent and Subordination may be construed to impose on the undersigned any obligation created by the Redevelopment Agreement or the Assessment Agreement, unless and until the undersigned has acquired fee title to property burdened by the Assessment Agreement, and further subject to the requirements of Section 6.3 of the Redevelopment Agreement.

(SIGNATURE ON FOLLOWING PAGE)

This Instrument was drafted by
and when recorded should be returned to:

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

IN WITNESS WHEREOF, Lender has executed and delivered this Consent and Subordination Agreement, to be effective as of the ____ day of April, 2012.

**WELLS FARGO BANK, N.A., AS TRUSTEE FOR
THE REGISTERED HOLDERS OF BANC OF
AMERICA COMMERCIAL MORTGAGE INC.
COMMERCIAL MORTGAGE PASS-THROUGH
CERTIFICATES, SERIES 2005-1**

By: C-III Asset Management LLC, a Delaware limited liability company, as special servicer for and on behalf of Lender

By: _____
Debra Morgan, Servicing Officer

STATE OF TEXAS)
)ss.
COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this ____ day of April, 2012, by Debra Morgan, a Servicing Officer of C-III Asset Management LLC, a Delaware limited liability company, in its capacity as special servicer for and on behalf of Wells Fargo Bank, N.A., as Trustee for the Registered Holders of Banc of America Commercial Mortgage Inc. Commercial Mortgage Pass-Through Certificates, Series 2005-1.

(Seal)

Notary Public, State of Texas

**This Instrument was drafted by
and when recorded should be returned to:**

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

EXHIBIT F
Assessment Agreement

THIS ASSESSMENT AGREEMENT, dated as of April 18, 2012, by and between the Housing and Redevelopment Authority of the City of Edina, Minnesota (the “Authority”) and Southdale Limited Partnership, a Delaware limited partnership (the “Developer”), and certified by the County Assessor for Hennepin County, Minnesota (the “Assessor”):

WITNESSETH

WHEREAS, The City of Edina, Minnesota (the “City”), the Authority and the Developer entered into the Southdale Redevelopment Agreement, dated as of April 18, 2012 (the “Development Agreement”), regarding certain real property located in the City of Edina, Hennepin County, Minnesota, legally described on the Exhibit A attached to and made a part of this Assessment Agreement (the “Mall Property”); pursuant to which Development Agreement the Developer agrees to construct certain improvements (the “Minimum Improvements”) on such real property;

WHEREAS, the Authority and the Developer desire to establish a minimum market value for a portion of such Mall Property, which property is identified in the Hennepin County property tax records as parcels 29-028-24-32-0009, 29-028-24-33-0014, 29-028-24-31-0024, 29-028-24-32-0001, 29-028-24-33-0004 and 29-028-24-31-0025 (the “Available Tax Increment Parcels,”) and the Minimum Improvements thereon, all as the same may exist from time to time pursuant to Minnesota Statutes, Section 469.177, Subdivision 8;

WHEREAS, the Developer represents that it owns fee title to all of the Available Tax Increment Parcels;

WHEREAS, the Developer, the Authority, and the Assessor have reviewed certain plans for the Minimum Improvements; and

WHEREAS, the Developer and the Authority request that the Assessor provide a certification substantially in the form attached as Exhibit B.

NOW, THEREFORE, the parties to this Assessment Agreement, in consideration of the promises, covenants and agreements herein, do hereby agree as follows:

1. Redeveloper agrees that the market value of the Available Tax Increment Parcels for real estate tax purposes shall be \$110,000,000 beginning January 1, 2012, and increasing 2.5% per annum until the Termination Date.
2. This Assessment Agreement shall be promptly recorded by the Developer, with the County Recorder and/or the Registrar of Titles (as applicable) of Hennepin County, Minnesota, and shall be filed against the Mall Property.
3. Neither any preamble nor any provision of this Assessment Agreement is intended to modify the terms of the Development Agreement.

4. This Assessment Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties, shall be governed by and interpreted pursuant to Minnesota law, and may be executed in counterparts, each of which shall constitute an original hereof and all of which shall constitute one and the same instrument.

5. This Agreement shall terminate on the earliest of: (a) date of termination of the Southdale 2 Tax Increment District, (b) the date that the Minimum Improvements Loan (as defined in the Development Agreement) has been paid in full, or (c) December 31, 2012, if the Minimum Improvements Loan has not been disbursed on or prior to December 31, 2012.

6. The parties acknowledge that only a portion of the property identified as PARCEL 6 on Exhibit A attached hereto is included as an Available Tax Increment Parcel, being that portion identified as parcel number 29-028-24-31-0024 in the Hennepin County property tax records, but that the remaining portion of PARCEL 6 which is identified in the Hennepin County property tax records as parcel number 29-028-24-34-0019 (the "Excluded Parcel"), is not included as an Available Tax Increment Parcel. The parties agree to amend this Agreement to release the Excluded Parcel if a separate legal description is prepared which would allow recordation of such release.

IN WITNESS WHEREOF, the Authority and the Developer have caused this Assessment Agreement to be executed in their names and on their behalf by their duly authorized representatives all as of the date set forth above.

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

By _____
Chair

By _____
Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2012, by James Hovland and Scott Neal, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority of the City of Edina, Minnesota, a body corporate and politic organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said Authority.

Notary Public

Exhibit A

MALL PROPERTY

PARCEL 1:

That part of Tract G, Registered Land Survey No. 432, Hennepin County, Minnesota, lying Easterly of the following described line: Beginning at a point on the Easterly line of Tract C, Registered Land Survey No. 1641, distant 281.80 feet North of the Southeast corner of said Tract C; thence Southerly along said Easterly line and its Southerly extension a distance of 285.00 feet; thence Southerly to the Northeast corner of Tract D, said Registered Land Survey No. 1641 and there terminating.

PARCEL 2:

Tracts G and H, Registered Land Survey No. 629, Hennepin County, Minnesota.

PARCEL 3:

Tract B, Registered Land Survey No. 1641, Hennepin County, Minnesota.

PARCEL 4:

Par. 4(a) Tract B, Registered Land Survey No. 1642, Hennepin County, Minnesota.

Par. 4(b) Non-exclusive perpetual right-of-way for street purposes as appurtenant to said Tract B, Registered Land Survey No. 1642 over a parcel of land abutting on said Tract which parcel is comprised of Tracts D, S and A, Registered Land Survey No. 629, and that portion of York Avenue South as now platted, lying between said Tracts D and A, Registered Land Survey No. 629, in the event said portion of said York Avenue South last described shall hereafter be vacated as a public street, all according to the terms and conditions of that certain document entitled Easement Agreement dated as of February 25, 1957, filed on February 27, 1957 as Document No. 524085 as shown in Deed Document Number 524648; and

Par. 4(c) Non-exclusive easements granted and reserved to L.S. Donaldson Company (now merged into Allied Central Stores, Inc., a Missouri corporation) by virtue of those certain Documents dated as of April 1, 1955 by and between Southdale Center, Inc., L.S. Donaldson Company and others entitled "Acquisition and Construction Agreement" and "Operating Agreement" filed on December 22, 1956 as Document Number 519481 respecting the premises described in said Agreements now designated at Tracts E, F, G, H, I, J, K, L and M, Registered Land Survey No. 432 and Tracts C, D, E, G and H, Registered Land Survey No. 629, and all rights, title and interest of party of the first part in and to the aforesaid Acquisition and Construction and Operating Agreement as shown in Deed Document Number 524648.

All of the above being Registered Land
Certificate of Title No. 1099265

PARCEL 5:

Together with the benefits of those certain appurtenant, non-exclusive easements for parking, utility lines, access, and encroachments as contained in the following instruments:

(a) Acquisition and Construction Agreement and Operating Agreement dated April 1, 1955, filed December 22, 1956, as Document Number 519481, as amended by Amendment to Acquisition and Construction Agreement dated August 10, 1966, filed August 4, 1969, as Document Number 949271, as assigned to The Equitable Life Assurance Society of the United States from Dayton Development Company by an Assignment of Operating Agreements filed May 19, 1978, as Document Number 1273418, Notice of Continuation of Covenants filed March 23, 1989, as Document Number 2001558, as assigned to CPS Realty Partnership, an Illinois general partnership, from CPS Department Stores, Inc., by an Assignment of Assumption filed December 7, 1989, as Document No. 2059087, as amended by First Operating Agreement Amendment dated May 17, 1990, filed December 31, 1990, as Document Number 2146152. (Refiled January 29, 1991, as Document Number 2151739), as amended by Second Amendment of Acquisition and Construction Agreement dated May 17, 1990, filed December 31, 1990, as Document Number 2146153. (Refiled January 29, 1991, as Document Number 2151740), as assigned to Concordia Properties, LLC, a Delaware limited liability company, by an Assignment of Agreement filed July 3, 1997, as Document Number 2824026, as amended by that certain Amendment of Agreement filed November 28, 2001, as Document Number 3464949. (Affects Parcels 1, 2, 3 and 4)

(b) Operating Agreement dated July 31, 1969, filed August 4, 1969, as Document Number 949275, as amended by Amendment of Operating Agreement dated August 1, 1969, filed August 20, 1969, as Document Number 950836, as assigned to J.C. Penny Company, Inc., by an Assignment of Operating Agreement filed October 16, 1970, as Document Number 980313, as amended by Second Amendment to Operating Agreement dated July 1, 1971, filed April 21, 1972, as Document Number 1028560, as amended by Third Amendment to Operating Agreement dated September 1, 1971, filed April 21, 1972, as Document Number 1028561, as amended by Fourth Amendment to Operating Agreement dated January 11, 1972, filed June 6, 1974, as Document No. 1109561, as assigned to The Equitable Life Assurance Society of the United States from Dayton Development Company by an Assignment of Operating Agreements filed May 19, 1978, as Document Number 1273418, as amended by Fifth Amendment to Operating Agreement dated May 8, 1990, filed August 24, 1990, as Document Number 2119662, as amended by Sixth Amendment to Operating Agreement dated May 3, 1991, filed July 23, 1991, as Document Number 2189839, as assigned to Concordia Properties, LLC, a Delaware limited liability company, by an Assignment of Operating Agreement filed July 3, 1997, as Document Number 2824025, as amended by Seventh Amendment to Operating Agreement filed November 30, 2001, as Document Number 3466297. (Affects Parcels 1, 2, 3 and 4)

(c) Operating Agreement dated May 18, 1978, filed May 19, 1978, as Document Number 1273414, as amended by Amendment to Operating Agreement dated October 1, 1990, filed June 7, 1991, as Document Number 2178411, as amended by Second

Amendment to Operating Agreement dated January 25, 1995, filed January 31, 1995, as Document Number 2586873, as assigned to Concordia Properties, LLC, a Delaware limited liability company, by an Assignment to Operating Agreement filed July 3, 1997, as Document Number 2824024, as amended by Third Amendment to Operating Agreement filed November 30, 2001, as Document Number 3466293, as amended by Fourth Amendment to Operating Agreement filed November 30, 2001, as Document Number 3466296. (Affects Parcels 1, 2, 3 and 4)

(d) Truck Tunnel Easement dated December 21, 1990, filed December 26, 1990, as Document Number 2145513. (Affects Parcel 3)

(e) Encroachment Easement Agreement filed November 28, 2001, as Document Number 3464950. (Affects Parcels 1, 2, 3 and 4)

PARCEL 6:

Tract A RLS No. 1642

Exhibit B

ASSESSOR'S CERTIFICATE

The undersigned, being the duly qualified and acting assessor of the County of Hennepin, Minnesota, hereby certifies that.

1. I am the assessor responsible for the assessment of the Available Tax Increment Parcels described in the foregoing Assessment Agreement.
2. I have read the foregoing Assessment Agreement dated as of April 18, 2012.
3. I have received and read a duplicate original of the Development Agreement referred to in the Assessment Agreement.
4. I have received and reviewed the architectural and engineering plans and specifications for the Minimum Improvements agreed to be constructed on the Available Tax Increment Parcels pursuant to the Development Agreement.
5. I have received and reviewed an estimate prepared by the Developer of the cost of the Available Tax Increment Parcels and Minimum Improvements to be constructed thereon.
6. I have reviewed the market value previously assigned to the Available Tax Increment Parcels on which the Minimum Improvements are to be constructed, and the minimum market value to be assigned to the Available Tax Increment Parcels by the Assessment Agreement is a reasonable estimate.
7. I hereby certify that the market value assigned to the Available Tax Increment Parcels by the Assessment Agreement is reasonable and the market value assigned to the Available Tax Increment Parcels, for the market value assigned as of January 1, 2012 continuing throughout the term of the Assessment Agreement, be \$110,000,000 beginning January 1, 2012, and increasing 2.5% per annum until the termination date of the Assessment Agreement.
8. Capitalized terms, when not defined herein, shall have the meanings ascribed to them in the Assessment Agreement.

Dated _____, 2012

County Assessor, Hennepin County, Minnesota

EXHIBIT G
Minimum Improvements Promissory Note

UNITED STATES OF AMERICA
STATE OF MINNESOTA

SOUTHDALE LIMITED PARTNERSHIP
PROMISSORY NOTE OF 2012
(SOUTHDALE REDEVELOPMENT PROJECT)

PRINCIPAL AMOUNT: \$5,000,000

INTEREST RATE: 0%

SOUTHDALE LIMITED PARTNERSHIP, a Delaware limited partnership (“Borrower”), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay to the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF EDINA, MINNESOTA, (“Lender”), in the manner, at the times, and to the extent hereinafter provided, the principal amount stated above, without interest, as provided below.

The Note is issued pursuant to the provisions of that certain Loan Agreement Regarding City of Edina Minimum Improvements Loan, dated _____, 2012, as the same may be amended from time to time (the “Loan Agreement”), by and between the Borrower and the Lender.

The amount due under this Note shall be payable on the dates and in the amounts set forth in the Loan Repayment Schedule defined in the Loan Agreement. Upon the occurrence of an Event of Default, the Lender may call the remaining principal amount of the Note immediately due and payable, and the Borrower shall at the time pay, by check or draft mailed to the Lender, such balance then outstanding.

1. Borrower waives presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note and any lack of diligence or delays in collection or enforcement of this Note. Borrower agrees that this Note, or any payment hereunder, may be extended from time to time, and Borrower consents to the release of any party liable for the obligation evidenced by this Note, the release of any of the security for this Note, the acceptance of any other security therefor, or any other indulgence or forbearance whatsoever, all without notice to any party and without affecting the liability of Borrower. If any provision of this Note shall be illegal or unenforceable, such provision shall be deemed canceled to the same extent as though it never had appeared herein, but the remaining provisions shall not be affected thereby.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution of the 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.

IN WITNESS WHEREOF, Southdale Limited Partnership has caused this note to be executed and issued on and dated as of _____ 2012.

SOUTHDALE LIMITED PARTNERSHIP,
a Delaware limited partnership
By: SOUTHDALE, L.L.C., a Delaware limited
liability company, its general partner
By: SIMON-MILLS III, LLC, a Delaware
limited liability company, its Manager

By: _____
Its: _____

EXHIBIT H
Minimum Improvements Loan Agreement

**LOAN AGREEMENT
REGARDING CITY OF EDINA MINIMUM IMPROVEMENTS LOAN
FOR \$5,000,000**

THIS LOAN AGREEMENT (“Loan Agreement”) dated _____, 2012, by SOUTHDALe LIMITED PARTNERSHIP, a Delaware limited partnership (“Borrower”), and 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 (“Lender”).

RECITALS

WHEREAS, Borrower owns the 1.2 million square foot shopping center known as Southdale Center, and proposes to renovate the interior common area and exterior improvements of the Mall buildings by replacing or enhancing the entrance structures, flooring, lighting, graphics, restrooms, parking deck lighting, exterior benches and associated items, columns, interior paint, and furniture; and

WHEREAS, Lender has agreed to provide up to \$5,000,000 in financial assistance in the form of a no-interest loan to Borrower repayable over the course of eight years from, among other things, tax increment generated from the Southdale 2 TIF District; and

WHEREAS, the City Council has adopted a resolution approving a spending plan for the Centennial Lakes TIF District that authorizes expenditure of up to \$5,000,000 of existing tax increment revenues from the Centennial Lakes TIF District on the Minimum Improvements no later than June 30, 2012;

WHEREAS, then Lender, Borrower, and the City of Edina have entered into the Southdale Center Redevelopment Agreement (“Redevelopment Agreement”); and

WHEREAS, in consideration for \$250,000 in forgiveness on the Loan, Borrower has agreed to provide the City with a permanent public transit easement to allow for the construction and operation of a public transit station within the Mall Property; and

WHEREAS, Lender is agreeable to lending Borrower the amount of financial assistance, subject to compliance with the terms and conditions of this Loan Agreement.

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:

Section 1. Definitions. For purposes of this Loan Agreement, the following terms shall have the following meanings:

Available Tax Increment means during any applicable time frame, ninety percent (90%) of that portion of the tax increment received by Lender from Hennepin County with respect to the Southdale 2 TIF District which portion is derived from the Available Tax Increment Parcels calculated as if the Available Tax Increment Parcels comprised a separate tax increment district.

Available Tax Increment Parcels means those portions of the Mall Property that are identified in the Hennepin County property tax records as parcels 29-028-24-32-0009, 29-028-24-33-0014, 29-028-24-31-0024, 29-028-24-32-0001, 29-028-24-33-0004 and 29-028-24-31-0025, except that if any such parcel is subdivided for new development which is not intended to be operated as part of the existing shopping center, the subdivided portion on which such new development occurs shall not be an Available Tax Increment Parcel.

Borrower means Southdale Limited Partnership, a Delaware limited partnership.

City means the City of Edina, Minnesota.

Completion Date means midnight on December 31, 2012, or such earlier date on which Borrower has substantially completed all Improvements.

Event of Default means any of the events described in Section 5 hereof.

Lender means the Housing and Redevelopment Authority of Edina, Minnesota.

Improvements mean the improvements described on the Minimum Improvements Plan attached as Exhibit B to the Redevelopment Agreement.

Letter of Credit has the meaning given to it in Section 4.

Loan means the loan to be made, not to exceed the maximum loan amount of Five Million Dollars (\$5,000,000.00) and repayable in accordance with the terms set forth herein and in the Note.

Loan Agreement means this Loan Agreement, as the same may be from time to time modified, amended or supplemented.

Loan Documents mean the Note and this Loan Agreement.

Loan Repayment Schedule has the meaning given to it in Section 3.

Note means the Promissory Note of even date herewith, in the amount of \$5,000,000.00 made by Borrower and payable to the order of Lender to evidence of the Loan.

Project means the construction of the Improvements on the Property.

Property means the real property described in the Exhibit A attached to the Redevelopment Agreement, together with all Improvements thereon.

Scheduled Repayment Amount has the meaning given to it in Section 3.

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced

by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City and/or Lender) which directly result in delays.

Section 2. The Loan. Subject to and upon the terms and conditions of this Loan Agreement, Lender agrees to loan to Borrower, and Borrower agrees to borrow from Lender, the Loan. The proceeds of the Loan shall be disbursed upon execution of this Agreement and the Note.

Section 3. Repayment of Loan. The Loan, or so much thereof as has been advanced hereunder, shall be repaid in accordance with the Loan Repayment Schedule, the terms of the Note, and other Loan Documents. Lender shall provide a report to Borrower identifying Available Tax Increment which has been collected for the preceding year by each January 1. Failure to deliver the report is not an Event of Default, nor does any such failure to report relieve the Borrower of the obligation to pay any Scheduled Repayment Amount once the Available Tax Increment amount has been provided. Borrower shall pay by the first business day of February of the following year the Scheduled Repayment Amount specified in the Loan Repayment Schedule for that year (“Scheduled Repayment Amount”) less the Available Tax Increment for that year. If the Available Tax Increment exceeds the Scheduled Repayment Amount, the excess shall reduce the Schedule Repayment Amount for the following year. If the cumulative Available Tax Increment over the course of the Loan Repayment Schedule exceeds the cumulative Scheduled Repayment Amount at the end of the Loan Repayment Schedule, Lender will refund without interest any repayments on the Loan made by Borrower.

The “Loan Repayment Schedule” is defined as follows:

Loan Repayment Schedule

<u>Year</u>	<u>Scheduled Repayment Amount</u>
2015	\$400,000.00
2016	\$475,000.00
2017	\$525,000.00
2018	\$575,000.00
2019	\$625,000.00
2020	\$675,000.00
2021	\$725,000.00
2022	\$750,000.00

All unpaid principal and all other amounts due under this Loan Agreement shall be due and payable on the earlier of the following: (i) thirty (30) days after written notification by Lender to Borrower of the occurrence of an Event of Default as defined in Section 7; or (ii) ten (10) business days after Borrower makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease (except a lease of a commercial unit within the Project), or transfer in any other mode, of the Property or Project constructed thereon, except as permitted in Section 6.3 or Section 8.2 of the Redevelopment Agreement. The principal balance shall be payable in coin or currency which at the time of payment is legal tender for payment of public or private debts in the United States of America. Borrower has the option to prepay all or any part of the Loan at any time or from time to time, without penalty.

Section 4. Security.

(a) Borrower shall provide and maintain for Lender an evergreen letter of credit having a continuously available credit availability in the amount of the maximum Schedule Repayment Amount, which is \$750,000.00, issued by a bank approved by the Lender ("Letter of Credit") to secure the Loan. If Borrower fails to satisfy the amount owed under the Loan Repayment Schedule by the first business day in February of the following year, Lender may immediately draw upon the Letter of Credit in the amount owed plus costs.

(b) The Loan shall be evidenced by the Note payable to the order of Lender.

(c) If the Available Tax Increment has been at least 150% of the maximum Scheduled Repayment Amount, which is \$1,125,000.00, in each of two consecutive years, the Borrower shall have no further obligation to maintain the Letter of Credit and the Borrower shall release and surrender the Letter of Credit.

Section 5. Forgiveness. Lender shall forgive \$250,000 on the Loan, upon such time as Borrower transfers to the City the easement described in Exhibit D of the Redevelopment Agreement. If Borrower fails to transfer the easement by December 31, 2014, \$250,000 shall be added to the 2014 Schedule Repayment Amount.

Section 6. Indemnity. Borrower agrees that Lender will bear no responsibility or liability to Borrower for 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 constructed by Borrower to the extent not attributable to the negligence of Lender. Borrower agrees to indemnify and hold harmless Lender against all claims, costs, and liabilities arising out of the actions or inactions of Borrower (or if other persons acting on their behalf or under its direction or control) under this Agreement or the construction, installation, ownership, and operation of the Minimum Improvements constructed by Borrower; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the Authority in this Agreement. If Borrower fails to defend Lender, Lender shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter, for the account of and at the risk of Borrower. In the event that Borrower fails to defend, all attorneys' fees incurred by Lender related to such defense shall be paid for by Borrower.

Section 7. Representations and Warranties. Borrower represents, warrants, and covenants to Lender that:

- (a) Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware.
- (b) The execution and delivery of this Loan Agreement and the consummation of the transactions contemplated hereby have been duly authorized by Borrower and no other proceedings on the part of Borrower are necessary to authorize its officers to perform this Loan Agreement and the transactions contemplated hereby.
- (c) The execution and performance of this Loan Agreement by Borrower does not violate or result in a breach of or constitute a default under any judgment, order or decree to which Borrower may be subject, nor does such execution or performance constitute a violation of or conflict with any duty to which Borrower is subject or any provision of Borrower's operating agreement or bylaws or any material agreement or instrument to which Borrower is a party or by which Borrower is bound.
- (d) That it shall keep and maintain books, records, and other documents regarding the receipt and disbursement of Loan proceeds and that any duly authorized representative of Lender shall have, at all reasonable times, access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower respecting the Loan until the final settlement and conclusion of all issues arising out of the Loan.
- (e) That it has fully complied with all applicable state and federal laws pertaining to its business and will continue said compliance throughout the terms of this Loan Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the state or federal law in question.
- (f) That it will use the proceeds of the Loan made by Lender solely for the Project.
- (g) That it will comply with all of the "Redeveloper" requirements as identified in the Redevelopment Agreement.

The representations and warranties made in this Loan Agreement shall survive the closing of the transactions contemplated herein.

Section 8. Event of Default by Borrower. The following shall be Events of Default under the Loan Agreement:

- (a) Any breach or failure of Borrower to perform any term or condition of the Loan Documents and such failure shall continue for thirty (30) days after Lender has given written notice to Borrower specifying such default or breach unless Lender shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not unreasonably withhold its consent to an extension of up to 90 days if corrective action

is instituted by Borrower within the applicable period and is being diligently pursued until the default or breach is corrected;

(b) Any representation, warranty or covenant made by Borrower herein or in any document, instrument or certificate given in connection with this Loan Agreement shall be false when made;

(c) Borrower shall be dissolved, liquidated, or wound up, or shall fail to maintain its existence as a going concern in good standing (excepting reorganizations, consolidations, and/or mergers into or with affiliates owned by, owning, or under common control of or with such entity or into the parent of such entity, providing the succeeding organization assumes and accepts such entity's obligations under the Loan Agreement); or

Section 9. Lender's Remedies upon Borrower's Default. Upon an Event of Default by Borrower and thirty (30) days after written notification to Borrower as specified in Section 6(a), Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

(a) Declare the principal amount of the Loan and any accrued and unpaid interest thereon to be immediately due and payable;

(b) Suspend its performance under this Loan Agreement; and

(c) Take any action provided for at law or in equity deemed necessary or desirable by Lender to enforce compliance by Borrower with the terms of the Loan Documents.

Section 10. Lender's Costs of Enforcement of Loan Agreement. If an Event of Default has occurred as provided herein, then upon demand by Lender, Borrower will pay or reimburse Lender for all reasonable expenses, including reasonable attorney fees, incurred by Lender in connection with the enforcement of this Loan Agreement, or in connection with the protection or enforcement of the interests of Lender in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Loan Agreement.

Section 11. Additional Covenants Relating to Project. At all times during the duration of this section (which duration shall extend until the maturity of the Loan as set forth in Section 3 unless Lender agrees to an earlier termination), the Project shall also be operated in compliance with the following additional restrictions and conditions:

(a) Borrower agrees that it will maintain the Project in such a manner as to be in continuing compliance with the City's ordinances and building code. If at any time the Project is in material violation of the City's ordinances or building code, Lender may require that such violation or condition be remedied by repairing or replacing a portion of the Project. If a dispute should arise between Borrower and Lender regarding whether any such violation exists and/or the manner by which such violation or condition should be remedied, Borrower shall, at Borrower's expense, retain an independent engineer or other independent person or firm knowledgeable in construction or property maintenance as deemed appropriate by Lender, selected by Borrower and reasonably acceptable to Lender,

to determine what maintenance or capital improvements are required, if any, for the Project to comply with the provisions of this paragraph and whether those improvements should be made by repairing or replacing portions of the Project, taking into account the nature of the condition or violation and life of the particular component of the Project in question. If any such improvements are required in the report of the independent engineer or other independent person or firm, Borrower shall make or cause such improvements to be made in a timely manner and pursuant to such report, which in no event shall be longer than six (6) months from the date of such report.

Section 12. Insurance. Borrower agrees, at its sole cost and expense, to obtain and keep in force during the term of this Loan Agreement, commercial general liability insurance naming the Lender 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.

Section 13. Miscellaneous

(a) Waiver. The performance or observance of any promise or condition set forth in this Loan Agreement may be waived only in writing. No delay in the exercise of any power, right or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right or remedy.

(b) Assignment. This Loan Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower's rights and obligations under this Loan Agreement may be assigned only when such assignment is approved in writing by Lender, which approval shall not be unreasonably withheld.

(c) Law Governing; Other Matters. This Loan Agreement shall be governed by the substantive laws of the State of Minnesota. If any provision or application of this Loan Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Loan Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Loan Agreement, or in any other agreement between Borrower and Lender, shall survive the execution, delivery, and performance of this Loan Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Loan Agreement by Lender.

(d) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender: Edina HRA
Attention: Executive Director
4801 W. 50th St.
Edina, MN 55424

To Borrower: Simon Property Group
Development Operations
225 West Washington Street
Indianapolis, IN 46204

With a copy to: Jay Lindgren
Dorsey & Whitney
50 South Sixth Street
Suite 1500
Minneapolis, MN 55402

With a copy to: Stefanie Galey
Faegre Baker Daniels
90 South Seventh Street
2200 Wells Fargo Center
Minneapolis, MN 55402

(e) Recitals made a part of this Loan Agreement. The recitals and prefatory paragraphs are hereby incorporated into the body of this Loan Agreement as if they were fully set forth herein and all terms defined therein shall have the same meaning herein.

EXHIBIT I Redeveloper Pro Forma

Southdale Mall Renovation

	ESTIMATED COST:
Exterior:	
Parking Lot – Paint parking deck handrail, upgrade lighting underneath parking decks, pave areas in front of food court entrance.	\$570,000
Building Entrances – 7 mall entrances. Construction of porte cochere at new Food Court entrance, reconstruction of two “lifestyle” entrances, and renovation of existing entrances, including new entrance signage and sliding doors.	\$2,460,000
Landscaping – Improved landscaping at building, improved pedestrian connectivity to property entrances, stormwater retention as required for building improvements.	\$450,000
Graphics – Replacing four monument signs, replace way-finding signage along outer ring road, replace graphics at building entrances, replace parking lot identification and traffic signage.	\$480,000
Façade – Paint building exterior, additional treatment of existing building at pedestrian entrances (near mall entrances, but not directly tied).	\$300,000
Roof – Roof repair as needed to protect renovation improvements.	\$450,000
Interior:	
Floor – install new porcelain floor, with carpet accents at seating areas	\$2,490,000
Handrails – Replace rail cap with wood.	\$300,000
Overhead – Remove tower and fountain, new ceiling in grand court.	\$460,000
Vertical Transportation – 2 feature elevators, 8 escalator sets. Address architectural elements of feature elevators, improve cab interiors, replace exterior cab finishes.	\$450,000
Columns/Neutral Piers – 107 round columns, 25 square columns. Reclad columns to reduce size and improve sight lines.	\$525,000
Mall Finishes – Paint mall interior, address “grid” effect at center court, add wood trim accents to “wells” between lower and upper levels.	\$1,140,000
Graphics – Replace and enhance interior graphics package.	\$330,000
Lighting/Power – Lighting improvements throughout the common area, including addition of architectural lighting, remove sconce lighting, addition of kiosk and RMU power and data lines.	\$1,410,000
Life Safety – Anticipated required fire alarm upgrades, ADA device installation, sprinkler work as needed for ceiling improvements, and sound system improvements.	\$210,000
FF&E – Replace existing wire metal benches and trash cans, add soft seating, add play area interior landscaping.	\$770,000
ACM Abatement – Where required by renovation improvements.	\$150,000
WiFi/Fiber Optic Cabling	\$150,000
Soft Costs:	
Permits/Testing/Inspections	\$150,000
General Conditions	\$555,000
Contractors Fee	\$300,000
A&E	\$750,000
Insurance	\$150,000
TOTAL:	\$15,000,000

EXHIBIT J
Business Subsidy Agreement

This Business Subsidy Agreement (this “**Agreement**”) is made as of the 18th day of April, 2012, between the City of Edina, Minnesota and the Housing and Redevelopment Authority of the City of Edina (together, the “**Grantors**”) and Southdale Limited Partnership, a Delaware limited partnership (the “**Recipient**” and, together with the Grantors, the “**Parties**”). In order to satisfy the provisions of the Business Subsidy Act, Minnesota Statutes, Sections 116J.993 through 116J.995 (the “**Act**”), the Parties acknowledge and agree to the following restatement of the agreement of the Parties:

1. Description of the Business Subsidy.

(a) As detailed in the Southdale Redevelopment Agreement by and between the Grantors and the Recipient, dated as of April 18, 2012 (the “**Redevelopment Agreement**”), Recipient has agreed to construct the following project within the Grantors’ jurisdiction: renovation of the interior common area and exterior improvements of the Southdale Center buildings by replacing or enhancing the entrance structures, flooring, lighting, graphics, restrooms, parking deck lighting, exterior benches and associated items, columns, interior paint, and furniture (the “**Project**”).

(b) Grantors intend to provide the following business subsidy to Recipient for the Project: financial assistance to fund a portion of the costs of such improvements in the form of a no-interest loan to the Recipient (the “**Loan**”), which will be repayable over the course of ten years from, among other things, tax increment generated from an economic development district (the “**Business Subsidy**”).

(c) The Business Subsidy granted to the Recipient under this Agreement has a value of up to \$5,000,000.

(d) The tax increment district in which the Project is located will be an “economic development district” within the meaning of the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 through 469.1799.

2. Public Purpose for the Business Subsidy. The public purpose of this Business Subsidy is to encourage private business to make a positive business action in the community that it would not otherwise do but for the granting of the Business Subsidy. The Business Subsidy will also achieve the following public purposes: to discourage commerce from moving their operations to another State or municipality, to increase employment in the State, including construction jobs, and to preserve or enhance the tax base of the State.

3. Why the Business Subsidy is Needed. The Business Subsidy is needed to discourage commerce from moving their operations to another State or municipality, to increase or retain employment in the State, including construction jobs, and to preserve or enhance the tax base of the State.

4. **Job and Wage Goals for the Business Subsidy.** The Grantors have determined that in accordance with the provisions of Minnesota Statutes, Section 469.176, subd. 4c(d), the Project will create or retain jobs in the State, including construction jobs, but that no specific wage or job goals need to be met by the Recipient. Therefore, the Annual Report required to be made by the Recipient in accordance with Section 7, does not need to include any information on jobs or wages.

5. **Continued Operations.** Recipient agrees to continue operations at Southdale Center for at least five years after the date on which the Loan is provided to Recipient by Grantors.

6. **Financial Obligation of the Recipient if Goals Are Not Met.** If the Recipient does not fulfill its obligations under this Agreement, then the Recipient will repay all of the Business Subsidy to the Grantors, plus interest set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, subdivision 2, accruing from and after the date of receipt, compounded semiannually.

7. **Reporting Requirements.**

(a) Recipient agrees to furnish to the Grantors an annual report on the progress made by Recipient in achieving the Goals (“*Annual Reports*”). Recipient must submit Annual Report for at least two years following receipt of the Loan, and must continue to submit Annual Reports until the Goals are met. Recipient agrees to submit its Annual Reports on or before March 1 in each year using forms developed by the Minnesota Department of Employment and Economic Development (“*DEED*”).

(b) As required in the Act, but subject to Section 4 above, Annual Reports must include the following information:

- i. the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;
- ii. the hourly wage of each job created with separate bands of wages;
- iii. the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;
- iv. the date on which the Goals will be reached;
- v. a statement of Goals and an update on achievement of those Goals;
- vi. the location of the Recipient prior to receiving the Business Subsidy;
- vii. the name and address of the parent corporation of the Recipient, if any;
- viii. a list of all financial assistance by all grantors for the Project; and

ix. other information DEED may request.

(c) If the Grantors does not receive the Annual Reports, they will mail the Recipient a warning within one week of the required filing date. After 14 days following the post marked date of the warning, if the Annual Reports are still not submitted to Grantors, then Recipient agrees to pay to the Grantors a penalty of \$100 for each subsequent day until the report is filed, up to a maximum of \$1,000.

8. Parent Corporation. The Recipient is a limited partnership, and as such, has no parent corporation.

9. Other Grantors. The Recipient represents that, other than the Business Subsidy identified in this Agreement, there are no State of Minnesota or local government agency grants to the Project.

10. Term of Agreement. This Agreement will be in full force and effect until the earlier of (a) the date on which Recipient satisfies all of its obligation under this Agreement, or (b) the date on which the provisions of the Act no longer apply to the Grantors, the Recipient or the Project. Upon the occurrence of (a) or (b), this Agreement automatically terminate.

The Grantors and Recipient have executed this Agreement as of the date written above.

Recipient:

SOUTHDALE LIMITED PARTNERSHIP,
a Delaware limited partnership
By: SOUTHDALE, L.L.C., a Delaware limited
liability company, its general partner
By: SIMON-MILLS III, LLC, a Delaware
limited liability company, its Manager

By: _____
Its: _____

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____,
2012, by _____, the _____ of Simon-Mills III, LLC, the
Manager of Southdale, L.L.C., the General Partner of Southdale Limited Partnership, a Delaware
limited partnership on behalf of said partnership.

Notary Public

EXHIBIT K
Memorandum of Redevelopment Agreement

THIS MEMORANDUM OF REDEVELOPMENT AGREEMENT (this "*Memorandum*") is entered into as of April 18, 2012, by and 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 **SOUTHDALE LIMITED PARTNERSHIP**, a Delaware limited partnership, (the "*Developer*") (City, Authority and Developer are hereinafter collectively referred to as the "*Parties*").

RECITALS

The Parties have entered into the Southdale Redevelopment Agreement dated as of April 18, 2012 (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*").

The Parties wish to give notice of the existence of the Agreement and its application to the Property.

AGREEMENT

NOW, THEREFORE, in considerations of the sum of One and 00/100 Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, the Parties 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 City, Authority and Redeveloper have caused this Memorandum to be duly executed in their names and on their behalf, all on or as of the date first above written.

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

By _____
Chair

By _____
Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by James Hovland and Scott Neal, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority of the City of Edina, Minnesota, a body corporate and politic organized and existing under the Constitution and laws of the State of Minnesota, on behalf of said Authority.

Notary Public