Council Agenda Item 21

Reviewed and Recommend Approval AB

City of Mason City
Development Services Department

Memorandum

To: Aaron Burnett, City Administrator

From: Steven J. Van Steenhuyse, Director of Development Services

Date: June 13, 2019

RE: Resolution Setting Date of a Public Hearing on a Purchase, Sale and Development Agreement with Gatehouse Mason City, LLC

Recommendation:

Staff respectfully requests approval of the Resolution setting a public hearing for July 23, 2019 at 7:00 PM in the Mason City Room of the Mason City Public Library, 225 2nd Street SE, Mason City, Iowa, to consider approval of a Purchase, Sale and Development Agreement with Gatehouse Mason City, LLC.

Review:

Gatehouse Mason City, LLC has executed a Purchase, Sale and Development Agreement (PSDA) with the City of Mason City. The PSDA commits Gatehouse to construct a select-service hotel to be located on the City-owned parking lot on the south side of Southbridge Mall. This hotel is a major element of the City's Iowa Reinvestment District application, locally known as the River City Renaissance project.

The PSDA provides for commitments by Gatehouse as well as incentives provided by the City. The terms of the PSDA are summarized as follows:

1. Gatehouse will commit to construct a select-service hotel with a minimum of 95 rooms (106 are currently proposed). Project costs are expected to be approximately $24,000,000.
2. Gatehouse will spend at least $600,000 for Convention Center Improvements to the Music Man Square, of which at least $150,000 shall be spent on new museum attractions or features.
3. The approved Pre-Development Plan states that the Hotel will include a ballroom that will accommodate a maximum of 700 attendees. The exhibits in the PSDA reflect a ballroom of this size.
4. The City will sell the land to Gatehouse for $1.00. Appraised value of the land in 2017 was $173,077 per acre. The exact area of land to be conveyed is not yet determined, but is estimated to be between 2 and 3 acres.

5. Gatehouse will receive a Hotel Grant from the City totaling $8,700,000.
   a. Of this, the City will pay $1,000,000 for Pre-Construction costs:
      i. $200,000 will be paid upfront for professional service fees.
      ii. The remaining $800,000 will be paid out for costs incurred during the first three months after the Commencement Date.
   b. The City will pay $600,000 to Gatehouse, which will be used by Gatehouse to fund Convention Center improvements to Music Man Square. Out of this amount, $150K shall be used to fund Museum improvements.
   c. The remainder of the Hotel Grant shall be paid out as Gatehouse submits their costs. The City will reimburse 75% of each bill until the Hotel Grant is fully paid. Gatehouse or its lender shall be responsible for the remaining 25%.
6. Gatehouse will reimburse the City $250,000 for the Pre-Development Agreement within 45 days of the last distribution of the Grant.
7. Gatehouse commits to employ a minimum of 20 full-time equivalent employees for the life of the Agreement.
8. Gatehouse agrees to sign a Minimum Assessment Agreement, which shall be signed prior to any disbursement of funds beyond Pre-Construction Costs: minimum assessment of $9M from 1/1/24 to 12/31/28; $13M from 1/1/29 to 12/31/33; and $18M from 1/1/34 to the Termination Date (1/1/45).
9. The City will fund the construction of the Skywalk Improvements. The maximum amount that the City will bond for the Hotel Grant and the Skywalk Improvements is $16,125,000.
10. After opening of the Hotel, the City will rebate 50% of the Local Hotel Motel taxes collected to Gatehouse.

This agreement does not include a property tax rebate. All incremental property taxes will go into the TIF fund and used to retire the bonds. In addition, four percent of the sales taxes generated by the hotel and convention center, as well as the five percent State hotel excise tax, will be returned to the City through the Downtown Reinvestment District approved by the State. These rebates will be made to the City for the 20-year life of Mason City's reinvestment district.

The resolution sets a public hearing to consider the PSDA for the rescheduled City Council meeting on July 23. A separate resolution on the Council's 6/18/19 agenda specifies the public bidding process for sale of the hotel property, in accordance with Section 403.8 of the Iowa Code. If no qualifying competing bids are received during the mandated 30-day bidding period, the Council can approve the PSDA at the July 23 public hearing. If one or more qualifying bids are received, then the Council will determine if any of those bids are more in "the public interest" than the Gatehouse bid. If not, or if no bids are received, the Council can then approve the PSDA with Gatehouse after the 7/23 public hearing.

Budget Impact:

There is no impact to the operating budget resulting from this resolution. Commitments for bonding are already approved.

Council Action Requested:

Staff respectfully requests approval of the Resolution setting a public hearing for July 23, 2019 at 7:00 PM in the Mason City Room of the Mason City Public Library, 225 2nd Street SE, Mason City, Iowa, to consider approval of a Purchase, Sale and Development Agreement with Gatehouse Mason City, LLC.

Attachments:

1. Executed PSDA
2. Proceedings by Ahlers and Cooney, PLC

Steven J. Van Steenhuyse, AICP
Director of Development Services

Reviewed and Recommend Approval

PURCHASE, SALE AND DEVELOPMENT AGREEMENT

by and between

CITY OF MASON CITY, IOWA

AND

GATEHOUSE MASON CITY, L.L.C.

_____, 2019

Execution Version

TABLE OF CONTENTS

PAGE

ARTICLE I DEFINITIONS 2

Section 1.1 Definitions 2

ARTICLE II REPRESENTATIONS AND WARRANTIES 6

Section 2.1 Representations and Warranties of the City 6
Section 2.2 Representations and Warranties of Gatehouse 7

ARTICLE III CONDITIONS PRECEDENT TO AGREEMENT 9

Section 3.1 Conditions Precedent to Agreement and Pre-Construction Funding 9
Section 3.2 Conditions Precedent to Proceeding Beyond Pre-Construction Funding 9

ARTICLE IV TRANSFER OF HOTEL PROPERTY TO GATEHOUSE 11

Section 4.1 Conditions Precedent to Transfer 11
Section 4.2 Transfer of Hotel Property 11
Section 4.3 Hotel Property Purchase Price 11
Section 4.4 Real Estate Taxes and Special Assessments 11
Section 4.5 Right of Reversion 11
Section 4.6 Risk of Loss and Insurance - Hotel Property 12
Section 4.7 Condition of Hotel Property; Care and Maintenance 12
Section 4.8 Possession; Hotel Closing 13
Section 4.9 Intentionally Left Blank 13
Section 4.10 Abstract and Title 13
Section 4.11 Survey and Platting 13
Section 4.12 Environmental Matters 13
Section 4.13 Certification 13
Section 4.14 Restriction 14

ARTICLE V CONSTRUCTION OF MINIMUM IMPROVEMENTS 14

Section 5.1 Construction of Minimum Improvements 14
Section 5.2 Construction Plans 14
Section 5.3 Commencement and Completion of Construction 15
Section 5.4 Hotel Certificate of Completion 15

ARTICLE VI INSURANCE ON MINIMUM IMPROVEMENTS 16

Section 6.1 Insurance Requirements 16

ARTICLE VII FURTHER COVENANTS 18

Section 7.1 Maintenance of Properties 18
Section 7.2 Maintenance of Records 18
Section 7.3 Compliance with Laws 18
Section 7.4 Non-Discrimination 18

Section 7.5 Available Information 18
Section 7.6 Employment 18
Section 7.7 Annual Certification 19
Section 7.8 Term of Operation 19
Section 7.9 Gatehouse Completion Guarantee 19
Section 7.10 Real Property Taxes 20
Section 7.11 Performance Bond 20
Section 7.12 City Covenants 21
Section 7.13 Local Hotel Tax Reports 22

ARTICLE VIII PROHIBITION AGAINST ASSIGNMENT AND TRANSFER 22

Section 8.1 Status of Gatehouse; Transfer of Substantially All Assets; Assignment 22
Section 8.2 Prohibition Against Use as Non-Taxable or Centrally Assessed Property 22

ARTICLE IX GRANT 23

Section 9.1 Grant Commitment; Disbursement to Gatehouse 23
Section 9.2 Limitations 24
Section 9.3 Source of Disbursements Limited 24
Section 9.4 Covenants Relating to the Hotel Property 25
Section 9.5 Full and Accurate Disclosure 26
Section 9.6 Survival of Representations and Warranties 26

ARTICLE X CONSTRUCTION OF SKYWALK IMPROVEMENTS 27

Section 10.1 Conditions Precedent to Construction of the Skywalk Improvements 27
Section 10.2 Construction of the Skywalk Improvements 27
Section 10.3 Completion of the Skywalk Improvements 28
Section 10.4 Authority to Design, Engineer and Construct 28

ARTICLE XI INDEMNIFICATION 28

Section 11.1 Gatehouse Release and Indemnification Covenants 28

ARTICLE XII DEFAULT AND REMEDIES 29

Section 12.1 Events of Default Defined 29
Section 12.2 Remedies on Default 30
Section 12.3 No Remedy Exclusive 31
Section 12.4 No Implied Waiver 31
Section 12.5 Agreement to Pay Attorneys' Fees and Expenses 31

ARTICLE XIII MINIMUM ASSESSMENT AGREEMENT 31

Section 13.1 Minimum Assessment Agreement 31

ARTICLE XIV MISCELLANEOUS 32

Section 14.1 Conflict of Interest 32
Section 14.2 Notices and Demands 32
Section 14.3 Titles of Articles and Sections 33

Section 14.4 Counterparts 33
Section 14.5 Governing Law 33
Section 14.6 Entire Agreement 33
Section 14.7 Successors and Assigns 33
Section 14.8 Termination Date 33
Section 14.9 Memorandum of Agreement 33
Section 14.10 No Third-Party Beneficiaries 33

ARTICLE XV LOCAL HOTEL TAX REBATES 34

Section 15.1 Local Hotel Tax Rebates 34
Section 15.2 Limitations 34
Section 15.3 Conditions Precedent 34
Section 15.4 Source of Local Hotel Tax Rebates Limited 35
Section 15.5 Use of Other Local Hotel Tax 35
Section 15.6 Changes to Local Hotel Tax 36
Section 15.7 Assignment of Local Hotel Tax Rebates 36

EXHIBITS 39

PURCHASE, SALE AND DEVELOPMENT AGREEMENT

THIS PURCHASE, SALE AND DEVELOPMENT AGREEMENT ("Agreement"), is made on or as of the ____ day of _____, 2019, by and between the CITY OF MASON CITY, IOWA, a municipality ("City"), established pursuant to the Code of Iowa of the State of Iowa and acting under the authorization of Chapters 15A and 403 of the Code of Iowa, 2019, as amended ("Urban Renewal Act") and GATEHOUSE MASON CITY, L.L.C., a Minnesota limited liability company, having offices for the transaction of business at 5541 Clinton Avenue, Minneapolis, MN 55419 ("Gatehouse").

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the City has undertaken a program for the development of an economic development and blighted area in the City and, in this connection, is engaged in carrying out urban renewal project activities in an area known as the Mason City Downtown Reinvestment Urban Renewal Area (the "Urban Renewal Area"), which is described in the Mason City Downtown Reinvestment Urban Renewal Plan approved for such Urban Renewal Area by Resolution No. 15-238 on October 20, 2015 which has been amended by the adoption of an Amendment No. 1, approved by Resolution No. 17-88 on May 11, 2017, and the adoption of an Amendment No. 2, approved by Resolution No. 19-98 on April 16, 2019 (the "Urban Renewal Plan"); and

WHEREAS, a copy of the foregoing Urban Renewal Plan, as amended, has been or will be recorded among the land records in the office of the Recorder of Cerro Gordo County, Iowa; and

WHEREAS, the City is the owner of certain real property located within the Urban Renewal Area as described in Section 1.1 and in Exhibit A-1 attached hereto and made a part hereof (the "Hotel Property"); and

WHEREAS, due to the ownership and type of use the Hotel Property has been subjected to, the City believes that the Hotel Property has been underutilized and is in jeopardy of becoming a blighting influence on the community; and

WHEREAS, the City has been presented with a proposal to be undertaken by Gatehouse to develop the Hotel Property into a hotel; and

WHEREAS, Gatehouse is willing to cause certain Minimum Improvements to be constructed on the Hotel Property and Music Man Square Property, and Gatehouse will thereafter cause the same to be operated in accordance with this Agreement; and

WHEREAS, it is anticipated that Gatehouse and the Mason City Foundation will enter into an agreement for the renovation, management, and operation of the Convention Center on the Music Man Square Property (the "Convention Center Lease Agreement"); and

WHEREAS, the City is willing to provide certain incentives in consideration for Gatehouse's obligations all pursuant to the terms and conditions of this Agreement; and

WHEREAS, the City anticipates issuing one or more municipal bonds or notes for the City to construct the Skywalk Improvements and to provide financial assistance to Gatehouse to construct the Minimum Improvements (see definition of City Bonds); and

WHEREAS, the City believes that the development of the Hotel Property pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the foregoing project has been undertaken and is being assisted.

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

ARTICLE I. DEFINITIONS

Section 1.1. Definitions. In addition to other definitions set forth in this Agreement, 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 Purchase, Sale and Development Agreement and all exhibits and appendices hereto, as the same may be from time to time modified, amended or supplemented.

Area or Urban Renewal Area means the area known as the Mason City Downtown Reinvestment Urban Renewal Area (as amended).

Assessor means the tax assessor for the City of Mason City, Iowa.

Award Agreement means the Agreement entered into between the City and the State with respect to the award of the Reinvestment District Funds.

City means the City of Mason City, Iowa, or any successor to its functions.

City Bonds means the general obligation bonds or notes issued by the City to fund construction of the Grant for the Project Costs, Skywalk Improvements, and other projects in an amount not to exceed $16,125,000.

Code means the Code of Iowa, 2019, as amended.

Commence Construction means to commence construction of the Minimum Improvements on the Hotel Property and Music Man Square Property after entry into a valid and binding construction contract (including, at a minimum, the commencement of construction of underground facilities such as

utilities, footings and foundation), which shall be in accordance with the approved project schedule, but no later a date mutually agreed to by the Parties to be determined during the Pre-Construction Work, which date shall be no later than July 1, 2020 barring any Unavoidable Delay.

Commencement Date means the date of this Agreement, which shall also be the date the last party executes this Agreement.

Construction Plans means the plans, specifications, drawings and related documents reflecting the construction work to be performed by Gatehouse on the Hotel Property and the Music Man Square Property; the Construction Plans shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building inspector of the City as required by applicable City codes.

Convention Center Improvements means the renovations to the existing Music Man Square building on the Music Man Square Property to create additional convention center space that will be leased by the Foundation to Gatehouse. The Convention Center Improvements are part of the Minimum Improvements.

Convention Center Lease Agreement means an agreement by and between Gatehouse and the Foundation for the renovation, management, and operation of the Convention Center Improvements on the Music Man Square Property.

Construction Co-Payment means payments the City makes to Gatehouse for certified Project Costs described in Section 9.1 of this Agreement equal to seventy-five percent (75%) of the certified and approved Project Costs, (but said payments by the City shall not exceed the total Grant amount of Eight Million Seven Hundred Thousand Dollars ($8,700,000))

Event of Default means any of the events described in Section 12.1 of this Agreement.

Foundation means Mason City Foundation, and its successors and assigns.

Full-Time Equivalent Employment Unit means the employment by Gatehouse of the equivalent of one person for 1,560 hours per year, assuming a thirty-hour work week for fifty-two weeks per year.

Gatehouse means Gatehouse Mason City, L.L.C., and its permitted successors and assigns.

Grant means the grant made by the City to Gatehouse, as set forth in Article IX hereof. The Grant shall be a maximum of $8,700,000 (inclusive of the $1,000,000 in Pre-Construction Funding).

Hotel Certificate of Completion means a certification in the form of the certificate attached hereto as Exhibit C and hereby made a part of this Agreement.

Hotel Closing means the closing of the real estate transfer of the Hotel Property to Gatehouse as further defined in Article IV which shall be in accordance with the approved project schedule, if all conditions precedent are satisfied, but no later than a date mutually agreed to by the Parties to be

determined during the Pre-Construction Work, which date shall be no later than April 1, 2020 barring any Unavoidable Delay.

Hotel Deed means the Quit Claim Deed given by the City to Gatehouse for the Hotel Property in the form attached hereto as Exhibit G.

Hotel Property means that portion of the Mason City Downtown Reinvestment Urban Renewal Area described in Exhibit A-1.

Hotel Property Purchase Price means the price for the purchase and sale of the Hotel Property set forth in Article IV hereof.

Ingress/Egress Easement means an easement executed by the City and Gatehouse in substantially the form attached hereto as Exhibit L.

Lender(s) means any entity(s) or persons that hold secured debt on the Hotel Property.

Loan means any mortgages or debt and related loan documents executed by Gatehouse in favor of the Lenders that provide debt for the construction of the Minimum Improvements and permanent financing thereafter.

Local Hotel Tax means the locally-imposed hotel/motel tax (described in Section 423A.4 of the Code) generated by the Minimum Improvements on the Hotel Property and actually collected by the City under Chapter 423A of the Code. The Local Hotel Tax does not include the State-imposed hotel/motel tax (described in Section 423A.3 of the Code).

Local Hotel Tax Rebates means rebate payments equal to fifty percent (50%) of the Local Hotel Tax to be made by the City to Gatehouse under Article XV of this Agreement.

Material Adverse Effect means a material adverse effect upon the business or the financial position or results of operation of Gatehouse.

Minimum Actual Value means the actual value assigned to that portion of the Minimum Improvements on the Hotel Property (building/improvement value), pursuant to the Minimum Assessment Agreement entered into between Gatehouse, City, and the Assessor.

Minimum Assessment Agreement means the minimum assessment agreement in the form attached hereto as Exhibit F and hereby made part of this Agreement.

Minimum Improvements means the acquisition of the Hotel Property and construction of the hotel on the Hotel Property and the Convention Center Improvements on the Music Man Square Property, as further described in Exhibit A-2 and depicted in Exhibit A-3. The increased value after construction of that portion of the Minimum Improvements on the Hotel Property for the purpose of this Agreement will be at least those amounts set forth in the Minimum Assessment Agreement, but the Assessor will make the final determination as to the value.

Mortgage means any mortgage or security agreement in which Gatehouse has granted a mortgage or other security interest in the Hotel Property, or any portion or parcel thereof, or any improvements constructed thereon to secure a Loan.

Music Man Square Property means that portion of the Mason City Downtown Reinvestment Urban Renewal Area described in Exhibit A-4.

Net Proceeds (Hotel) means any proceeds paid by an insurer to Gatehouse under a policy or policies of insurance required to be provided and maintained by Gatehouse, as the case may be, pursuant to Article VI of this Agreement and remaining after deducting all expenses (including fees and disbursements of counsel) incurred in the collection of such proceeds.

Performance Bond means one or more surety bonds, acceptable to the City, that guarantee the faithful performance of this Agreement for, in the aggregate, the anticipated full value of the completed Minimum Improvements and that further guarantees the prompt payment of all materials and labor, as further defined and set forth in Section 7.11 hereof.

Pre-Construction Funding means the funding, which shall be in multiple advances, by the City to Gatehouse in an amount not to exceed $1,000,000 in the aggregate to pay for Pre-Construction Work, which $1,000,000 shall include the payment to Gatehouse of an amount equal to $200,000 within two (2) weeks of the Commencement Date for Gatehouse's professional services fees, $400,000 within four (4) weeks of the Commencement Date for the first month of Pre-Construction Work, $200,000 within eight (8) weeks of the Commencement Date for the second month of Pre-Construction Work, and $200,000 within twelve (12) weeks of the Commencement Date for the third month of Pre-Construction Work.

Pre-Construction Work means preparation of plans and specifications, due diligence, pursuit of City entitlements and approvals, debt and equity capital and hotel brand selection and application, title and survey review, environmental studies, availability of utilities, geotechnical work and similar activities prior to Gatehouse actually Commencing Construction.

Project means the construction and operation of the Minimum Improvements on the Hotel Property and Music Man Square Property, and the creation and retention of jobs, as described in this Agreement.

Project Costs means all costs and expenses related to the design, development, construction and furnishing of the Minimum Improvements, including without limitation, soft costs such as fees and costs of architectural, engineering, consulting and other professionals, fees, permit fees and costs, financing fees, closing costs, start up, franchising fees, and developer fees.

Reinvestment District means the Our River City Renaissance Downtown Mason City Reinvestment District established by the City under Iowa Code Chapter 15J, pursuant to the application filed by the City with the Iowa Economic Development Authority.

Reinvestment District Funds means the applicable portion of the State sales and use tax and State hotel and motel tax revenues (described in Section 423A.3 of the Code) generated by the improvements constructed and/or reconstructed in the Reinvestment District, that are granted to the City under the Award Agreement.

Skywalk Improvements means construction of the skywalk on the Skywalk Property as further described in Article X and Exhibit B-2 and depicted in Exhibit B-3.

Skywalk Property means that portion of the Mason City Downtown Reinvestment Urban Renewal Area described in Exhibit B-1.

State means the State of Iowa.

Termination Date means the date of termination of this Agreement, as established in Section 14.8 of this Agreement.

Unavoidable Delays means delays resulting from acts or occurrences outside the reasonable control of the party claiming the delay including but not limited to storms, floods, fires, explosions or other casualty losses, unusual weather conditions, strikes, boycotts, lockouts or other labor disputes, delays in transportation or delivery of material or equipment, litigation commenced by third parties, or the acts of any federal, State or local governmental unit (other than the City in its performance of its governmental functions [such as issuance of building permits] and NOT in its performance of its contractual obligations under this Agreement).

Urban Renewal Plan means the Mason City Downtown Reinvestment Urban Renewal Plan, as amended, approved with respect to the Urban Renewal Area, described in the preambles hereof.

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 municipal corporation and municipality organized under the provisions of the Constitution and the laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder. The City shall provide an enforceability opinion from its Attorney by the end of the Pre-Construction Work in the form attached hereto as Exhibit J.

b. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented by, limited by, in conflict with, or result in a breach of, the terms, conditions or provisions of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the City is now a party or by which it is bound, nor do they constitute a default under any of the foregoing.

c. All covenants, stipulations, promises, agreements, and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the City only, and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.

d. The Hotel Property and Music Man Square Property is currently zoned to allow the construction and operation of the Minimum Improvements and is not precluded from the ability to obtain liquor licenses for the hotel, restaurants and bars located therein.

e. The City Council appoints the City Administrator as the primary contact person for Gatehouse on this Project and Gatehouse is entitled to rely upon such City Administrator for authorization, approvals and direction.

f. The City will in good faith work with the Foundation to enter into an agreement with the Foundation providing for the City's provision of grants to the Foundation funded through that portion of the Local Hotel Tax not used for the Local Hotel Tax Rebates to Gatehouse under this Agreement.

Section 2.2. Representations and Warranties of Gatehouse. Gatehouse makes the following representations and warranties:

a. Gatehouse Mason City L.L.C. is a Minnesota limited liability company duly organized and validly existing under the laws of the State of Minnesota, and has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as presently proposed to be conducted, and to enter into and perform its obligations under this Agreement.

b. This Agreement has been duly and validly authorized, executed and delivered by Gatehouse and, assuming due authorization, execution and delivery by the City, is in full force and effect and is a valid and legally binding instrument of Gatehouse enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally. Gatehouse's attorney has provided an enforceability opinion as of the Commencement Date in the form attached hereto as Exhibit H.

c. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented by, limited by, in conflict with, or result in a violation or breach of, the terms, conditions or provisions of the governing documents of Gatehouse or of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which Gatehouse is now a party or by which it or its property is bound, nor do they constitute a default under any of the foregoing.

d. There are no actions, suits or proceedings pending or threatened against or affecting Gatehouse in any court or before any arbitrator or before or by any governmental body in which there is a reasonable possibility of an adverse decision which could materially adversely affect the business (present or prospective), financial position or results of operations of Gatehouse or which in any manner

raises any questions affecting the validity of the Agreement or Gatehouse's ability to perform its obligations under this Agreement.

e. Subject to the prior satisfaction of the conditions precedent set forth herein, Gatehouse will use commercially reasonable efforts to cause the Minimum Improvements to be constructed in accordance with the terms of this Agreement, the Urban Renewal Plan, and all local, State, and federal laws and regulations.

f. Subject to the prior satisfaction of the conditions precedent set forth herein, Gatehouse will use commercially reasonable efforts to obtain or cause to be obtained, in a timely manner, all required permits, licenses, and approvals, and will use commercially reasonable efforts to 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.

g. The acquisition of the Hotel Property and the Project Costs will require a total investment of approximately $24,000,000. Gatehouse shall spend at least $600,000 of the Project Costs for Convention Center Improvements on the Music Man Square Property and at least $150,000 of such $600,000 shall be spent on new museum attractions and/or features.

h. Gatehouse has not received any notice from any local, State or federal official that the activities of Gatehouse with respect to the Hotel Property or Music Man Square Property may or will be in violation of any environmental law or regulation (other than those notices, if any, of which the City has previously been notified in writing). Gatehouse is not currently aware of any State or federal claim filed or planned to be filed by any party relating to any violation of any local, State or federal environmental law, regulation or review procedure applicable to the Hotel Property, and Gatehouse is not currently aware of any violation of any local, State or federal environmental law, regulation or review procedure which would give any person a valid claim under any State or federal environmental statute with respect thereto.

i. Immediately following the Commencement Date, Gatehouse will pursue firm commitments for construction or acquisition and permanent financing for the Project in an amount sufficient, together with an equity commitment of at least ten percent (10%), or other financial structure as approved by the City's City Administrator, to successfully complete the Minimum Improvements in accordance with the Construction Plans contemplated in this Agreement.

j. Gatehouse will cooperate fully with 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.

k. Gatehouse expects that, barring Unavoidable Delays, the Minimum Improvements will be completed by a date mutually agreed to by the Parties to be determined during the Pre-Construction Work, which date shall be no later than December 1, 2023.

l. Gatehouse would not undertake its obligations under this Agreement without the extension by the City of the Grant and Local Hotel Tax Rebates being made to Gatehouse pursuant to this Agreement.

m. Gatehouse will not seek to change the current land assessment category, or the zoning classification, of the Hotel Property or the Minimum Improvements during the term of this Agreement.

n. Gatehouse will use commercially reasonable efforts and work with the Foundation to enter into the Convention Center Lease Agreement prior to the Hotel Closing, and, upon execution, such agreement will be a valid and binding Lease of Gatehouse that shall run until at least the Termination Date of this Agreement.

o. Gatehouse will work in good faith with the City to provide the City access to the Hotel Property after the Hotel Closing in order for the City to complete the sewer removal/abandonment described in Section 7.12(h).

p. Within 45 days after $8,700,000 of Grant distributions have been made by the City to Gatehouse, Gatehouse shall pay the City in the amount of Two Hundred and Fifty Thousand Dollars ($250,000).

ARTICLE III. CONDITIONS PRECEDENT TO AGREEMENT

Section 3.1. Conditions Precedent to Agreement and Pre-Construction Funding. It is recognized and agreed that the ability of the City to perform the obligations described in this Agreement including to provide the Pre-Construction Funding, is subject to each of the following conditions precedent:

a. The representations and warranties made by Gatehouse in Section 2.2 shall be true and correct as of each disbursement of the Pre-Construction Funding and with the same force and effect as if made at such date;

b. The completion and satisfaction of certain separate City Council actions and all required legal proceedings to approve the Pre-Construction Funding;

c. Gatehouse is in material compliance with all of the terms of this Agreement;

d. There has not been a substantial change for the worse in the financial resources and ability of Gatehouse which change(s) make it likely, in the reasonable judgment of the City, that Gatehouse will be unable to fulfill its covenants and obligations under this Agreement;

e. Gatehouse shall be using commercially reasonable efforts to enter into the Convention Center Lease Agreement with the Foundation.

Section 3.2. Conditions Precedent to Proceeding Beyond Pre-Construction Funding. Other than the Pre-Construction Funding and the approvals and obligations of the City associated with same, it is recognized and agreed that the ability of the City to perform the obligations described in this Agreement is subject to, among other things, completion and satisfaction of certain separate City Council actions and required legal proceedings relating to the issuance of the City Bonds. Specifically, all obligations of

the City to issue the City Bonds whose proceeds shall be used in part to fund the Grant for the Project Costs and Skywalk Improvements are subject to each of the following conditions precedent:

a. The representations and warranties made by Gatehouse in Section 2.2 shall be true and correct as of the issue date of the City Bonds and with the same force and effect as if made at such date.

b. The completion and satisfaction of certain separate City Council actions and all required legal proceedings relating to the issuance of the City Bonds (in the judgment of bond counsel for the City);

c. The City shall have completed the sale of all or a portion of the City Bonds on such terms and conditions as it shall deem necessary or desirable in its sole discretion;

d. The City shall have approved all applicable zoning, subdivision, or platting of the Hotel Property necessary for development and construction of the Minimum Improvements;

e. Execution by Gatehouse of the Minimum Assessment Agreement by and among the City, Gatehouse, and Assessor in substantially the form of Exhibit F and pursuant to Article XIII of this Agreement;

f. Gatehouse is in material compliance with all of the terms of this Agreement;

g. There has not been a substantial change for the worse in the financial resources and ability of Gatehouse, or a substantial decrease in the financing commitments secured by Gatehouse for construction of the Minimum Improvements, which change(s) make it likely, in the reasonable judgment of the City, that Gatehouse will be unable to fulfill its covenants and obligations under this Agreement;

h. Gatehouse and the City shall have executed the Ingress/Egress Easement attached hereto as Exhibit L;

i. The City shall have completed all applicable public bidding requirements for the Skywalk Improvements and shall have awarded a contract for the Skywalk Improvements acceptable to the City in its sole discretion;

j. Gatehouse shall have furnished the City with evidence, in a form satisfactory to the City, that Gatehouse has received a GMP bid from a general contractor, based on 50% design development drawings, for construction of the Minimum Improvements;

k. Gatehouse shall have furnished the City with evidence, in a form satisfactory to the City and Gatehouse, that Gatehouse has commitments (such as loan commitments, letters of intent or signed term sheets) from its Lenders and investors, for funds that are sufficient to complete the construction of the Minimum Improvements; and

l. The City shall have received final, unqualified approval of its Reinvestment District application and the City and State shall have entered into an Award Agreement.

If for any reason or if any or all of these conditions are not met, Gatehouse shall be allowed to terminate this agreement without incurring any liability and the City shall not be entitled to any refunds for Pre-development or Pre-Construction distributions.

ARTICLE IV. TRANSFER OF HOTEL PROPERTY TO GATEHOUSE

Section 4.1. Conditions Precedent to Transfer. The City's obligation to transfer title and possession of the Hotel Property to Gatehouse at the Hotel Closing, and Gatehouse's obligation to pay the Hotel Property Purchase Price, shall be subject to satisfaction of the following conditions precedent:

a. The ability of the City to meet its commitments under this Agreement is subject in all respects to completion of all required proceedings under Chapter 403 of the Code to effect adoption of the Urban Renewal Plan to authorize this Project as an urban renewal project; and

b. Gatehouse negotiating in good faith with the City to provide all necessary public utility easements over and through the Hotel Property without compensation to Gatehouse; and

c. Gatehouse is in material compliance with all of the terms of this Agreement; and

d. Execution of the Minimum Assessment Agreement by Gatehouse and any prior lienholder, approval of the Minimum Assessment Agreement by the Assessor, and Gatehouse's compliance with the Minimum Assessment Agreement; and

e. Execution of the Ingress/Egress Easement by Gatehouse and the City.

Section 4.2. Transfer of Hotel Property. For One Dollar ($1.00) or similar and other consideration including the obligations being assumed by Gatehouse hereunder and in furtherance of the Urban Renewal Plan and the Urban Renewal Act, the City agrees to sell, and Gatehouse agrees to purchase, the Hotel Property, together with all improvements thereon, subject to easements and appurtenant servient estates and any zoning and other ordinances. Such transfer shall occur under the terms and conditions of this Agreement and following all process required by the City pursuant to Section 403.8 of the Iowa Code.

Section 4.3. Hotel Property Purchase Price. The purchase price for the Hotel Property shall be One Dollar ($1.00) or similar and other consideration (the "Hotel Property Purchase Price"). Gatehouse shall pay the Hotel Property Purchase Price to the City by check or wire transfer at the Hotel Closing (subject to prorations, reductions and credits as provided below).

Section 4.4. Real Estate Taxes and Special Assessments. The Hotel Property is currently tax-exempt while owned by the City. Gatehouse shall be responsible for all taxes post-Hotel Closing, if any.

Section 4.5. Right of Reversion. Notwithstanding anything herein to the contrary, and as additional security for Gatehouse's obligation to Commence Construction, the Hotel Deed conveying the

Hotel Property to Gatehouse shall contain a right of reversion in all of the Hotel Property ("City's Reversionary Right" or "Reversionary Right"), which may be exercised by the City, in its reasonable discretion, if the following conditions occur:

a. By a date to be mutually agreed to by the Parties during the Pre-Construction Work, but no later than July 1, 2020 barring any Unavoidable Delay, Gatehouse does not Commence Construction and/or does not obtain a Loan in a minimum amount of $17,000,000 for the construction of the Minimum Improvements;

b. Gatehouse does not obtain the performance bond required under Section 7.11; or

c. An Event of Default has occurred by Gatehouse, which is not cured within the time period allowed by Section 12.1.

If any of the above conditions occur, then the City shall automatically have the City's Reversionary Right to reacquire title to the Hotel Property. Gatehouse shall allow no mortgages or liens to encumber the Hotel Property while the City holds its Reversionary Right. To exercise the City's Reversionary Right described herein, the City must provide written notice to Gatehouse (or its permitted successors, assigns or transferees) within sixty (60) days of Gatehouse's failure under this Agreement, but in any event prior to Gatehouse satisfying the conditions set forth in Section 4.5(a), (b) and (c) above, and record such notice with the County Recorder of deeds, in which case the title to the Hotel Property shall automatically revert to the City as of the date of the recording of the notice. Upon request from the City, Gatehouse shall take all reasonable steps to ensure the City acquires marketable title to the Hotel Property through its exercise of its rights under this Section within thirty (30) days of the City's demand, including without limitation, the execution of appropriate deeds and other documents. This Section shall survive the Hotel Closing.

Notwithstanding anything to the contrary herein, the City's Reversionary Right with respect to the Hotel Property shall terminate and be of no further force and effect if and when Gatehouse (or its permitted successors, assigns or transferees) has: (i) Commenced Construction on the Hotel Property; or (ii) obtained the performance bond required under Section 7.11 of this Agreement. The City agrees to execute any documents reasonably requested by Gatehouse or its Lender(s) to evidence any whole or partial termination of the City's Reversionary Right as set forth herein.

Section 4.6. Risk of Loss and Insurance – Hotel Property. The City shall bear the risk of loss or damage to the Hotel Property prior to the Hotel Closing. The City agrees to maintain existing insurance, if any, and Gatehouse may purchase additional insurance. In the event of substantial damage or destruction prior to the Hotel Closing, the City shall have the option of using insurance proceeds to rebuild the Hotel Property such that this Agreement shall continue and Gatehouse shall complete the Hotel Closing regardless of the extent of damages. Gatehouse shall bear the risk of loss or damage to the Hotel Property after the Hotel Closing.

Section 4.7. Condition of Hotel Property; Care and Maintenance. As of the Hotel Closing, Gatehouse agrees to take the Hotel Property "As Is." Except as specifically set forth in this Agreement, the City makes no warranties or representations as to the condition of the Hotel Property.

Notwithstanding anything herein to the contrary, Gatehouse hereby waives all claims against the City as to the condition of the Hotel Property.

Section 4.8. Possession; Hotel Closing. Upon the obligations of each party hereunder being met, including the execution of all documents required hereunder, the Hotel Closing shall take place in accordance with the approved project schedule, by a date mutually agreed to by the Parties to be determined during the Pre-Construction Work, but no later than April 1, 2020 barring any Unavoidable Delay. This purchase shall be considered "Closed" upon the delivery to Gatehouse of a duly executed quit claim deed for the Hotel Property in the form of deed attached hereto as Exhibit G. All parties and individual signatories hereto further agree to make, execute and deliver such further and additional documents as may be reasonably requested by the other party for the purpose of accomplishing the transfer herein contemplated.

Section 4.9. Intentionally left blank.

Section 4.10. Abstract and Title. The City shall provide an abstract for the Hotel Property, continued through a date no more than forty-five (45) days prior to the Hotel Closing, and deliver it to Gatehouse for examination, which shall become the property of Gatehouse upon the Hotel Closing. It shall show marketable title in the City in conformity with this Agreement, Iowa law, and the title standards of the Iowa State Bar Association. The City shall make reasonable efforts to promptly perfect title. Upon the closing of the Loan, Gatehouse may, at its sole cost and expense, obtain title insurance on the Hotel Property for itself and/or its Lenders and the City shall provide such deeds and other documents as the title company may reasonably require in order for Gatehouse to obtain such title insurance.

Section 4.11. Survey and Platting. City shall be responsible for any survey or platting work necessary to resolve a title defect or convey the Hotel Property to Gatehouse. Gatehouse shall be responsible for all other survey and platting of the Hotel Property, if any. The City authorizes Gatehouse and/or its agents and contractors reasonable access to the Hotel Property for survey and platting purposes prior to the Hotel Closing.

Section 4.12. Environmental Matters. At the Hotel Closing, the City will file with the County Recorder's office a properly executed Groundwater Hazard Statement as required by law reflecting that to the best of the City's knowledge, without inquiry or investigation, there are no known (1) wells; (2) solid waste disposal sites; (3) hazardous waste; (4) underground storage tanks; or (5) private sewage disposal systems located on the Hotel Property. Gatehouse takes the property "As Is" with regard to any environmental matters. The City makes no warranties or representations as to the environmental condition of the Hotel Property. Gatehouse agrees to indemnify, release, defend and hold harmless the City for all environmental claims, damages or costs relating to the Hotel Property that did not exist as of the Hotel Closing and which arise after the date of the Hotel Closing. This Section shall survive the Hotel Closing.

Section 4.13. Certification. Gatehouse and City each certify that they are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person"

or any other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control; and are not engaged in this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Each party hereby agrees to defend, indemnify and hold harmless the other party from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to my breach of the foregoing certification.

Section 4.14. Restriction. Gatehouse acknowledges and agrees that until the Termination Date, the Hotel Property shall be used solely and exclusively for a hotel and convention center including ancillary uses such as restaurant, bar, meeting space, workout facilities, and similar uses, as described in Exhibit A-2 and depicted in Exhibit A-3.

ARTICLE V. CONSTRUCTION OF MINIMUM IMPROVEMENTS

Section 5.1. Construction of Minimum Improvements. Subject to satisfaction of the conditions precedent set forth herein, Gatehouse agrees that it will cause the Minimum Improvements to be constructed on the Hotel Property in substantial conformance with the Construction Plans submitted to and approved by the City. Gatehouse agrees that the scope and scale of the Minimum Improvements to be constructed shall not be significantly less than the scope and scale of the Minimum Improvements as detailed and outlined in the Construction Plans, and shall require a total project investment of approximately $24,000,000 for Project Costs. Gatehouse shall spend at least $600,000 of the Project Costs for Convention Center Improvements on the Music Man Square Property and at least $150,000 of such $600,000 shall be spent on new museum attractions and/or features. Gatehouse shall prepare the hotel budget and subject to the other provisions hereof, shall have total and sole approval rights over the inclusion of line items and the amounts thereof. Notwithstanding anything herein to the contrary, the City shall have approval rights over all disbursements of the Grant, which approval rights shall not be unreasonably withheld conditioned, or delayed.

Section 5.2. Construction Plans. Gatehouse shall cause the Construction Plans to be provided for the Minimum Improvements, which shall be subject to approval by the City as provided in this Section 5.2, such approval not to be unreasonably withheld, conditioned, or delayed, provided the Construction Plans conform with and are sufficient under the terms of this Section. The Construction Plans shall be in conformity with the Urban Renewal Plan, this Agreement, and all applicable federal, State and local laws and regulations. The City shall approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the terms and conditions of the Urban Renewal Plan; (iii) the Construction Plans conform to all applicable federal, State and local laws, ordinances, rules and regulations, and City permit requirements; (iv) the Construction Plans are adequate for purposes of this Agreement to provide for the construction of the Minimum Improvements; and (v) no Event of Default under the terms of this Agreement has occurred; provided, however, that any such approval of the Construction Plans pursuant to this Section 5.2 shall constitute approval for the purposes of this Agreement only and shall not be deemed to constitute approval or waiver by the City with respect to any building, fire, zoning or other ordinances or regulations of the City, and shall not be deemed to be sufficient plans to serve as the basis for the issuance of a building permit if the Construction Plans are not as detailed or complete as the

plans otherwise required for the issuance of a building permit. The site plans submitted to the building official of the City for the Hotel Property and the surrounding areas where the Minimum Improvements are to be constructed shall be adequate to serve as the Construction Plans, if such site plans are approved by the building official.

Approval of the Construction Plans by the City shall not relieve Gatehouse of any obligation to comply with the terms and provisions of this Agreement, or the provision of applicable federal, State and local laws, ordinances and regulations, nor shall approval of the Construction Plans by the City be deemed to constitute a waiver of any Event of Default.

Approval of the Construction Plans hereunder is solely for purposes of this Agreement, and shall not constitute approval for any other City purpose nor subject the City to any liability for the Minimum Improvements as constructed.

Section 5.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, Gatehouse shall cause construction of the Minimum Improvements to be undertaken and completed: (i) in accordance with the approved project schedule, by such date as is mutually agreed to by the Parties during the Pre-Construction Work, but no later than December 31, 2023; or (ii) by such other date as the parties shall mutually agree upon in writing. Time lost as a result of Unavoidable Delays shall be added to extend this date by a number of days equal to the number of days lost as a result of Unavoidable Delays. All work with respect to the Minimum Improvements shall be in substantial conformity with the Construction Plans approved by the building official or any amendments thereto as may be approved by the building official.

Gatehouse agrees that it shall permit designated representatives of the City, upon reasonable notice (which does not have to be written), to enter upon the Hotel Property and the Music Man Square Property during the construction of the Minimum Improvements to inspect such construction and the progress thereof.

Section 5.4. Hotel Certificate of Completion. Upon written request of Gatehouse after issuance of an occupancy permit (temporary or permanent) for that portion of the Minimum Improvements on the Hotel Property, the City will furnish Gatehouse with a Hotel Certificate of Completion for the Minimum Improvements in recordable form, in substantially the form set forth in Exhibit C attached hereto. Such Hotel Certificate of Completion shall be a conclusive determination of satisfactory termination of the covenants and conditions of this Agreement solely with respect to the obligations of Gatehouse to construct the Minimum Improvements on the Hotel Property and the Music Man Square Property.

The Hotel Certificate of Completion may be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Hotel Property at Gatehouse's sole expense. If the City shall refuse or fail to provide a Hotel Certificate of Completion in accordance with the provisions of this Section 5.4, the City shall, within ten (10) calendar days after written request by Gatehouse, provide Gatehouse with a written statement indicating in adequate detail in what respects Gatehouse has failed to complete the applicable portion of the Minimum Improvements in accordance with the provisions of this Agreement, or is otherwise in default under the terms of this Agreement, and what measures or acts will

be necessary, in the reasonable opinion of the City, for Gatehouse to take or perform in order to obtain such Hotel Certificate of Completion.

Issuance by the City of the Hotel Certificate of Completion pursuant to this Section 5.4 is solely for the purposes of this Agreement, and shall not constitute approval for any other City purpose nor shall it subject the City to any liability for the Hotel Property or the Minimum Improvements as constructed.

ARTICLE VI. INSURANCE ON MINIMUM IMPROVEMENTS

Section 6.1. Insurance Requirements.

a. Gatehouse will provide and maintain or cause to be maintained at all times during the process of constructing the Minimum Improvements (and, from time to time at the request of the City, furnish the City with proof of payment of premiums on):

i. Builder's risk insurance, written on the so-called "Builder's Risk-- Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the 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. Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations, and contractual liability insurance) with limits against bodily injury and property damage of at least $1,000,000 for each occurrence. The City shall be named as an additional insured for the City's liability or loss arising out of or in any way associated with the project and arising out of any act, error, or omission of Gatehouse, its directors, officers, shareholders, contractors, and subcontractors or anyone else for whose acts the City may be held responsible (with coverage to the City at least as broad as that which is provided to Gatehouse and not lessened or avoided by endorsement). The policy shall contain a "severability of interests" clause and provide primary insurance over any other insurance maintained by the City.

iii. Workers' compensation insurance with at least statutory coverage.

b. Upon completion of construction of the Minimum Improvements and at all times thereafter prior to the Termination Date, Gatehouse shall maintain or cause to be maintained, at its cost and expense (and from time to time at the request of the City shall furnish proof of the payment of premiums on), insurance as follows:

i. Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limiting the generality of the foregoing) fire, extended coverage, vandalism and malicious mischief, explosion, water damage, demolition cost, debris removal, and collapse in an amount not less than the full insurable replacement value of the Minimum Improvements, but any such policy may have a deductible amount of not more than $50,000 or self-insurance up to not more than $1,000,000 (subject to adjustment in the future based on increases in the consumer price index). No policy of insurance shall

be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the City. The term "full insurable replacement value" shall mean the actual replacement cost of the Minimum Improvements (excluding foundation and excavation costs and costs of underground flues, pipes, drains, and other uninsurable items) and equipment, and shall be determined from time to time at the request of the City, but not more frequently than once every three years, by an insurance consultant or insurer selected and paid for by Gatehouse and approved by the City.

ii. Comprehensive general public liability insurance, including personal injury liability for injuries to persons and/or property, including any injuries resulting from the operation of automobiles or other motorized vehicles on or about the Hotel Property, in the minimum amount for each occurrence and for each year of $1,000,000.

iii. Such other insurance, including workers' compensation insurance respecting all employees of Gatehouse, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that Gatehouse may be self-insured with respect to all or any part of its liability for workers' compensation.

c. All insurance required by this Article VI to be provided prior to the Termination Date shall be taken out and maintained in responsible insurance companies selected by Gatehouse, which are authorized under the laws of the State to assume the risks covered thereby. Gatehouse will deposit annually with the City copies of policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article VI, each policy shall contain a provision that the insurer shall not cancel or modify it without giving written notice to Gatehouse and the City at least thirty (30) days before the cancellation or modification becomes effective. Not less than fifteen (15) days prior to the expiration of any policy, Gatehouse shall furnish the City evidence satisfactory to the City that the policy has been renewed or replaced by another policy conforming to the provisions of this Article VI, or that there is no necessity therefor under the terms hereof. In lieu of separate policies, Gatehouse may maintain a single policy, or blanket or umbrella policies, or a combination thereof, which provide the total coverage required herein, in which event Gatehouse shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

d. Gatehouse agrees to notify the City immediately in the case of damage exceeding $25,000 (subject to adjustment in the future based on increases in the consumer price index) in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. Subject to approval by the applicable lender, the Net Proceeds (Hotel) of any such insurance shall be paid directly to Gatehouse, and Gatehouse will forthwith repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as they existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, Gatehouse will apply the Net Proceeds (Hotel) of any insurance relating to such damage received by Gatehouse to the payment or reimbursement of the costs thereof.

e. Gatehouse shall complete or cause to be completed the repair, reconstruction, and restoration of the Minimum Improvements, whether or not the Net Proceeds (Hotel) of insurance received by Gatehouse for such purposes are sufficient.

ARTICLE VII. FURTHER COVENANTS

Section 7.1. Maintenance of Properties.

a. During the term of this Agreement, Gatehouse will maintain, preserve, and keep its properties within the City, including the Hotel Property and attached convention center, in good repair and working order, ordinary wear and tear excepted, and from time to time will make all necessary repairs, replacements, renewals, and additions pursuant to applicable law and in its reasonable discretion.

Section 7.2. Maintenance of Records.

a. Gatehouse will keep at all times proper books of record and account in which full, true, and correct entries will be made of all dealings and transactions of or in relation to the business and affairs of Gatehouse and relating to the Minimum Improvements and/or Hotel Property in accordance with generally accepted accounting principles, consistently applied throughout the period involved, and Gatehouse will provide reasonable protection against loss or damage to such books of record and account.

Section 7.3. Compliance with Laws.

a. Gatehouse will comply with all State, federal and local laws, rules and regulations relating to the Hotel Property and Minimum Improvements.

Section 7.4. Non-Discrimination.

a. In the construction and operation of the Minimum Improvements, Gatehouse shall not discriminate against any applicant, employee or tenant because of age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status. Gatehouse shall ensure that applicants, employees, and tenants are considered and are treated without regard to their age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status.

Section 7.5. Available Information. Upon request, Gatehouse shall promptly provide the City with copies of information requested by City and/or the State that are related to this Agreement, the Award Agreement, the Hotel Property, and/or the Minimum Improvements so that City can determine compliance with this Agreement.

Section 7.6. Employment. Gatehouse shall employ or cause to be employed at least 20 Full-Time Equivalent Employment Units at the Minimum Improvements by a date mutually agreed to by the Parties to be determined during the Pre-Construction Work, but no later than January 1, 2024 barring

any Unavoidable Delay, and thereafter, subject to exclusions for casualty or renovations to the Minimum Improvements, Gatehouse shall retain or cause to be retained a Monthly Average of at least 20 Full-Time Equivalent Employment Units until the Termination Date of this Agreement. Gatehouse's Annual Certifications, due beginning on the first October 15 following the date mutually agreed to by the Parties for the employment obligations under this Section 7.6, shall show that a Monthly Average of at least 20 Full-Time Equivalent Employment Units has been maintained over each twelve (12) month period from November 1 through the next October 1, except that the first Annual Certification may cover a period less than twelve (12) months, depending on the date mutually agreed to by the Parties for the employment obligations under this Section 7.6 .

"Monthly Average" means the average number of Full-Time Equivalent Employment Units employed as of October 1 of each year and as of the first day of each of the preceding eleven (11) months, as shown in Gatehouse's Annual Certification in Section 7.7. Gatehouse shall provide information as requested by the City to determine compliance with the foregoing employment obligation.

Section 7.7. Annual Certification. To assist the City in monitoring this Agreement and the performance of Gatehouse hereunder, a duly authorized officer of Gatehouse shall annually provide to the City: (i) proof that all ad valorem taxes on the Hotel Property and Minimum Improvements have been paid for the prior fiscal year and any taxes due and payable for the current fiscal year as of the date of certification; (ii) the date of the first full assessment of the Minimum Improvements; (iii) certification of the number of Full-Time Equivalent Employment Units employed by Gatehouse as of October 1 and as of the first day of each of the preceding eleven (11) months (prorated for the first certification); and (iv) certification that such officer has re-examined the terms and provisions of this Agreement and that at the date of such certificate, and during the preceding twelve (12) months, Gatehouse is not, or was not, in default in the fulfillment of any of the terms and conditions of this Agreement and that no Event of Default is occurring or has occurred as of the date of such certificate or during such period, or if the signer is aware of any such Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto. Such statement, proof and certificate shall be provided not later than October 15 of each year, commencing October 15, 2022 and ending upon the Termination Date. Gatehouse shall provide supporting information for its Annual Certifications upon request of the City. See Exhibit E for form required for Gatehouse's Annual Certification.

Section 7.8. Term of Operation. Subject to casualty and renovations, operations at the Minimum Improvements on the Hotel Property, including the employee obligations in Section 7.6, shall be maintained until the Termination Date of this Agreement.

Section 7.9. Gatehouse Completion Guarantee. By signing this Agreement, Gatehouse hereby guarantees to the City performance by Gatehouse of all the terms and provisions of this Agreement pertaining to Gatehouse's obligations with respect to the construction of the Minimum Improvements. Without limiting the generality of the foregoing, Gatehouse guarantees that: (a) construction of the Minimum Improvements shall commence and be completed within the time limits set forth herein barring any Unavoidable Delays; (b) the Minimum Improvements shall be constructed and completed substantially in accordance with the Construction Plans; (c) the Minimum Improvements shall be

constructed and completed free and clear of any mechanic's liens, materialman's liens and equitable liens (except mechanic's and materialman's liens being contested by appropriate proceedings); and (d) all costs of constructing the Minimum Improvements shall be paid when due.

Section 7.10. Real Property Taxes. Gatehouse, or its successors shall pay or cause to be paid, when due, all real property taxes and assessments payable with respect to all and any parts of the Hotel Property acquired and owned or leased by them and pursuant to the provisions of this Agreement. Until Gatehouse's obligations have been assumed by any other person or legal title to the property is vested in another person, all pursuant to the provisions of this Agreement, Gatehouse shall be solely responsible for all assessments and taxes.

Gatehouse and its permitted successors and assigns agree that prior to the Termination Date:

a. They will not seek administrative review or judicial review of the applicability or constitutionality of any tax statute relating to the taxation of real property contained on the Hotel Property determined by any tax official to be applicable to the Hotel Property or Minimum Improvements, or raise the inapplicability or constitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; and

b. They will not seek any tax exemption deferral or abatement either presently or prospectively authorized under any State, federal or local law with respect to taxation of real property contained on the Hotel Property between the date of execution of this Agreement and the Termination Date; provided, however, the foregoing restrictions shall not impact their right to contest the actual value assessment by appropriate proceedings to the extent provided in the Minimum Assessment Agreement.

Section 7.11. Performance Bond. Prior to the time Gatehouse Commences Construction in accordance with the approved project schedule (which shall be by a date mutually agreed to by the Parties to be determined during the Pre-Construction Work, but no later than July 1, 2020 barring any Unavoidable Delay), Gatehouse shall obtain or shall require the general contractors retained to construct the Minimum Improvements to obtain, one or more surety bonds that guarantee the faithful performance in completing Minimum Improvements under this Agreement for, in the aggregate, the anticipated full value of the completed Minimum Improvements and that further guarantees the prompt payment of all materials and labor. Specifically, such surety bond shall guarantee 100% performance, and labor and materials payment for the Minimum Improvements in a form reasonably acceptable to the City, to assure completion of the Minimum Improvements. The surety bond(s) shall remain in effect until construction of the Minimum Improvements are completed. The bond(s) shall clearly specify Gatehouse and City as joint obligees. If Gatehouse fails to construct the Minimum Improvements by the date mutually agreed to between the Parties determined during the Pre-Construction Work (with the exception of Unavoidable Delays), or by such other date as the parties shall mutually agree upon in writing, such failure shall constitute an Event of Default under Section 12.1 and the City may exercise all of its rights under Section 12.2, and shall immediately pursue all necessary actions against the surety for the Minimum Improvements and shall use its best efforts to urge the surety to complete construction of the Minimum Improvements. Gatehouse shall assist the City's efforts. If the surety for the Minimum Improvements elects to advance funds to the City in lieu of completing the construction, then upon receipt of such funds, the City may complete or cause to be completed construction of the Minimum Improvements. If

the surety for the Minimum Improvements fails for any reason or is insufficient to complete the Minimum Improvements, the City reserves the right to finance the shortfall of the costs to complete the Minimum Improvements through various financing avenues, including but not limited to, special assessments.

Section 7.12. City Covenants. The City covenants and agrees as follows:

a. The City will in good faith timely pursue the completion and satisfaction of all City Council actions and all required legal proceedings necessary for the City to fund the Pre-Construction Funding, relating to the issuance of the City Bonds, and the sale of all or a portion of the City Bonds on such terms and conditions as it shall deem necessary or desirable in its sole discretion;

b. The City shall in good faith endeavor to cause the Foundation to enter into the Convention Center Lease Agreement with Gatehouse;

c. Prior to the Hotel Closing, the City will in good faith pursue final approval of its Reinvestment District application and enter into the Award Agreement as soon as it is available from the State;

d. Prior to the Hotel Closing, the City will in good faith work with Gatehouse to resolve all applicable zoning, subdivision, or platting of the Hotel Property necessary for development and construction of the Minimum Improvements, and will cooperate with Gatehouse in all Pre-Construction Work, including providing information, timely reviewing and approving plans, schedules, and similar items, and assisting with obtaining City permitting approvals;

e. Prior to the applicable date mutually agreed to between the Parties determined during the Pre-Construction Work, the City will complete all applicable public bidding requirements for the Skywalk Improvements and will award a contract for the Skywalk Improvements acceptable to the City in its sole discretion;

f. The City shall engage the same architect to design the Skywalk Improvements that Gatehouse engages for the design of the Hotel Improvements and Convention Center Improvements. Gatehouse shall have the right to provide a final approval for the Skywalk Improvements prior to the City submitting the Skywalk Improvements for bid which approval shall not be unreasonably withheld, conditioned, or delayed. Further, in no event shall such approval right cause the total cost of the Skywalk Improvements to exceed the amount authorized for such Skywalk Improvements in the Urban Renewal Plan without the consent of the City in its sole discretion;

g. In recognition of the fact that the Convention Center Improvements, Hotel Improvements, and Skywalk Improvements will be taking place in a relatively confined location, the City agrees to use commercially reasonable efforts to coordinate all construction scheduling and activities with Gatehouse;

h. The City shall use reasonable efforts and endeavor in good faith with Gatehouse to timely remove and/or abandon the sanitary sewer infrastructure than runs through the construction site on the Hotel Property;

i. The City shall use reasonable efforts and endeavor in good faith with Gatehouse in resolving any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Minimum Improvements.; and

j. The City shall maintain, as long as a hotel operates on the Hotel Property, a 120-space parking lot contiguous to the Hotel Property and shall be responsible for all maintenance of said parking lot and any repairs to said parking lot that are reasonably necessary to meet hotel brand standards, subject to the completion of all required City processes related to such repairs, including but not limited to City Council legislative processes and bid-letting, as applicable.

Section 7.13. Local Hotel Tax Reports. To assist the City in monitoring the Agreement and performance of Gatehouse hereunder, a duly authorized officer of Gatehouse shall simultaneously provide certified copies of all reports and/or certifications required to be provided to the State of Iowa by Chapter 423A of the Code (or the administrative rules governing Chapter 423A of the Code) to the City.

ARTICLE VIII. PROHIBITION AGAINST ASSIGNMENT AND TRANSFER

Section 8.1. Status of Gatehouse; Transfer of Substantially All Assets; Assignment. As security for the obligations of Gatehouse under this Agreement, Gatehouse represents and agrees that, prior to the Termination Date, Gatehouse will maintain existence as a company and will not wind up or otherwise dispose of all or substantially all of its assets or transfer, convey, or assign its interest in the Hotel Property, Minimum Improvements, or this Agreement to any other party unless: (i) the transferee has acquired the Hotel Property through foreclosure; (ii) the transferee partnership, corporation, limited liability company or individual assumes in writing all of the future obligations of Gatehouse under this Agreement; and (iii) the City consents thereto in writing in advance thereof, which consent shall not be unreasonably withheld, conditioned, or delayed.

In the event that Gatehouse wishes to assign this Agreement, including its rights and duties hereunder, Gatehouse and transferee individual or entity shall request that the City and Gatehouse consent to an amendment or assignment of this Agreement to accommodate the assignment and to provide for the assumption of all future Gatehouse obligations under this Agreement. Such assignment shall not be effective unless and until the City and Gatehouse consent in writing to an amendment or assignment of this Agreement authorizing the assignment, which consent shall not be unreasonably withheld or delayed; provided, however, Gatehouse shall have the right to assign its development obligations under this Agreement to an affiliated entity upon prior written notice to City.

Section 8.2. Prohibition Against Use as Non-Taxable or Centrally Assessed Property. Until the Termination Date, Gatehouse, or its successors, or assigns agree that the Hotel Property cannot be transferred or sold to a non-profit entity or used for a purpose that would exempt the Hotel Property or

Minimum Improvements from property tax liability. Nor can the Hotel Property or Minimum Improvements be used as centrally assessed property (including but not limited to, Iowa Code § 428.24 to 428.29 (Public Utility Plants and Related Personal Property); Chapter 433 (Telegraph and Telephone Company Property); Chapter 434 (Railway Property); Chapter 437 (Electric Transmission Lines); Chapter 437A (Property Used in the Production, Generation, Transmission or Delivery of Electricity or Natural Gas); and Chapter 438 (Pipeline Property)).

ARTICLE IX. GRANT

Section 9.1. Grant Commitment; Disbursement to Gatehouse.

a. The Grant. Subject to the terms and conditions hereof, the City shall make the Grant to Gatehouse in a maximum amount of Eight Million Seven Hundred Thousand Dollars ($8,700,000). The funding of the Grant, except as provided in paragraph (b) below, shall be subject to satisfaction of the following conditions:

i. The City shall have received final, unqualified approval of its Reinvestment District application and the City and State shall have entered into a final, unqualified Award Agreement;

ii. Gatehouse has secured a Loan for the Minimum Improvements;

iii. Each of the conditions precedent in this Agreement have been satisfied; and

iv. Gatehouse remains in compliance with all terms and conditions of this Agreement.

b. Disbursements to Gatehouse related to Pre-Construction Funding. Subject to and conditioned on Gatehouse being and remaining in compliance with the terms of this Agreement and the satisfaction of all of the preconditions set forth in Section 3.1 above, the City shall provide funding to Gatehouse in an amount not to exceed $1,000,000 in the aggregate, with disbursements paid to Gatehouse as follows: $200,000 within two (2) weeks of the Commencement Date for Gatehouse's professional services fees, $400,000 within four (4) weeks of the Commencement Date for the first month of Pre-Construction Work, $200,000 within eight (8) weeks of the Commencement Date for the second month of Pre-Construction Work, and $200,000 within twelve (12) weeks of the Commencement Date for all remaining Pre-Construction Work in accordance with the budget provided by Gatehouse during the first month of the Predevelopment Work period, subject to the following:

i. Gatehouse shall certify to the City the amount of the costs incurred for Pre-Construction Work in the form customary for Gatehouse reporting with accompanying proof of payment where applicable, provided however, that Gatehouse professional services fees (of $200,000) are not subject to this provision; and

ii. The costs related to the Pre-Construction Funding, other than the Gatehouse professional services fee (of $200,000), are subject to review by the City; if the City determines, in good faith but in its sole discretion, that the Pre-Construction Work costs submitted by Gatehouse were not

incurred in good faith and were not commercially reasonable, then the Parties shall enter into binding arbitration to resolve the dispute as to whether the costs submitted were incurred in good faith and were commercially reasonable.

c. Payment to Gatehouse related to Convention Center Improvements. Upon Commence Construction, subject to and conditioned on Gatehouse being and remaining in compliance with this Agreement and the satisfaction of all of the preconditions set forth in Section 9.1.a., the City shall disburse $600,000 for Convention Center Improvements to Gatehouse.

d. Construction Co-Payments to Gatehouse. Subject to and conditioned on Gatehouse being and remaining in compliance with the terms of this Agreement and the satisfaction of all of the preconditions set forth in Section 9.1.a., the City shall disburse the remainder (i.e., in excess of the amounts funded for Pre-Construction Funding under Section 9.1.b. and Convention Center Improvements under Section 9.1.c. above) of the Grant as payments to Gatehouse for Project Costs incurred by Gatehouse in constructing the Minimum Improvements, subject to the following:

i. Gatehouse shall certify to the City the amount of the costs incurred as Project Costs in a form agreed upon in writing by the City, Gatehouse, and Lender(s); and

ii. The Project Costs are subject to review and approval by the Lender(s) and the City; each of which shall review the certified Project Costs and, if they determine, in good faith but in their sole discretion, that the Project Costs were incurred for the Project, then the City shall pay seventy-five percent (75%) of the certified and approved Project Costs, (but said payments by the City shall not exceed the total Grant amount of Eight Million Seven Hundred Thousand Dollars ($8,700,000)). The Lender(s) and Gatehouse shall make a commercially reasonable agreement on payment of the remaining twenty-five percent (25%) of certified and approved Project Costs pursuant to this Agreement.

Section 9.2. Limitations. The Pre-Construction Funding and Grant are only for the Minimum Improvements and Project Costs described in this Agreement and not any future expansions or phases which would be the subject of an amendment or new agreement, at the sole discretion of the City Council.

Section 9.3. Source of Disbursements Limited.

a. The Pre-Construction Funding and Grant are subject to periodic appropriation by the City Council. The City has no obligation to make any payments to Gatehouse as contemplated under this Agreement until the City Council appropriates the funds necessary to make such payments, by formal action of the City Council approving such payment. The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to make future payments of the Pre-Construction Funding and Grant shall not constitute a legal indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to Council action which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction or by the City's bond counsel to create, or result in the creation of, such a legal indebtedness of the City, the enforcement of the said provision shall be suspended, and the

Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no Event of Default by the City shall be deemed to have occurred as a result thereof. If any provision of this Agreement or the application thereof to any circumstance is so suspended, the suspension shall not affect other provisions of this Agreement which can be given effect without the suspended provision. To this end the provisions of this Agreement are severable.

b. Notwithstanding the provisions of Section 9.1 hereof, the City shall have no obligation to make a payment of the Pre-Construction Funding or Grant to Gatehouse if at any time during the term hereof the City fails to appropriate funds for payment, or receives an opinion from its legal counsel to the effect that the use of the proceeds from the City Bonds in connection with the Minimum Improvements to fund the Pre-Construction Funding and Grant to Gatehouse, as contemplated under said Section 9.1, is not authorized or otherwise an appropriate activity permitted to be undertaken by the City under the Code, as then constituted or under controlling decision of any Iowa Court having jurisdiction over the subject matter hereof. Upon receipt of any such legal opinion or non-appropriation, the City shall promptly forward notice of the same to Gatehouse. If the non-appropriation or circumstances or legal constraints giving rise to the decision continue for a period during which two (2) payments of the Pre-Construction Funding or Grant would otherwise have been paid to Gatehouse under the terms of Section 9.1, the City may terminate this Agreement, without penalty or other liability to the City, by written notice to Gatehouse.

Section 9.4. Covenants Relating to the Hotel Property.

a. Title Issues.

i. Until the Termination Date, Gatehouse shall not permit any liens (other than the Loan and taxes which are not yet due or delinquent and mechanic's and materialman's liens being contested by appropriate proceedings) to attach to the Hotel Property. As of the Hotel Closing, Gatehouse will have good title to the Hotel Property and will have the right to mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey the same. There are not now, and until the Termination Date, there will not be any outstanding options or agreements to purchase or rights of first refusal affecting the Hotel Property.

ii. The Hotel Property is and will be assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements is and, until the Termination Date, will be assessed and taxed together with the Hotel Property or any portion thereof.

iii. Until the Termination Date, Gatehouse shall not permit any taxes, assessments, fees, water, sewer, or other charges by governmental authorities relating to the Hotel Property to become delinquent.

b. Status of the Hotel Property.

i. If any portion of the Minimum Improvements is now or hereinafter located in an area identified by the Secretary of Housing and Urban Development or the Federal Emergency

Management Agency or any successor thereto as an area having special flood or seismic hazards, Gatehouse will obtain and maintain any applicable flood hazard and/or earthquake insurance.

ii. Gatehouse will obtain or cause to be obtained and, until the Termination Date, will maintain or cause to be maintained all then necessary certificates, licenses, permits, and other approvals, governmental and otherwise, then necessary for the operation of the Minimum Improvements on the Hotel Property and Music Man Square Property; and the conduct of its business and all required zoning, building code, land use, environmental and other similar permits or approvals, all of which are and, until the Termination Date, will remain in full force and effect and not subject to revocation, suspension, forfeiture or modification.

iii. As of the Hotel Closing, and until the Termination Date: (a) the Hotel Property and the present and contemplated use, occupancy, operation and construction thereof are and will remain in full compliance with all covenants and restrictions and all applicable licenses, permits and other approvals and all zoning ordinances, building codes, land use and environmental laws, and other similar laws, (b) none of the Minimum Improvements lie or will lie outside of the boundaries of the Hotel Property, Music Man Square Property, or the applicable building restriction lines to the extent that such would have a Material Adverse Effect, (c) no improvements on adjoining properties (now or will) materially encroach upon the Hotel Property.

iv. The Hotel Property is served or will be served by all utilities required for the current or contemplated use thereof. All utility service is or will be provided by public utilities and the Hotel Property has accepted or is equipped to accept such utility service. The Hotel Property is served or will be served by public water and sewer systems. All of the foregoing utilities are located or will be located in the public right-of-way abutting the Hotel Property, and all such utilities are connected or will be connected so as to serve the Hotel Property either (a) without passing over other property or, (b) if such utilities pass over other property, they do so pursuant to valid easements. The removal and/or abandonment of the sanitary sewer infrastructure that runs through the construction site on the Hotel Property will be completed by the City, as described in Section 7.12(h), without special assessment or other cost to Gatehouse. The City shall be responsible for ensuring the property is directly served by properly sized sanitary sewer infrastructure without special assessment or other installation cost to Gatehouse.

v. Any and all liquid and solid waste disposal, septic and sewer systems located on the Hotel Property will be in a good and safe condition and repair and in compliance with all legal requirements.

Section 9.5. Full and Accurate Disclosure. To Gatehouse's best knowledge, no statement of fact made by or on behalf of Gatehouse in this Agreement or in any other document or certificate delivered to City by Gatehouse contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading. There is no fact presently known to Gatehouse which has not been disclosed to City which could have a Material Adverse Effect.

Section 9.6. Survival of Representations and Warranties. Gatehouse agrees that (a) all of the representations and warranties of Gatehouse set forth in this Agreement are made as of the date hereof

(except as expressly otherwise provided) and (b) all representations, warranties and covenants made by Gatehouse shall survive the Hotel Closing and continue until the Termination Date.

ARTICLE X. CONSTRUCTION OF SKYWALK IMPROVEMENTS

Section 10.1. Conditions Precedent to Construction of the Skywalk Improvements. It is recognized and agreed that the ability of the City to perform the obligations described in this Agreement, is subject to completion and satisfaction of certain separate City Council actions and required legal proceedings relating to the issuance of the City Bonds. Specifically, all obligations of the City to issue the City Bonds whose proceeds shall be used to design and construct the Skywalk Improvements are subject to each of the following conditions precedent:

a. The completion and satisfaction of certain separate City Council actions and all required legal proceedings relating to the issuance of the City Bonds (in the judgment of bond counsel for the City);

b. The City shall have completed the sale of all or a portion of the City Bonds on such terms and conditions as it shall deem necessary or desirable in its sole discretion;

c. Execution by Gatehouse of the Minimum Assessment Agreement by and among the City, Gatehouse, and Assessor in substantially the form of Exhibit F and pursuant to Article XIII of this Agreement;

d. Gatehouse is in material compliance with all of the terms of this Agreement;

e. There has not been a substantial change for the worse in the financial resources and ability of Gatehouse, or a substantial decrease in the financing commitments secured by Gatehouse for construction of the Minimum Improvements, which change(s) make it likely, in the reasonable judgment of the City, that Gatehouse will be unable to fulfill its covenants and obligations under this Agreement;

f. The City shall have completed all applicable public bidding requirements for the Skywalk Improvements and shall have awarded a contract for the Skywalk Improvements acceptable to the City in its sole discretion;

g. The City shall have received final, unqualified approval of its Reinvestment District application and the City and State shall have entered into a final, unqualified Award Agreement.

Section 10.2. Construction of the Skywalk Improvements. Contingent on Gatehouse being and remaining in compliance with the terms of this Agreement and contingent upon satisfaction of the conditions precedent in this Agreement, the City intends to issue City Bonds to (among other things) fund, and then construct, the Skywalk Improvements on the Skywalk Property. The City's obligation to issue the City Bonds to construct the Skywalk Improvements as described in this Article shall be subject in all respects to Unavoidable Delays, the provisions of this Article, and to the satisfaction of all conditions and procedures required (in the judgment of bond counsel for the City) by Chapters 384 and

403 of the Code with respect to issuance of the City Bonds, including the holding of all required public hearings relating to the same.

Section 10.3. Completion of the Skywalk Improvements. Subject to Unavoidable Delays, the City shall cause construction of the Skywalk Improvements to be undertaken and completed by a date mutually agreed to by the parties to be determined during the Pre-Construction Work. Time lost as a result of Unavoidable Delays shall be added to extend the date by a number of days equal to the number of days lost as a result of Unavoidable Delays. City shall cause the construction of the Skywalk Improvements to not materially interfere with or delay Gatehouse in the construction of the Minimum Improvements. Gatehouse shall cause the construction of the Minimum Improvements on the Hotel Property to not materially interfere with or delay City in the construction of the Skywalk Improvements.

Section 10.4. Authority to Design, Engineer and Construct. The City shall design, engineer and construct the Skywalk Improvements in accordance with current City standards and design guidelines, other applicable design standards, the terms of this Agreement, and in accordance with the provisions of the Iowa Code. The City shall engage the same architect to design the Skywalk Improvements that Gatehouse engages for the design of the Minimum Improvements. Gatehouse shall have the right to provide a final written approval for the Skywalk Improvements prior to the City submitting the Skywalk Improvements for bid which approval shall not be unreasonably withheld, conditioned, or delayed. Further, in no event shall such approval right cause the total cost of the Skywalk Improvements to exceed the amount authorized for such Skywalk Improvements in the Urban Renewal Plan without the consent of the City in its sole discretion.

ARTICLE XI. INDEMNIFICATION

Section 11.1. Gatehouse Release and Indemnification Covenants.

a. Except for the obligations of City as set forth in this Agreement or arising out of the design or construction of the Skywalk Improvements or other public improvements on any property, or the City's gross negligence or willful misconduct, Gatehouse releases the City and the governing body members, officers, agents, servants and employees thereof (hereinafter, for purposes of this Article XI, the "Indemnified Parties") from, covenants and agrees that the Indemnified Parties shall not be liable for, and agrees to indemnify, defend, and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or Hotel Property.

b. Except for any willful misrepresentation or any willful or wanton misconduct or any unlawful act of the Indemnified Parties or gross negligence, Gatehouse agrees to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless, from any claim, demand, suit, action or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from: (i) any violation of any agreement or condition of this Agreement by Gatehouse (except with respect to any suit, action, demand or other proceeding brought by Gatehouse against the City to enforce its rights under this Agreement); (ii) the acquisition of the Hotel Property and the construction, installation, ownership, and operation of the Minimum Improvements; or (iii) any

hazardous substance or environmental contamination located in or on the Hotel Property that did not exist on the Hotel Property as of the Hotel Closing Date or did not arise out of any action or inaction by the City.

c. The Indemnified Parties shall not be liable for any damage or injury to the persons or property of Gatehouse or its officers, agents, servants or employees or any other person who may be about the Minimum Improvements or Hotel Property due to any act of negligence of any person, other than any act of gross negligence on the part of any such Indemnified Party or its officers, agents, servants or employees.

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

ARTICLE XII. DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events during the Term of this Agreement:

a. Subject to Unavoidable Delay, failure by Gatehouse to timely Commence Construction;

b. Subject to Unavoidable Delay, failure by Gatehouse to cause the construction of the Minimum Improvements to be timely completed and the operations to continue pursuant to the terms and conditions of this Agreement;

c. Transfer of Gatehouse's interest in the Hotel Property, Minimum Improvements, or this Agreement or the assets of Gatehouse in violation of the provisions of this Agreement;

d. Failure by Gatehouse to substantially observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement or the Minimum Assessment Agreement;

e. The holder of any Mortgage on the Hotel Property, or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable Mortgage documents;

f. Gatehouse:

i. files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended, or under any similar federal or state law; or

ii. makes an assignment for the benefit of its creditors in violation of the provisions of this Agreement; or

iii. admits in writing its inability to pay its debts generally as they become due; or

iv. is adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of Gatehouse as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of Gatehouse or the Minimum Improvements, or part thereof, shall be appointed in any proceedings brought against Gatehouse, and shall not be discharged within ninety (90) days after such appointment, or if Gatehouse shall consent to or acquiesce in such appointment; or

g. Any representation or warranty made by Gatehouse in this Agreement or in any written statement or certificate furnished by Gatehouse pursuant to this Agreement, shall prove to have been incorrect, incomplete or misleading in any demonstrably material respect on or as of the date of the issuance or making thereof.

The occurrence of any of the foregoing events shall constitute an "Event of Default" hereunder only after the City has given forty-five (45) days' written notice to Gatehouse of the default, but only if the default has not been cured to the reasonable satisfaction of the City within said forty-five (45) days, or if the default cannot be reasonably cured within forty-five (45) days and Gatehouse does not provide assurances reasonably satisfactory to the City that the default will be cured as soon as reasonably possible.

Section 12.2. Remedies on Default. Whenever any Event of Default referred to in Section 12.1 of this Agreement occurs and is continuing following the cure period set forth above, the City may take any one or more of the following actions:

a. The City may suspend its performance under this Agreement until it receives assurances from Gatehouse, deemed adequate by the City, that Gatehouse will cure the default and continue its performance under this Agreement;

b. The City may terminate this Agreement;

c. The City may withhold the Hotel Certificate of Completion;

d. The City may enforce the performance bond in Section 7.11 of this Agreement;

e. The City may take any action, including legal, equitable or administrative action, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of Gatehouse, as the case may be, under this Agreement;

f. If prior to Hotel Certificate of Completion an Event of Default occurs, the City shall have no obligation to make payment of the Grant (or any disbursements thereof) to Gatehouse subsequent to

an Event of Default and shall be entitled to recover from Gatehouse, and Gatehouse shall repay to the City, an amount equal to the amount of the Grant previously made to Gatehouse under Article IX hereof less One Million dollars ($1,000,000) in Pre-Construction Grant disbursements, with interest (from and after the occurrence of the Event of Default) thereon at the same rate as the City Bonds issued in association with this project plus two percent (2%). The City may take any action, including any legal action it deems necessary, to recover such amount from Gatehouse.

Notwithstanding anything to the contrary in this Agreement, no Event of Default shall relieve the City of its obligation to pay any quarterly Local Hotel Rebate Payments due under Article XV of this Agreement pursuant to its terms.

Section 12.3. No Remedy Exclusive. No remedy herein is intended to be exclusive of any other available remedy or remedies, but each and every 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.

Section 12.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other 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 12.5. Agreement to Pay Attorneys' Fees and Expenses.

a. Each party hereto shall pay for their respective legal, administrative, and other costs incurred in connection with the negotiation, drafting, and authorization of this Agreement; and

b. Whenever any Event of Default occurs and either party shall employ attorneys or incurs other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of a defaulting party, such defaulting party agrees that it shall, on demand therefor, pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses as may be reasonably and appropriately incurred by the non-defaulting party in connection therewith.

ARTICLE XIII. MINIMUM ASSESSMENT AGREEMENT

Section 13.1. Minimum Assessment Agreement.

a. As further consideration for this Agreement, Gatehouse, City and the Assessor shall execute an Assessment Agreement pursuant to the provisions of Iowa Code Section 403.6(19) specifying the Assessor's Minimum Actual Value for the Minimum Improvements on the Hotel Property for calculation of real property taxes in the form attached hereto as Exhibit F ("Assessment Agreement" or "Minimum Assessment Agreement"). Specifically, Gatehouse, City, Assessor, the holder of any

mortgage and all prior lienholders shall agree to a Minimum Actual Value for the Minimum Improvements to be constructed on the Hotel Property, upon completion of the Minimum Improvements, of not less than the following Minimum Actual Values (building/improvement value) during the following Assessment Periods:

Assessment Period:	Minimum Actual Value:
January 1, 2024 – December 31, 2028	$9,000,000
January 1, 2029 – December 31, 2033	$13,000,000
January 1, 2034 – Assessment Agreement Termination Date	$18,000,000

Such minimum actual value at the time applicable is herein referred to as the "Assessor's Minimum Actual Value" (building/improvement value).

b. Nothing in the Assessment Agreement shall limit the discretion of the Assessor to assign an actual value to the property in excess of such Assessor's Minimum Actual Value nor prohibit Gatehouse from seeking through the exercise of legal or administrative remedies a reduction in such actual value for property tax purposes; provided, however, that Gatehouse shall not seek a reduction of such actual value below the Assessor's Minimum Actual Value in any year so long as the Assessment Agreement shall remain in effect. The Assessment Agreement shall remain in effect until June 30, 2045 (the "Assessment Agreement Termination Date"). The Assessment Agreement shall be certified by the Assessor as provided in Iowa Code Section 403.6(19) (2019) and shall be filed for record in the office of the Cerro Gordo County Recorder, and such filing shall constitute notice to any subsequent encumbrancer or purchaser of the Hotel Property or part thereof, whether voluntary or involuntary. Such Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent purchaser or encumbrancer, as well as all prior lienholders, each of which shall sign a consent to the Minimum Assessment Agreement.

ARTICLE XIV. MISCELLANEOUS

Section 14.1. Conflict of Interest. Gatehouse represents and warrants that, to its best knowledge and belief after due inquiry, no officer or employee of the City, or its designees or agents, nor any consultant or member of the governing body of the City, and no other public official of the City who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision-making process or gain insider information with regard to the Project, has had or shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work or services to be performed in connection with the Project, or in any activity, or benefit therefrom, which is part of the Project at any time during or after such person's tenure.

Section 14.2. Notices and Demands. A notice, demand or other communication under this Agreement by any party to the 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

a. In the case of Gatehouse, is addressed or delivered personally to Gatehouse Mason City L.L.C. at 5541 Clinton Avenue, Minneapolis, MN 55419, Attn: David-Elias Rachie, with a copy to Gatehouse Capital L.L.C., 4633 N. Central Exp., Suite 350, Dallas, TX 75205, Attn: Colin McDonald; with a copy to Munsch Hardt Kopf & Harr, P.C., 500 N. Akard Street, Suite 3800, Dallas, Texas 75201, Attn: Rick Kopf

b. In the case of the City, is addressed to or delivered personally to the City at 10 1st St. NW, Mason City, IA 50401, Attn: City Administrator;

or to such other designated individual or officer or to such other address as any party shall have furnished to the other in writing in accordance herewith.

Section 14.3. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

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

Section 14.5. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Iowa.

Section 14.6. Entire Agreement. This Agreement and the exhibits hereto reflect the entire agreement among the parties regarding the subject matter hereof, and supersedes and replaces all prior agreements, negotiations or discussions, whether oral or written, including but not limited to prior pre-development agreements. This Agreement may not be amended except by a subsequent writing signed by all parties hereto. The terms of this Agreement shall survive the Hotel Closing.

Section 14.7. Successors and Assigns. This Agreement is intended to and shall inure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.

Section 14.8. Termination Date. This Agreement shall terminate and be of no further force or effect on and after December 31, 2045 unless terminated earlier under the provisions of this Agreement.

Section 14.9. Memorandum of Agreement. The parties agree to execute and record a Memorandum of Agreement, in substantially the form attached as Exhibit D, to serve as notice to the public of the existence and provisions of this Agreement, and the rights and interests held by the parties by virtue hereof. The City shall pay for all costs of recording.

Section 14.10. No Third-Party Beneficiaries. No rights or privileges of either party hereto shall inure to the benefit of any landowner, contractor, subcontractor, material supplier, or any other person or entity, and no such contractor, landowner, subcontractor, material supplier, or any other person or entity shall be deemed to be a third-party beneficiary of any of the provisions contained in this Agreement.

ARTICLE XV. LOCAL HOTEL TAX REBATES

Section 15.1. Local Hotel Tax Rebates. For and in consideration of the obligations being assumed by Gatehouse hereunder, the City agrees, subject to Gatehouse being and remaining in compliance with the terms of this Agreement, to make eighty (80) quarterly consecutive payments of Local Hotel Tax Rebates, with the first payment to be made within fifteen (15) days of the City's receipt of the first quarterly Local Hotel Tax payment from the State funded in part by Local Hotel Tax generated by operations on the Hotel Property, and each subsequent payment to be made within fifteen (15) days of the City's receipt of each subsequent quarterly Local Hotel Tax payment from the State, continuing until eighty (80) quarterly payments have been made.

Each quarterly payment shall be equal in amount to fifty percent (50%) of the Local Hotel Tax generated by operations on the Hotel Property, collected by the City from the State during the preceding quarter, but subject to limitation and adjustment as provided in this Article (such payments being referred to collectively as the "Local Hotel Tax Rebates").

Section 15.2. Limitations. The Local Hotel Tax Rebates are only for improvements constructed on the Hotel Property for the time period set forth in Section 15.1.

Section 15.3. Conditions Precedent. Notwithstanding the provisions of Section 15.1 above, the obligation of the City to make a Local Hotel Tax Rebate in any quarterly period shall be subject to and conditioned upon the following:

a. timely payment of property taxes and hotel/motel tax for the Hotel Property and improvements thereon; and

b. timely filing by Gatehouse of the Annual Certifications required under Section 7.7 hereof; and

c. timely filing by Gatehouse of the Local Hotel Tax Reports required under Section 7.13 hereof; and

d. In the event that an Event of Default occurs or any certification filed by Gatehouse under Section 7.7 (or other information) discloses the existence or prior occurrence of an Event of Default that was not cured, the City shall make the Local Hotel Tax Rebate payments due under this Article XV directly to creditors, debt holders, mortgage holders that Gatehouse has assigned its rights to under Section 15.7, or the City shall deposit any such Local Hotel Tax Rebate payments in a designated Local Hotel Tax Rebate escrow account until such Event of Default has been cured or the Parties or a court of competent jurisdiction have determined the proper payee for such payments.

Each Annual Certification filed by Gatehouse under Section 7.7 hereof shall be considered separately in determining whether the City shall make any of the Local Hotel Tax Rebate payments available to Gatehouse under this Section. Under no circumstances shall the failure by Gatehouse to qualify for a Local Hotel Tax Rebate in any quarter serve to extend the term of this Agreement beyond time period set forth in Section 15.1 which Local Hotel Tax Rebates may be awarded to Gatehouse or the total amount thereof, it being the intent of parties hereto to provide Gatehouse with an opportunity to

receive Local Hotel Tax Rebates only if Gatehouse fully complies with the provisions hereof and Gatehouse becomes entitled thereto.

Section 15.4. Source of Local Hotel Tax Rebates Limited.

a. The Local Hotel Tax Rebates shall be payable from and secured solely and only by the amount of Local Hotel Tax generated by operations on the Hotel Property and collected by the City from the State under Chapter 423A of the Code. To the extent of its authority, the City hereby covenants and agrees to maintain the Local Hotel Tax in force during the term hereof and to apply the appropriate percentage of Local Hotel Tax collected in respect of the operations on the Hotel Property to pay the Local Hotel Tax Rebates, as and to the extent set forth in this Article. The Local Hotel Tax Rebates shall not be payable in any manner by other tax revenues or by general taxation or from any other City funds.

b. Each Local Hotel Tax Rebate is subject to periodic appropriation by the City Council. The City has no obligation to make any payments to Gatehouse as contemplated under this Agreement until the City Council appropriates the funds necessary to make such payments. The right of non-appropriation reserved to the City in this Section is intended by the parties, and shall be construed at all times, so as to ensure that the City's obligation to make future Local Hotel Tax Rebates shall not constitute a legal indebtedness of the City within the meaning of any applicable constitutional or statutory debt limitation prior to the adoption of a budget which appropriates funds for the payment of that installment or amount. In the event that any of the provisions of this Agreement are determined by a court of competent jurisdiction or by the City's bond counsel to create, or result in the creation of, such a legal indebtedness of the City, the enforcement of the said provision shall be suspended, and the Agreement shall at all times be construed and applied in such a manner as will preserve the foregoing intent of the parties, and no Event of Default by the City shall be deemed to have occurred as a result thereof.

c. Notwithstanding the provisions of Section 15.1 hereof, the City shall have no obligation to make a Local Hotel Tax Rebate to Gatehouse if at any time during the term hereof the City receives an opinion from its legal counsel to the effect that the use of Local Hotel Tax in connection with the Minimum Improvements to fund an Local Hotel Tax Rebate to Gatehouse, as contemplated under said Section 15.1, is not authorized or otherwise an appropriate activity permitted to be undertaken by the City under the Code, as then constituted or under controlling decision of any Iowa Court having jurisdiction over the subject matter hereof. Upon receipt of any such legal opinion, the City shall promptly forward notice of the same to Gatehouse.

Section 15.5. Use of Other Local Hotel Tax. The City shall be free to use any and all of the Local Hotel Tax collected by the City above and beyond the percentage to be given to Gatehouse in this Agreement, or any available Local Hotel Tax collected by the City resulting from the suspension or termination of the Local Hotel Tax Rebates hereunder, for any purpose for which the Local Hotel Tax may lawfully be used pursuant to the provisions of the Code, and the City shall have no obligations to Gatehouse with respect to the use thereof.

Section 15.6. Changes to Local Hotel Tax. If any of the following events occurs, then Gatehouse may immediately terminate this Agreement, the Minimum Assessment Agreement, and, if permitted by the terms of such separate agreement(s) with the Foundation, the Convention Center Lease Agreement or any other lease agreement Gatehouse may have associated with the Music Man Square Property or the Foundation, without penalty or other liability to Gatehouse, by written notice to the City:

a. The Local Hotel Tax rate is reduced for any reason including events described in Section 15.4; or

b. The City fails, for any reason including events described in Section 15.4, to appropriate Local Hotel Tax Rebates and Gatehouse has provided notice of such failure to appropriate Local Hotel Tax Rebates and the City fails to appropriate Local Hotel Tax Rebates within 60 days of such notice; or

c. The City fails, for any reason including events described in Section 15.4, to make two (2) or more quarterly Local Hotel Tax Rebates.

Gatehouse agrees that if Gatehouse terminates the Agreement under this Section 15.6, such termination shall be considered a waiver of any claim against the City related to or arising out of this Agreement.

Section 15.7 Assignment of Local Hotel Tax Rebates. Gatehouse shall have the right to assign its right to payments under this Article XV to its creditors, debt holders, mortgage holders, and its permitted successors and assigns. If an Event of Default is determined to have occurred pursuant to Article XII of this Agreement, the City shall make the Local Hotel Tax Rebate payments due under this Article XV directly to the appropriately specified assignee creditors, debt holders, or mortgage holders, or deposit any such Local Hotel Tax Rebate payments in a designated Local Hotel Tax Rebate escrow account until such Event of Default has been cured or the Parties or a court of competent jurisdiction have determined the proper payee for such payments.

This Agreement replaces and supersedes any other agreement or agreements, oral or written, between Gatehouse and the City, including but not limited to prior Predevelopment agreements.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf by its Mayor and its seal to be hereunto duly affixed and attested by its City Clerk, Gatehouse has caused this Agreement to be duly executed in its name and behalf by its authorized representatives, all on or as of the day first above written.

[Remainder of page intentionally left blank; signature pages follow]

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Bill Schickel, Mayor

ATTEST:

By: _____
Aaron Burnett, City Administrator/Clerk

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2019, before me a Notary Public in and for said State, personally appeared Bill Schickel and Aaron Burnett, to me personally known, who being duly sworn, did say that they are the Mayor and City Administrator/Clerk, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Administrator/Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

[Signature page to Purchase, Sale and Development Agreement – City of Mason City]

GATEHOUSE MASON CITY, L.L.C.,
a Minnesota limited liability company

By: _____
Managing Member

STATE OF MINNESOTA)
) SS
COUNTY OF WASHINGTON)

On this12th day of June, 2019, before me the undersigned, a Notary Public in and for said State, personally appeared David Elias Rachie, to me personally known, who, being by me duly sworn, did say that he is the Managing Member of Gatehouse Mason City, L.L.C., and that said instrument was signed on behalf of said limited liability company; and that the said Managing Member, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company, by him voluntarily executed.

SHERELLE SHANTEL OURSLER
NOTARY PUBLIC - MINNESOTA
MY COMMISSION EXPIRES 01/31/2023

_____
Notary Public in and for said State

[Signature page to Purchase, Sale and Development Agreement –Gatehouse Mason City, L.L.C.]

SCHEDULE OF EXHIBITS

EXHIBIT A-1.....Legal Description of Hotel Property

EXHIBIT A-2.....Description of Minimum Improvements

EXHIBIT A-3.....Site Plans, Floor Plans and Renderings of Minimum Improvements

EXHIBIT A-4.....Legal Description of Music Man Square Property

EXHIBIT B-1.....Legal Description of Skywalk Property

EXHIBIT B-2.....Description of Skywalk Improvements

EXHIBIT B-3.....Site Plans and Renderings of Skywalk Improvements

EXHIBIT C.....Hotel Certificate of Completion

EXHIBIT D.....Memorandum of Agreement

EXHIBIT E.....Gatehouse Annual Certification

EXHIBIT F.....Minimum Assessment Agreement

EXHIBIT G.....Quit Claim Deed for Hotel Property

EXHIBIT H.....Gatehouse Enforceability Opinion

EXHIBIT I.....Ingress/Egress Easement

EXHIBIT J.....City Enforceability Opinion

EXHIBIT A-1
LEGAL DESCRIPTION OF HOTEL PROPERTY

The Hotel Property is expected to be some portion of the property described as follows:

THE EAST-WEST ALLEY LYING NORTH OF AND ADJACENT TO LOT FOUR (4), AND THE SOUTH ONE HUNDRED AND EIGHTY-FOUR FEET (184') OF LOT THREE (3) AND ALL OF LOTS FOUR (4), FIVE (5), AND SIX (6) OF AUDITOR'S PLAT OF LOTS TEN (10) AND ELEVEN (11) IN AUDITOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE QUARTER (1/4) IN SECTION 10-96-20, EXCEPTING THEREFROM ALL PORTIONS OF SAID EAST-WEST ALLEY AND SAID LOTS LYING EASTERLY OR SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

LOTS ONE (1) THROUGH FOURTEEN (14) IN STANBERRY ADDITION TO MASON CITY, IOWA, AND THAT PORTION OF THE NORTH-SOUTH ALLEY LYING EAST OF AND ADJACENT TO SAID LOTS, EXCEPTING THEREFORM THOSE PORTIONS OF SAID NORTH-SOUTH ALLEY AND OF LOTS THIRTEEN (13) AND FOURTEEN (14) LYING SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

THE SOUTH THIRTY-FIVE (35) FEET OF THE AUDITORS PLAT OF LOTS ONE (1) THROUGH FOURTEEN (14) OF THE SOUTH ONE HALF (1/2) OF THE SOUTHWEST ONE QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE-QUARTER (1/4) IN SECTION 10-96-20, MASON CITY, IOWA.

(the exact legal description shall be determined after all necessary surveys, public approvals and negotiations with the developer, but is expected to be some portion of the description set forth above).

EXHIBIT A-2
DESCRIPTION OF MINIMUM IMPROVEMENTS

Minimum Improvements means the construction of the Convention Center Improvements on the Music Man Square Property and construction of a minimum 95 guest room hotel and convention center on the Hotel Property that shall include, among other amenities typically found at a business class hotel, amenities such as a restaurant, bar, meeting space, and workout facilities. All construction shall be in accordance with City zoning and building requirements. The design of the Minimum Improvements shall be in character with the other architecture in the Mason City Downtown Reinvestment Urban Renewal Area. Project Costs are expected to be approximately $24,000,000. Gatehouse shall spend at least $600,000 of the Project Costs for Convention Center Improvements on the Music Man Square Property and at least $150,000 of such $600,000 shall be spent on new museum attractions and/or features.

The increased value after construction of that portion of the Minimum Improvements on the Hotel Property for the purpose of this Agreement shall be at least the following Minimum Actual Values (building/improvement value), but the Assessor will make the final determination as to the value:

Assessment Period:	Minimum Actual Value:
January 1, 2024 – December 31, 2028	$9,000,000
January 1, 2029 – December 31, 2033	$13,000,000
January 1, 2034 – Assessment Agreement Termination Date	$18,000,000

EXHIBIT A-3

SITE PLANS, FLOOR PLANS, AND RENDERINGS OF MINIMUM IMPROVEMENTS

(Representative only; see Construction Plans for specifics)

MASON CITY HOTEL AND CONVENTION CENTER
AERIAL VIEW

EXHIBIT A-3 (continued)
SITE PLANS, FLOOR PLANS, AND RENDERINGS OF MINIMUM IMPROVEMENTS
(Representative only; see Construction Plans for specifics)

MASON CITY HOTEL AND CONVENTION CENTER

EXHIBIT A-3 (continued)
SITE PLANS, FLOOR PLANS, AND RENDERINGS OF MINIMUM IMPROVEMENTS
(Representative only; see Construction Plans for specifics)

MASON CITY HOTEL AND CONVENTION CENTER
LEVELS 3-5

EXHIBIT A-3 (continued)
SITE PLANS, FLOOR PLANS, AND RENDERINGS OF MINIMUM IMPROVEMENTS
(Representative only; see Construction Plans for specifics)

EXHIBIT A-3 (continued)
SITE PLANS, FLOOR PLANS, AND RENDERINGS OF MINIMUM IMPROVEMENTS
(Representative only; see Construction Plans for specifics)

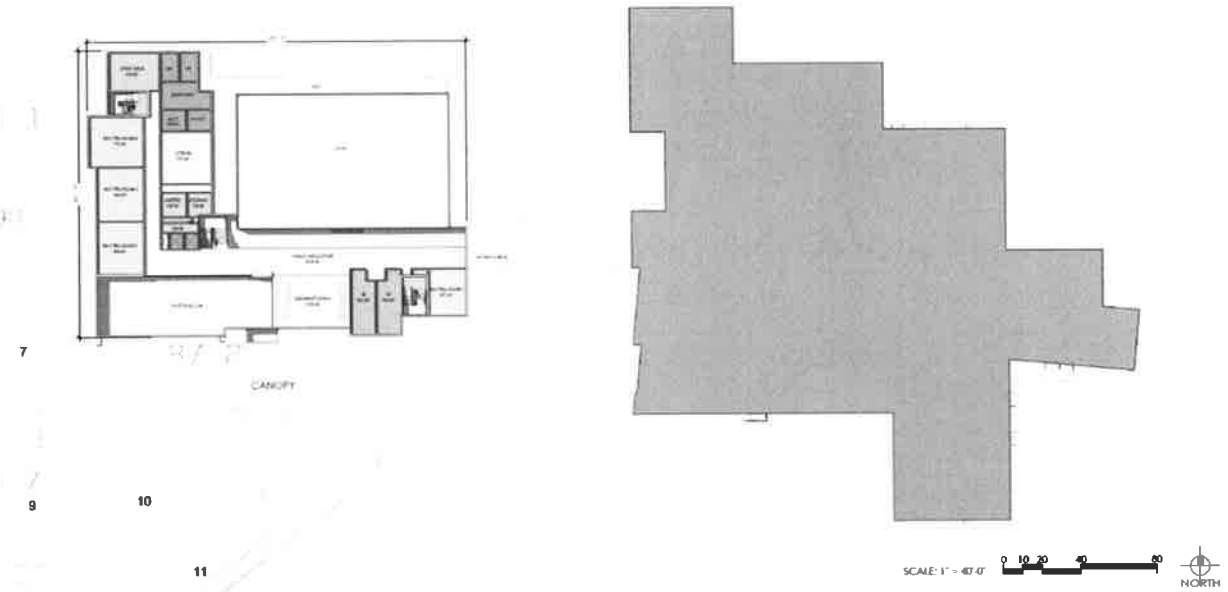
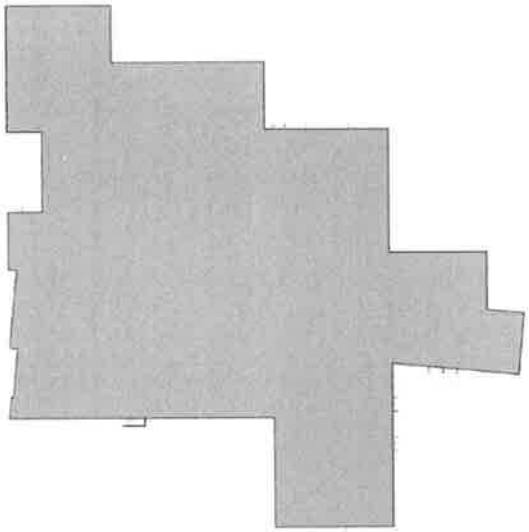


EXHIBIT A-3 (continued)
SITE PLANS, FLOOR PLANS, AND RENDERINGS OF MINIMUM IMPROVEMENTS
(Representative only; see Construction Plans for specifics)



SCALE: 1" = 40'-0"

NORTH

gatehouse capital

01 11 18 | MASON CITY HOTEL & CONVENTION CENTER
LEVELS 3-5

DLR Group

EXHIBIT A-4

LEGAL DESCRIPTION OF MUSIC MAN SQUARE PROPERTY

LOT TWENTY-TWO (22) IN CHARLES D. WILSON'S REPLAT OF THE EAST EIGHT (8) RODS OF LOT SIX (6) IN THE AUDITOR'S PLAT OF LOT SEVEN (7) IN THE SOUTH HALF (S1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF THE NORTHWEST QUARTER (NW1/4) AND THE NORTH HALF (N1/2) OF THE NORTHWEST QUARTER (NW1/4) OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION TEN (10) IN TOWNSHIP NINETY-SIX (96) NORTH, RANGE TWENTY (20) WEST OF THE 5TH P.M., AND LOTS ONE (1), TWO (2), THREE (3), TWENTY (20), TWENTY-ONE (21), TWENTY-TWO (22) AND TWENTY-THREE (23) IN M.M. BURNS' ADDITION TO MASON CITY, IOWA (PARCEL 07-10-161-014-00)

LOT TWENTY-ONE (21) IN CHARLES D. WILSON'S REPLAT OF THE EAST EIGHT (8) RODS OF LOT SIX (6) IN LOT SEVEN (7) IN THE SOUTH HALF (S1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF THE NORTHWEST QUARTER (NW1/4) OF SECTION TEN (10) IN TOWNSHIP NINETY-SIX (96) NORTH, RANGE TWENTY (20) WEST OF THE 5TH P.M., AND LOTS ONE (1), TWO (2), THREE (3) TWENTY (20), TWENTY-ONE (21), TWENTY-TWO (22) AND TWENTY-THREE (23) IN M.M. BURNS' ADDITION TO MASON CITY, IOWA (PARCEL 07-10-161-015)

THE SOUTH 82.5 FEET OF LOT FIVE (5) AND THE SOUTH THIRTY (30) FEET OF LOT THREE (3) IN THE SUBDIVISION OF LOT SEVEN (7) INTHE SUBDIVISION OF THE SOUTH HALF (S1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF THE NORTHWEST QUARTER (NW1/4) OF SECTION 10-96-20 (PARCEL 07-10-161-020-00)

LOTS ONE (1) AND TWO (2) IN LOT 13 IN THE AUDITOR'S PLAT OF THE SOUTH HALF (S1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF THE NORTHWEST QUARTER (NW1/4) AND THE NORTH HALF (N1/2) OF THE NORTHWEST QUARTER (NW1/4) OF THE SOUTHWEST QUARTER (SW1/4) AND LOT EIGHT (8) IN AUDITOR'S SUBDIVISION OF THE SOUTH HALF (S1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF THE NORTHWEST QUARTER (NW1/4) AND THE NORTH HALF (N1/2) OF THE NORTHWEST QUARTER (nw1/4) OF THE SOUTHWEST QUARTER (SW1/4) OF SECTION 10-96-20, EXCLUDING THE FOLLOWING TRACT: BEGINNING AT THE NORTHWEST CORNER OF LOT NINE (9), THENCE NORTH 90 DEGREES 00'00" EAST 132.53 FEET ALONG THE NORTHERLY LINE OF LOT NINE (9) AND LOT EIGHT (8) TO THE NORTHEAST CORNER OF LOT EIGHT (8), THENCE SOUTH 00 DEGREES 31'14" WEST 126.39 FEET ALONG THE EASTERLY LINE OF LOT EIGHT (8), THENCE NORTH 89 DEGREES 47'21" WEST 1.2 FEET, THENCE SOUTH 00 DEGREES 12'39" WEST 6 FEET, THENCE NORTH 89 DEGREES 47'21" WEST 131.2FEET TO THE POINT ON THE WESTERLY LINE OF LOT NINE (9), THENCE NORTH 00 DEGREES 27'05" EAST 131.9 FEET ALONG THE

WESTERLY LINE OF LOT NINE (9) TO THE POINT OF BEGINNING, CONTAINING 17495 SQUARE FEET AS IN THE SURVEY BOOK OF 2006 PAGE 3853 (PARCEL 07-10-161-023-00)

THE WEST 50.75 FEET OF THE NORTH 24.75' OF LOT FIVE (5) AND LOT FOUR (4), EXCLUDING THE EAST 7 FEET, OF AUDITOR'S PLAT OF LOT SEVEN (7) IN THE SOUTH HALF (S1/2) OF THE SOUTHWEST QUARTER (SW1/4) OF THE NORTHWEST QUARTER (NW1/4) AND THE NORTH HALF (N1/2) OF THE NORTHWEST QUARTER (NW1/4) IN THE SOUTHWEST QUARTER (SW1/4) OF SECTION 10-96-20 (PARCEL 07-10-161-010-00)

EXHIBIT B-1
LEGAL DESCRIPTION OF SKYWALK PROPERTY

The Skywalk Property is legally described as follows:

THAT PORTION OF SOUTH DELAWARE AVENUE (US 65 NORTHBOUND) IN THE AUDTOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE QUARTER LYING IMMEDIATELY EAST OF AND ADJACENT TO LOT TWO (2) OF AUDITOR'S PLAT OF LOTS TEN (10) AND ELEVEN (11) IN AUDITOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE QUARTER (1/4) IN SECTION 10-96-20, MASON CITY, IOWA

EXHIBIT B-2
DESCRIPTION OF SKYWALK IMPROVEMENTS

Skywalk Improvements means the construction of a pedestrian skywalk over Delaware Avenue that connects the Convention Center Improvements on the Music Man Square Property on the east side of Delaware Avenue with the proposed hotel on the Hotel Property on the west side of Delaware Avenue. The design of the Skywalk Improvements shall be in character with the other architecture in the Mason City Downtown Reinvestment Urban Renewal Area. The construction of the Skywalk Improvements will be completed by December 31, 2021.

EXHIBIT B-3

SITE PLANS AND RENDERINGS OF SKYWALK IMPROVEMENTS

(Representative only; see Skywalk construction plans for specifics)

EXHIBIT C
HOTEL CERTIFICATE OF COMPLETION

WHEREAS, the City of Mason City, Iowa, (the "City") and Gatehouse Mason City L.L.C., a Minnesota limited liability company, ("Gatehouse"), did on or about the _____ day of _____, 2019, make, execute and deliver, each to the other, a Purchase, Sale and Development Agreement (the "Agreement"), wherein and whereby Gatehouse agreed, in accordance with the terms of the Agreement, to develop and maintain certain real property located within the City and as more particularly described as follows:

THE EAST-WEST ALLEY LYING NORTH OF AND ADJACENT TO LOT FOUR (4), AND THE SOUTH ONE HUNDRED AND EIGHTY-FOUR FEET (184') OF LOT THREE (3) AND ALL OF LOTS FOUR (4), FIVE (5), AND SIX (6) OF AUDITOR'S PLAT OF LOTS TEN (10) AND ELEVEN (11) IN AUDITOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE QUARTER (1/4) IN SECTION 10-96-20, EXCEPTING THEREFROM ALL PORTIONS OF SAID EAST-WEST ALLEY AND SAID LOTS LYING EASTERLY OR SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

LOTS ONE (1) THROUGH FOURTEEN (14) IN STANBERRY ADDITION TO MASON CITY, IOWA, AND THAT PORTION OF THE NORTH-SOUTH ALLEY LYING EAST OF AND ADJACENT TO SAID LOTS, EXCEPTING THEREFORM THOSE PORTIONS OF SAID NORTH-SOUTH ALLEY AND OF LOTS THIRTEEN (13) AND FOURTEEN (14) LYING SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

THE SOUTH THIRTY-FIVE (35) FEET OF THE AUDITORS PLAT OF LOTS ONE (1) THROUGH FOURTEEN (14) OF THE SOUTH ONE HALF (1/2) OF THE SOUTHWEST ONE QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE-QUARTER (1/4) IN SECTION 10-96-20, MASON CITY, IOWA.

(the exact legal description shall be determined after all necessary surveys, public approvals and negotiations with the developer, but is expected to be some portion of the description set forth above).

(the "Hotel Property"); and

WHEREAS, the Agreement incorporated and contained certain covenants and restrictions with respect to the development of the Hotel Property, and obligated Gatehouse to construct certain Minimum Improvements on the Hotel Property in accordance with the Agreement (as defined therein); and

WHEREAS, Gatehouse has to the present date performed said covenants and conditions insofar as they relate to the construction of said Minimum Improvements on the Hotel Property in a manner deemed by the City to be in conformance with the Agreement to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all covenants and conditions of the Agreement with respect to the obligations of Gatehouse and its successors and assigns, to construct the Minimum Improvements on the Hotel Property have been completed and performed by Gatehouse and are hereby released absolutely and forever terminated insofar as they apply to the land described herein. The County Recorder of Cerro Gordo County is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions of said Agreement with respect to the construction of the Minimum Improvements on the Hotel Property.

All other provisions of the Agreement shall otherwise remain in full force and effect until termination as provided therein.

[Remainder of page intentionally left blank; signature page follows]

(SEAL) CITY OF MASON CITY, IOWA

By: _____

ATTEST:

By: _____

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

On this _____ day of _____, 20___, before me a Notary Public in and for said State, personally appeared _____ and _____, to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

[Signature page to Hotel Certificate of Completion – City of Mason City]

EXHIBIT D
MEMORANDUM OF AGREEMENT

WHEREAS, the City of Mason City, Iowa ("City") and Gatehouse Mason City L.L.C., a Minnesota limited liability company, ("Gatehouse"), did on or about the _____ day of _____, 2019, make, execute and deliver, each to the other, a Purchase, Sale and Development Agreement (the "Agreement"), wherein and whereby Gatehouse agreed, in accordance with the terms of the Agreement and the Mason City Downtown Reinvestment Urban Renewal Plan ("Plan"), as amended, to develop certain real property located within the City and within the Mason City Downtown Reinvestment Urban Renewal Area, as amended.

The Hotel Property is described as follows:

THE EAST-WEST ALLEY LYING NORTH OF AND ADJACENT TO LOT FOUR (4), AND THE SOUTH ONE HUNDRED AND EIGHTY-FOUR FEET (184') OF LOT THREE (3) AND ALL OF LOTS FOUR (4), FIVE (5), AND SIX (6) OF AUDITOR'S PLAT OF LOTS TEN (10) AND ELEVEN (11) IN AUDITOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE QUARTER (1/4) IN SECTION 10-96-20, EXCEPTING THEREFROM ALL PORTIONS OF SAID EAST-WEST ALLEY AND SAID LOTS LYING EASTERLY OR SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

LOTS ONE (1) THROUGH FOURTEEN (14) IN STANBERRY ADDITION TO MASON CITY, IOWA, AND THAT PORTION OF THE NORTH-SOUTH ALLEY LYING EAST OF AND ADJACENT TO SAID LOTS, EXCEPTING THEREFORM THOSE PORTIONS OF SAID NORTH-SOUTH ALLEY AND OF LOTS THIRTEEN (13) AND FOURTEEN (14) LYING SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

THE SOUTH THIRTY-FIVE (35) FEET OF THE AUDITORS PLAT OF LOTS ONE (1) THROUGH FOURTEEN (14) OF THE SOUTH ONE HALF (1/2) OF THE SOUTHWEST ONE QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE-QUARTER (1/4) IN SECTION 10-96-20, MASON CITY, IOWA.

(the exact legal description shall be determined after all necessary surveys, public approvals and negotiations with the developer, but is expected to be some portion of the description set forth above).

(the "Hotel Property"); and

WHEREAS, the term of the Agreement commenced on the ____ day of _____, 2019 and terminates on December 31, 2045 unless otherwise terminated as set forth in the Agreement; and

WHEREAS, the City and Gatehouse desire to record a Memorandum of Agreement referring to the Hotel Property and their respective interests therein.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. That the recording of this Memorandum of Agreement shall serve as notice to the public that the Agreement contains provisions restricting development and use of the Hotel Property and the improvements located and operated on such Hotel Property.

2. That all of the provisions of the Agreement and any subsequent amendments thereto, if any, even though not set forth herein, are by the filing of this Memorandum of Agreement made a part hereof by reference, and that anyone making any claim against any of said Hotel Property in any manner whatsoever shall be fully advised as to all of the terms and conditions of the Agreement, and any amendments thereto, as if the same were fully set forth herein.

3. That a copy of the Agreement and any subsequent amendments thereto, if any, shall be maintained on file for public inspection during ordinary business hours in the office of the City Clerk, Mason City, Iowa.

IN WITNESS WHEREOF, the City and Gatehouse have executed this Memorandum of Agreement on the _____ day of _____, 2019.

[Remainder of page intentionally left blank; signature page follows]

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Bill Schickel, Mayor

ATTEST:

By: _____
Aaron Burnett, City Administrator/Clerk

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2019, before me a Notary Public in and for said State, personally appeared Bill Schickel and Aaron Burnett, to me personally known, who being duly sworn, did say that they are the Mayor and City Administrator/Clerk, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Administrator/Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

[Signature page to Memorandum of Agreement – City of Mason City]

GATEHOUSE MASON CITY, L.L.C.,
a Minnesota limited liability company

By:_____
_____, _____

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2019, before me the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of Gatehouse Mason City, L.L.C., and that said instrument was signed on behalf of said limited liability company; and that the said _____, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company, by him voluntarily executed.

_____
Notary Public in and for said State

[Signature page to Memorandum of Agreement –Gatehouse Mason City L.L.C.]

EXHIBIT E

GATEHOUSE ANNUAL CERTIFICATION

(due before October 15th as required under terms of Development Agreement)

Gatehouse Mason City, L.L.C. certifies the following:

During the time period covered by this Certification, Gatehouse is and was in compliance with Section 7.7 of the Agreement as follows:

(i) all ad valorem taxes on the Hotel Property then owned by Gatehouse in the Urban Renewal Area have been timely paid for the prior fiscal year (and for the current year, if due) and attached to this Annual Certification are proof of payment of said taxes;

(ii) The Minimum Improvements (combined building/improvement and land value) were first fully assessed on January 1, 20___, at a full assessment value of $_____;

(iii) The total number of Full-Time Equivalent Employment Units employed by Gatehouse or its property manager at the Minimum Improvements as of October 1, 20___ and as of the first day of each of the preceding eleven (11) months were are follows:

October 1, 20__: _____	April 1, 20__:_____
September 1, 20__:_____	March 1, 20__:_____
August 1, 20__:_____	February 1, 20___:_____
July 1, 20__:_____	January 1, 20__:_____
June 1, 20__:_____	December 1, 20__:_____
May1, 20__: _____	November 1, 20__:_____

(iv) the undersigned officer of Gatehouse has re-examined the terms and provisions of the Agreement and certifies that at the date of such certificate, and during the preceding twelve (12) months, Gatehouse is not, or was not, in default in the fulfillment of any of the terms and conditions of the Agreement and that no Event of Default is occurring or has occurred as of the date of such certificate or during such period, or if the signer is aware of any such Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

[Remainder of page intentionally left blank; signature page follows]

I certify under penalty of perjury and pursuant to the laws of the State of Iowa that the preceding is true and correct to the best of my knowledge and belief.

Signed this _____ day of _____, 20___.

GATEHOUSE MASON CITY., L.L.C.,
a Minnesota limited liability company

By:_____

Name: _____

Its: _____

Attachments: Proof of payment of taxes

[Signature page to Gatehouse Annual Certification – Gatehouse Mason City, L.L.C.]

EXHIBIT F
MINIMUM ASSESSMENT AGREEMENT

See following pages.

MINIMUM ASSESSMENT AGREEMENT

THIS MINIMUM ASSESSMENT AGREEMENT ("Minimum Assessment Agreement" or "Assessment Agreement") is dated as of _____, 2019, by and between the City of Mason City, Iowa ("City"), a municipal corporation established pursuant to the Code of Iowa and acting under the authorization of Chapter 403 of the Code of Iowa, 2019, as amended (the "Urban Renewal Act"), and Chapter 15A, and Gatehouse Mason City L.L.C., a Minnesota limited liability company having an office for the transaction of business at 5541 Clinton Avenue, Minneapolis, MN 55419 ("Gatehouse").

WITNESSETH:

WHEREAS, the City and Gatehouse entered into a Purchase, Sale and Development Agreement dated as of _____, 2019 ("Agreement") regarding certain real property located in the City which is legally described as follows:

THE EAST-WEST ALLEY LYING NORTH OF AND ADJACENT TO LOT FOUR (4), AND THE SOUTH ONE HUNDRED AND EIGHTY-FOUR FEET (184') OF LOT THREE (3) AND ALL OF LOTS FOUR (4), FIVE (5), AND SIX (6) OF AUDITOR'S PLAT OF LOTS TEN (10) AND ELEVEN (11) IN AUDITOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE QUARTER (1/4) IN SECTION 10-96-20, EXCEPTING THEREFROM ALL PORTIONS OF SAID EAST-WEST ALLEY AND SAID LOTS LYING EASTERLY OR SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

LOTS ONE (1) THROUGH FOURTEEN (14) IN STANBERRY ADDITION TO MASON CITY, IOWA, AND THAT PORTION OF THE NORTH-SOUTH ALLEY LYING EAST OF AND ADJACENT TO SAID LOTS, EXCEPTING THEREFORM THOSE PORTIONS OF SAID NORTH-SOUTH ALLEY AND OF LOTS THIRTEEN (13) AND FOURTEEN (14) LYING SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

THE SOUTH THIRTY-FIVE (35) FEET OF THE AUDITORS PLAT OF LOTS ONE (1) THROUGH FOURTEEN (14) OF THE SOUTH ONE HALF (1/2) OF THE SOUTHWEST ONE QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE-QUARTER (1/4) IN SECTION 10-96-20, MASON CITY, IOWA.

(the exact legal description shall be determined after all necessary surveys, public approvals and negotiations with the developer, but is expected to be some portion of the description set forth above).

(the "Hotel Property"); and

WHEREAS, it is contemplated that Gatehouse will undertake the construction of the Minimum Improvements (as defined in the Agreement) on the Hotel Property, as provided in the Agreement; and

WHEREAS, pursuant to Section 403.6(19) of the Code of Iowa, as amended, the City and Gatehouse desire to establish a minimum actual value for the Minimum Improvements to be constructed on the Hotel Property by Gatehouse pursuant to the Agreement; and

WHEREAS, the City and the Assessor have reviewed the preliminary plans and specifications for the Minimum Improvements that are contemplated to be constructed.

NOW, THEREFORE, the parties to this Minimum Assessment Agreement, in consideration of the promises, covenants and agreements made by each other, do hereby agree as follows:

1. Upon substantial completion of construction of the above-referenced Minimum Improvements, but no later than January 1, 2024, the minimum actual value which shall be fixed for assessment purposes for the Minimum Improvements on the Hotel Property (building/improvement value) shall be not less than the following amounts during the applicable following Assessment Periods (hereafter referred to as the "Minimum Actual Value"):

Assessment Period:	Minimum Actual Value:
January 1, 2024 – December 31, 2028	$9,000,000
January 1, 2029 – December 31, 2033	$13,000,000
January 1, 2034 – Assessment Agreement Termination Date	$18,000,000

The Minimum Actual Value shall continue to be effective until termination of this Minimum Assessment Agreement on June 30, 2045(the "Assessment Agreement Termination Date"). This means that the Minimum Improvements will be required to have a Minimum Actual Value pursuant to this Minimum Assessment Agreement of at least the above Minimum Actual Values during the applicable Assessment Periods described above, and shall have a Minimum Actual Value of at least $18,000,000 from January 1, 2034 until at least January 1, 2043, which shall govern the taxes collected for the entire fiscal year 2044-2045. The Minimum Actual Value shall be maintained during such period regardless of: (a) any failure to complete the Minimum Improvements; (b) destruction of all or any portion of the Minimum Improvements; (c) diminution in value of the Hotel Property or the Minimum Improvements; or (d) any other circumstance, whether known or unknown and whether now existing or hereafter occurring.

2. Gatehouse shall pay or cause to be paid when due all real property taxes and assessments payable with respect to all and any parts of the Hotel Property and the Minimum Improvements pursuant to the provisions of this Minimum Assessment Agreement and the Agreement. Such tax payments shall be made without regard to any loss, complete or partial, to the Hotel Property or the Minimum Improvements, any interruption in, or discontinuance of, the use, occupancy, ownership or operation of the Hotel Property or the Minimum Improvements by Gatehouse, or any other matter or thing which for

any reason interferes with, prevents or renders burdensome the use or occupancy of the Hotel Property or the Minimum Improvements.

3. Gatehouse agrees that its obligations to make the tax payments required hereby and to perform and observe its other agreements contained in this Minimum Assessment Agreement shall be absolute and unconditional obligations of Gatehouse (not limited to the statutory remedies for unpaid taxes) and that Gatehouse shall not be entitled to any abatement or diminution thereof, or set off therefrom, nor to any early termination of this Minimum Assessment Agreement for any reason whatsoever.

4. Gatehouse agrees that, prior to the Termination Date, it will not:

a. seek administrative review or judicial review of the applicability or constitutionality of any Iowa tax statute relating to the taxation of property contained as a part of the Hotel Property or the Minimum Improvements determined by any tax official to be applicable to the Hotel Property or the Minimum Improvements, or raise the inapplicability or constitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; or

b. seek any tax deferral or abatement, either presently or prospectively authorized under Iowa Code Chapter 403 or 404, or any other local or State law, of the taxation of real property, including improvements and fixtures thereon, contained in the Hotel Property or the Minimum Improvements between the date of execution of this Minimum Assessment Agreement and the Termination Date; or

c. request the Assessor to reduce the Minimum Actual Value; or

d. appeal to the board of review of the County, State, District Court or to the Director of Revenue of the State to reduce the Minimum Actual Value; or

e. cause a reduction in the actual value or the Minimum Actual Value through any other proceedings.

5. This Minimum Assessment Agreement shall be promptly recorded by the City with the Recorder of Cerro Gordo County, Iowa. Such filing shall constitute notice to any subsequent encumbrancer of the Hotel Property (or any part thereof), whether voluntary or involuntary, and this Minimum Assessment Agreement shall be binding and enforceable in its entirety against any such subsequent encumbrancer, including the holder of any mortgage. The City shall pay all costs of recording.

6. Neither the preambles nor provisions of this Minimum Assessment Agreement are intended to, or shall be construed as, modifying the terms of the Agreement.

7. This Minimum Assessment Agreement shall not be assignable without the consent of the City and shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

8. Nothing herein shall be deemed to waive the rights of Gatehouse under Iowa Code Section 403.6(19) to contest that portion of any actual value assignment made by the Assessor in excess of the Minimum Actual Value established herein. In no event, however, shall Gatehouse seek to reduce the actual value to an amount below the Minimum Actual Value established herein during the term of this Minimum Assessment Agreement. This Minimum Assessment Agreement may be amended or modified and any of its terms, covenants, representations, warranties or conditions waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Nothing contained herein shall prevent Gatehouse from applying for the Business Property Tax Credit under Iowa Code Chapter 426C.

9. If any term, condition or provision of this Minimum Assessment Agreement is for any reason held to be illegal, invalid or inoperable, such illegality, invalidity or inoperability shall not affect the remainder hereof, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained herein.

10. The Minimum Actual Value herein established shall be of no further force and effect and this Minimum Assessment Agreement shall terminate on the Termination Date set forth in Section 1 above.

11. Gatehouse represents and warrants that there are no lienholders on the Hotel Property or Minimum Improvements as of the date of this Assessment Agreement. Notwithstanding the foregoing, Gatehouse shall provide a title opinion or title search to the City listing all lienholders of record as of the date of this Assessment Agreement and all such lienholders shall have signed consents to this Assessment Agreement, which consents are attached hereto and made a part hereof.

[Remainder of this page intentionally left blank; signature pages follow]

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Bill Schickel, Mayor

ATTEST:

By: _____
Aaron Burnett, City Administrator/Clerk

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2019, before me a Notary Public in and for said State, personally appeared Bill Schickel and Aaron Burnett, to me personally known, who being duly sworn, did say that they are the Mayor and City Administrator/Clerk, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Administrator/Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

[Signature page to Minimum Assessment Agreement – City of Mason City]

GATEHOUSE MASON CITY, L.L.C.,
a Minnesota limited liability company

By:_____
_____, _____

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2019, before me the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of Gatehouse Mason City, L.L.C., and that said instrument was signed on behalf of said limited liability company; and that the said _____, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company, by him voluntarily executed.

_____
Notary Public in and for said State

[Signature page to Minimum Assessment Agreement –Gatehouse Mason City, L.L.C.]

CERTIFICATION OF ASSESSOR

The undersigned, having reviewed the plans and specifications for the Minimum Improvements to be constructed, and being of the opinion that the minimum market value contained in the foregoing Minimum Assessment Agreement appears reasonable, hereby certifies as follows: The undersigned Assessor, being legally responsible for the assessment of the Minimum Improvements described in the foregoing Minimum Assessment Agreement, certifies that upon completion of the Minimum Improvements, but in no event later than January 1, 2024, during each of the Assessment Periods described below and until the Assessment Agreement Termination Date of this Minimum Assessment Agreement, the actual value assigned to the Minimum Improvements shall not be less than the following Minimum Actual Values (building/improvement value):

Assessment Period:	Minimum Actual Value:
January 1, 2024 – December 31, 2028	$9,000,000
January 1, 2029 – December 31, 2033	$13,000,000
January 1, 2034 – Assessment Agreement Termination Date	$18,000,000

_____
Assessor for Mason City, Iowa.

_____
Date

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

Subscribed and sworn to before me by _____, Assessor for Mason City, Iowa on this _____ day of _____, 2019.

_____
Notary Public in and for said State

Consistent with Iowa Code §403.6(19)(b), filed with this assessor certification is a copy of subsection 19 as follows:

19. a. A municipality, upon entering into a development or redevelopment agreement pursuant to section 403.8, subsection 1, or as otherwise permitted in this chapter, may enter into a written assessment agreement with the developer of taxable property in the urban renewal area which establishes a minimum actual value of the land and completed improvements to be made on the land until a specified termination date which shall not be later than the date after which the tax increment will no longer be remitted to the municipality pursuant to section 403.19, subsection 2. The assessment agreement shall be presented to the appropriate assessor. The assessor shall review the plans and specifications for the improvements to be made and if the minimum actual value contained in the assessment agreement appears to be reasonable, the assessor shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be made on it, certifies that the actual value assigned to that land and improvements upon completion shall not be less than $ .....

b. This assessment agreement with the certification of the assessor and a copy of this subsection shall be filed in the office of the county recorder of the county where the property is located. Upon completion of the improvements, the assessor shall value the property as required by law, except that the actual value shall not be less than the minimum actual value contained in the assessment agreement. This subsection does not prohibit the assessor from assigning a higher actual value to the property or prohibit the owner from seeking administrative or legal remedies to reduce the actual value assigned except that the actual value shall not be reduced below the minimum actual value contained in the assessment agreement. An assessor, county auditor, board of review, director of revenue, or court of this state shall not reduce or order the reduction of the actual value below the minimum actual value in the agreement during the term of the agreement regardless of the actual value which may result from the incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording of an assessment agreement complying with this subsection constitutes notice of the assessment agreement to a subsequent purchaser or encumbrancer of the land or any part of it, whether voluntary or involuntary, and is binding upon a subsequent purchaser or encumbrancer.

EXHIBIT G
QUIT CLAIM DEED FOR HOTEL PROPERTY

See following pages.

QUIT CLAIM DEED

Recorder's Cover Sheet

Preparer Information: (name, address and phone number)
Jason L. Comisky
Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309
(515) 243-7611

Taxpayer Information:
Gatehouse Mason City, L.L.C.
5541 Clinton Avenue
Minneapolis, MN 55419

Return Document To:
Gatehouse Mason City, L.L.C.
5541 Clinton Avenue
Minneapolis, MN 55419

Grantors: City of Mason City, Iowa

Grantees: Gatehouse Mason City, L.L.C.

Legal Description: See Page 2

Document or instrument number of previously recorded documents:

QUIT CLAIM DEED

For the consideration of One Dollar ($1.00) and other valuable consideration, the **City of Mason City, Iowa,** ("Grantor") does hereby Quit Claim to **Gatehouse Mason City, L.L.C.,** a Minnesota limited liability company, ("Grantee") the following described real estate in Cerro Gordo County, Iowa:

THE EAST-WEST ALLEY LYING NORTH OF AND ADJACENT TO LOT FOUR (4), AND THE SOUTH ONE HUNDRED AND EIGHTY-FOUR FEET (184') OF LOT THREE (3) AND ALL OF LOTS FOUR (4), FIVE (5), AND SIX (6) OF AUDITOR'S PLAT OF LOTS TEN (10) AND ELEVEN (11) IN AUDITOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE QUARTER (1/4) IN SECTION 10-96-20, EXCEPTING THEREFROM ALL PORTIONS OF SAID EAST-WEST ALLEY AND SAID LOTS LYING EASTERLY OR SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

LOTS ONE (1) THROUGH FOURTEEN (14) IN STANBERRY ADDITION TO MASON CITY, IOWA, AND THAT PORTION OF THE NORTH-SOUTH ALLEY LYING EAST OF AND ADJACENT TO SAID LOTS, EXCEPTING THEREFORM THOSE PORTIONS OF SAID NORTH-SOUTH ALLEY AND OF LOTS THIRTEEN (13) AND FOURTEEN (14) LYING SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

THE SOUTH THIRTY-FIVE (35) FEET OF THE AUDITORS PLAT OF LOTS ONE (1) THROUGH FOURTEEN (14) OF THE SOUTH ONE HALF (1/2) OF THE SOUTHWEST ONE QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE-QUARTER (1/4) IN SECTION 10-96-20, MASON CITY, IOWA.

(the exact legal description shall be determined after all necessary surveys, public approvals and negotiations with the developer, but is expected to be some portion of the description set forth above).

This Quit Claim Deed is subject to all the terms, provisions, covenants, conditions and restrictions contained in that certain Purchase, Sale and Development Agreement (including but not limited to the City's Reversionary Right as defined in the Agreement), executed by the Grantor and Grantee herein, dated _____, 2019, as amended (hereinafter the "Agreement") which is herein incorporated by reference, a copy of which is on file for public inspection at the office of the City Clerk of the Grantor. All capitalized terms contained in this Quit Claim Deed have the same meaning as assigned to them in the Agreement.

None of the provisions of the Agreement shall be deemed merged in, affected or impaired by this Quit Claim Deed.

This transfer is exempt under Iowa Code Chapter 428A.2.19

Words and phrases herein, including acknowledgment hereof, shall be construed as in the singular or plural number, and as masculine or feminine gender, according to the context.

[Remainder of page intentionally left blank; signature page follows]

Dated: _____

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Bill Schickel, Mayor

ATTEST:

By: _____
Aaron Burnett, City Administrator/Clerk

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2019, before me a Notary Public in and for said State, personally appeared Bill Schickel and Aaron Burnett, to me personally known, who being duly sworn, did say that they are the Mayor and City Administrator/Clerk, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Administrator/Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

[Signature page to Quit Claim Deed for Hotel Property – City of Mason City]

EXHIBIT H
FORM OF ENFORCEABILITY OPINION [ON FIRM LETTERHEAD]

City of Mason City
Mason City, Iowa

Re: Purchase, Sale and Development Agreement between the City of Mason City, Iowa, ("City") and Gatehouse Mason City L.L.C., a Minnesota limited liability company, ("Gatehouse")

As counsel for Gatehouse in connection with the execution and delivery of a certain Purchase, Sale and Development Agreement (the "Agreement") by and between the City and Gatehouse dated as of _____, 2019 and referenced above, we hereby render the following opinion:

We have examined the original certified copy, or copies otherwise identified to our satisfaction as being true copies, of the following:

a. The governing documents of Gatehouse;

b. Resolution(s) of Gatehouse at which action was taken with respect to the transactions covered by this opinion;

c. The Agreement and all exhibits thereto;

and such other documents and records as we have deemed relevant and necessary as a basis for the opinion set forth herein.

Based on the pertinent state and federal law, the foregoing examination and such other inquiries as we have deemed appropriate, we are of the opinion that:

1. Gatehouse is a duly organized and validly existing limited liability company under the laws of the State of Minnesota. Gatehouse has full power and authority to execute, deliver and perform the Agreement and all attachments thereto; and the Agreement and all attachments thereto have been duly and validly authorized, executed and delivered by Gatehouse and, assuming due authorization, execution and delivery by the City, the Agreement is a legally-binding instrument enforceable against Gatehouse, in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally.

2. The consummation of the transaction contemplated by the Agreement and the carrying out of the terms thereof, will not result in violation of any provision of, or in default under the governing documents of Gatehouse, or any indenture, mortgage, deed of trust, indebtedness, agreement, judgment, decree, order, statute, rule, regulation or restriction to which Gatehouse is a party or by which it or its property is bound or subject.

Very truly yours,

EXHIBIT I
INGRESS/EGRESS EASEMENT

See following pages.

INGRESS/EGRESS EASEMENT

Recorder's Cover Sheet

Preparer Information: (name, address and phone number)
Jason L. Comisky
Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, IA 50309
(515) 243-7611

Taxpayer Information:
Gatehouse Mason City, L.L.C.
5541 Clinton Avenue
Minneapolis, MN 55419

Return Document To:
Gatehouse Mason City, L.L.C.
5541 Clinton Avenue
Minneapolis, MN 55419

Grantors: City of Mason City, Iowa

Grantees: Gatehouse Mason City, L.L.C.

Legal Description: Part of Lots 1, 2, 4 and 5 of Auditor's Plat of Lots 10 & 11 in the Subdivision of the S ½ of the SW ¼ of the NW ¼ and N ½ of the NW ¼ of the SW ¼ of Section 10-96-20 and that part of the vacated alley between said Lots 2 and 4, more particularly described as follows:

Said easement being 15 feet in width as measured perpendicular to and lying parallel to and immediately adjacent to the Northwesterly right-of-way line of U.S. Highway 65.

Document or instrument number of previously recorded documents:

INGRESS/EGRESS EASEMENT

This Ingress/Egress Easement Agreement (this "Agreement") is made and entered into as of _____, 2019 (the "Effective Date"), by and between City of Mason City, Iowa, a municipality ("Grantor"), and the Gatehouse Mason City, L.L.C., a Minnesota limited liability company ("Grantee").

RECITALS

WHEREAS, the Grantor is the owner of certain real property legally described as follows:

Part of Lots 1, 2, 4 and 5 of Auditor's Plat of Lots 10 & 11 in the Subdivision of the S ½ of the SW ¼ of the NW ¼ and N ½ of the NW ¼ of the SW ¼ of Section 10-96-20 and that part of the vacated alley between said Lots 2 and 4, more particularly described as follows:

Said easement being 15 feet in width as measured perpendicular to and lying parallel to and immediately adjacent to the Northwesterly right-of-way line of U.S. Highway 65.

(the "Burdened Property"); and

WHEREAS, the Grantee is or, pursuant to the terms of a certain Purchase, Sale, and Development Agreement by and between the Grantor and Grantee dated _____, 2019 (the "Purchase, Sale, and Development Agreement"), will be the owner of certain real property located adjacent to the Burdened Property and legally described as follows:

THE EAST-WEST ALLEY LYING NORTH OF AND ADJACENT TO LOT FOUR (4), AND THE SOUTH ONE HUNDRED AND EIGHTY-FOUR FEET (184') OF LOT THREE (3) AND ALL OF LOTS FOUR (4), FIVE (5), AND SIX (6) OF AUDITOR'S PLAT OF LOTS TEN (10) AND ELEVEN (11) IN AUDITOR'S PLAT OF THE SOUTH ONE-HALF (1/2) OF THE SOUTHWEST ONE-QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE QUARTER (1/4) IN SECTION 10-96-20, EXCEPTING THEREFROM ALL PORTIONS OF SAID EAST-WEST ALLEY AND SAID LOTS LYING EASTERLY OR SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

LOTS ONE (1) THROUGH FOURTEEN (14) IN STANBERRY ADDITION TO MASON CITY, IOWA, AND THAT PORTION OF THE NORTH-SOUTH ALLEY LYING EAST OF AND ADJACENT TO SAID LOTS, EXCEPTING THEREFORM THOSE PORTIONS OF SAID NORTH-SOUTH ALLEY AND OF LOTS THIRTEEN (13) AND FOURTEEN (14) LYING SOUTHEASTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF US HIGHWAY 65; AND

THE SOUTH THIRTY-FIVE (35) FEET OF THE AUDITORS PLAT OF LOTS ONE (1) THROUGH FOURTEEN (14) OF THE SOUTH ONE HALF (1/2) OF THE SOUTHWEST ONE QUARTER (1/4) OF THE NORTHWEST ONE-QUARTER (1/4) AND THE NORTH ONE-HALF (1/2) OF THE NORTHWEST ONE QUARTER (1/4) OF THE SOUTHWEST ONE-QUARTER (1/4) IN SECTION 10-96-20, MASON CITY, IOWA.

(the "Benefited Property"); and

WHEREAS, the Grantee desires access across the Burdened Property in conjunction with the development of the Benefitted Property, such development being described in the terms of the Purchase, Sale, and Development Agreement; and

WHEREAS, as part of the consideration of Grantor's acquisition of the Burdened Property from Grantee, Grantor agreed to grant Grantee this perpetual access easement for ingress and egress, on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Easement. Grantor hereby grants and conveys to Grantee and Grantee's customers, invitees, lessees, sublessees, employees, agents, licensees, contractors, vendors and suppliers a perpetual public access easement (the "Easement") for unrestricted ingress and egress on, over and across the Burdened Property, for the ingress and egress of pedestrian and vehicular traffic access over the Burdened Property. The Grantee may construct, operate, maintain, repair, replace, access, and use a paved road across the Burdened Property.

2. Grantor's Use of the Burdened Property. Grantor, its successors and assigns, shall have the right to use the Burdened Property insofar as such use does not, in the reasonable judgment of the Grantee, unreasonably impair, interfere with, or obstruct the use of the Burdened Property by Grantee, or its successors and assigns.

3. Restrictions. The Grantor and Grantee (the "Owners," and each an "Owner") shall ensure that no barricades, signs, fences, or other dividers will be constructed in, over, or upon the Burdened Property that would inhibit either owner's proper use of such Burdened Property, and that nothing will be done to prohibit or discourage the free and uninterrupted access over and across the Burdened Property. The Owners shall not erect any structure or plant, nor permit any trees or vegetative growth in the Burdened Property which might reasonably be expected to obstruct or impair the proper use of such Burdened Property for its intended purpose. Neither Owner shall allow any hazardous condition to arise or persist within the Burdened Property.

4. Construction and Maintenance Expenses. Grantor shall continue to construct, use, operate, maintain, repair, and replace the improvements on the Burdened Property.

5. Easement and Covenants Run with the Land. Grantor hereby declares that the Benefited Parcel and the Burdened Parcel shall be held, sold, and conveyed subject to the restrictions, covenants, and easements contained herein, all of which shall be covenants running with the land and shall be binding upon, and inure to the benefit of, all parties having any right, title, and interest in said properties, or any part thereof, and their respective successors and assigns.

6. Amendment; Modification. This Easement shall only be amended by the written consent and mutual agreement of all the record Owners of the Benefited Parcel and the Burdened Parcel. Any such modification or amendment shall be effective when duly recorded in the records of the Recorder of Cerro Gordo County, Iowa.

7. Governing Law. In the event of a dispute, this Easement shall be construed and enforced in accordance with the laws of the State of Iowa and the parties hereby consent to the jurisdiction of the parties and the subject matter being in Cerro Gordo County, Iowa.

8. Attorneys' Fees. In the event of a dispute, each Owner may enforce this Easement by appropriate legal action and the prevailing party shall recover from the other reasonable attorneys' fees incurred in such legal action.

9. Words and Phrases. Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine, or neuter gender, according to the context.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Grantor and Grantee have duly executed this Easement as of the Effective Date.

GRANTOR: CITY OF MASON CITY, IOWA

(SEAL)

CITY OF MASON CITY, IOWA

By: _____
Bill Schickel, Mayor

ATTEST:

By: _____
Aaron Burnett, City Administrator/Clerk

STATE OF IOWA)
) ss
COUNTY OF CERRO GORDO)

On this _____ day of _____, 2019, before me a Notary Public in and for said State, personally appeared Bill Schickel and Aaron Burnett, to me personally known, who being duly sworn, did say that they are the Mayor and City Administrator/Clerk, respectively, of the City of Mason City, Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Administrator/Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

_____
Notary Public in and for the State of Iowa

GRANTEE: GATEHOUSE MASON CITY, L.L.C.

GATEHOUSE MASON CITY, LLC,
a Minnesota limited liability company

By:_____
_____, Managing Member

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 2019, before me the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the Managing Member of Gatehouse Mason City L.L.C., and that said instrument was signed on behalf of said limited liability company; and that the said _____, as such officer, acknowledged the execution of said instrument to be the voluntary act and deed of said limited liability company, by him voluntarily executed.

_____
Notary Public in and for said State

EXHIBIT J
CITY ENFORCEABILITY OPINION

Re: Purchase, Sale and Development Agreement between the City of Mason City, Iowa, ("City") and Gatehouse Mason City L.L.C., a Minnesota limited liability company, ("Gatehouse")

As counsel for the City in connection with the execution and delivery of a certain Purchase, Sale and Development Agreement (the "Agreement") by and between the City and Gatehouse dated as of _____, 2019 and referenced above, we hereby render the following opinion:

We have examined the original certified copy, or copies otherwise identified to our satisfaction as being true copies, of the following:

a. Resolution(s) of the City at which action was taken with respect to the transactions covered by this opinion;

b. The Agreement and all exhibits thereto;

and such other documents and records as we have deemed relevant and necessary as a basis for the opinion set forth herein.

Based on the pertinent state and federal law, the foregoing examination and such other inquiries as we have deemed appropriate, we are of the opinion that:

1. The City is a duly organized and validly existing municipality under the laws of the State of Iowa. The City has full power and authority to execute, deliver and perform the Agreement and all attachments thereto; and the Agreement and all attachments thereto have been duly and validly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by Gatehouse, the Agreement is a legally-binding instrument enforceable against the City, in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization or other laws relating to or affecting creditors' rights generally.

Very truly yours,

01602443-1\10866-212

RESOLUTION NO. 19 -

RESOLUTION FIXING DATE FOR A PUBLIC HEARING ON THE PROPOSAL TO ENTER INTO A PURCHASE, SALE, AND DEVELOPMENT AGREEMENT WITH GATEHOUSE MASON CITY, L.L.C., AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

WHEREAS, by Resolution No. 15-238, adopted October 20, 2015, this Council found and determined that certain areas located within the City are eligible and should be designated as an urban renewal area under Iowa law, and approved and adopted the Mason City Downtown Reinvestment Urban Renewal Plan (the "Plan" or "Urban Renewal Plan") for the Downtown Reinvestment Urban Renewal Area (the "Area" or "Urban Renewal Area") described therein, which Plan is on file in the office of the Recorder of Cerro Gordo County; and

HEREAS, the Plan has been amended by Amendment No. 1 as approved by Resolution No. 17-88 on May 11, 2017, by Amendment No. 2 as approved by Resolution No. 19-98 on April 16, 2019, and as proposed to be amended by Amendment No. 3 on July 2, 2019; and

WHEREAS, it is desirable that properties within the Area be redeveloped as part of the overall redevelopment area covered by said Plan; and

WHEREAS, the City has received a proposal from Gatehouse Mason City, L.L.C. ("Gatehouse"), in the form of a proposed Purchase, Sale, and Development Agreement (the "Agreement") by and between the City and Gatehouse, pursuant to which, among other things, the City would agree to sell to Gatehouse and Gatehouse would agree to purchase certain real property located within the Urban Renewal Area (the "Hotel Property"); and

WHEREAS, pursuant to the Agreement, Gatehouse would be obligated to, among other things, construct and operate certain Minimum Improvements including the construction of Convention Center Improvements on the Music Man Square Property (as those terms are defined in the Agreement) and a 95 guest room hotel and convention center on the Hotel Property, and in exchange the City would (i) sell the Hotel Property to Gatehouse; (ii) complete the Skywalk Improvements on the Skywalk Property (as those terms are defined in the Agreement); (iii) provide a Grant to Gatehouse in an amount not to exceed $8,700,000, under the terms and following satisfaction of the conditions set forth in the Agreement; and (iv) provide 80 consecutive quarterly Local Hotel Tax Rebates to Gatehouse equal in amount to 50% of the Local Hotel Tax generated by operations on the Hotel Property, under the terms and following satisfaction of the conditions set forth in the Agreement; and

WHEREAS, one of the obligations of Gatehouse under this Agreement relates to employment retention and/or creation; and

WHEREAS, Iowa Code Chapters 15A and 403 (the "Urban Renewal Law") authorize cities to dispose of property in furtherance of the objectives of an urban renewal project and to take other actions as may be necessary to carry out the purposes of said Chapter; and

WHEREAS, the Council has determined that the Agreement is in the best interests of the City and the residents thereof and that the performance by the City of its obligations thereunder is a public undertaking and purpose and in furtherance of the Plan and the Urban Renewal Law and, further, that the Agreement and the City's performance thereunder is in furtherance of appropriate economic development activities and objectives of the City within the meaning of Chapters 15A and 403 of the Iowa Code, taking into account the factors set forth therein; and

WHEREAS, neither the Urban Renewal Law nor any other Code provision sets forth any procedural action required to be taken before said economic development activities can occur under the Agreement, and pursuant to Section 364.6 of the City Code of Iowa, it is deemed sufficient if the action hereinafter described be taken and the City Clerk publish notice of the proposal and of the time and place of the meeting at which the Council proposes to take action thereon and to receive oral and/or written objections from any resident or property owner of said City to such action.

NOW THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF MASON CITY IN THE STATE OF IOWA:

Section 1. That this Council meet in the Mason City Room of the Mason City Public Library, 225 2nd Street SE, Mason City, Iowa, at 7:00 P.M. on July 23, 2019, for the purpose of taking action on the matter of the proposal to enter into a Purchase, Sale, and Development Agreement with Gatehouse Mason City, L.L.C.

Section 2. That the City Clerk is hereby directed to cause at least one publication to be made of a notice of said meeting, in a legal newspaper, printed wholly in the English language, published at least once weekly, and having general circulation in said City, said publication to be not less than four (4) clear days nor more than twenty (20) days before the date of said public meeting.

Section 3. The notice of the proposed action shall be in substantially the following form:

(One publication required)

NOTICE OF PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF MASON CITY IN THE STATE OF IOWA, ON THE MATTER OF THE PROPOSAL TO ENTER INTO A PURCHASE, SALE, AND DEVELOPMENT AGREEMENT WITH GATEHOUSE MASON CITY, L.L.C., AND THE HEARING THEREON

PUBLIC NOTICE is hereby given that the Council of the City of Mason City in the State of Iowa, will hold a public hearing on July 23, 2019, at 7:00 P.M. in the Mason City Room of the Mason City Public Library, 225 2nd Street SE, Mason City, Iowa, at which meeting the Council proposes to take action on the proposal to enter into a Purchase, Sale, and Development Agreement (the "Agreement") with Gatehouse Mason City, L.L.C. ("Gatehouse").

The Agreement would obligate Gatehouse to construct certain Minimum Improvements including the Convention Center Improvements on the Music Man Square Property and a 95 guest room hotel and convention center on the Hotel Property (as those terms are defined in the Agreement), together with all related site improvements within the Mason City Downtown Reinvestment Urban Renewal Area on certain real property defined and legally described in the Agreement, under the terms and following satisfaction of the conditions set forth in the Agreement. One of the obligations of Gatehouse relates to employment retention and/or creation.

The Agreement would further obligate the City to: (i) sell the Hotel Property to Gatehouse; (ii) complete the Skywalk Improvements on the Skywalk Property (as those terms are defined in the Agreement); (iii) provide a Grant to Gatehouse in an amount not to exceed $8,700,000, under the terms and following satisfaction of the conditions set forth in the Agreement; and (iv) provide 80 consecutive quarterly Local Hotel Tax Rebates to Gatehouse equal in amount to 50% of the Local Hotel Tax generated by operations on the Hotel Property, under the terms and following satisfaction of the conditions set forth in the Agreement.

A copy of the Agreement is on file for public inspection during regular business hours in the office of the City Clerk, City Hall, City of Mason City, Iowa.

At the above meeting the Council shall receive oral or written objections from any resident or property owner of said City, to the proposal to enter into the Agreement with Gatehouse. After all objections have been received and considered, the Council will at this meeting or at any adjournment thereof, take additional action on the proposal or will abandon the proposal to authorize said Agreement.

This notice is given by order of the City Council of the City of Mason City in the State of Iowa, as provided by Section 364.6 of the City Code of Iowa.

Dated this 18th day of June, 2019.

/s/Aaron Burnett
City Clerk, City of Mason City in the State of Iowa

(End of Notice)

PASSED AND APPROVED this 18th day of June, 2019.

_____

Mayor

ATTEST:

_____

City Administrator/Clerk