

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made and entered into as of the \_\_\_\_ day of March, 2004, by and between MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY, a Minnesota public body corporate and politic (the "MCDA") and the CITY OF MINNEAPOLIS, a Minnesota municipal corporation (the "City") in favor of WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as trustee ("Bank").

RECITALS:

A. The City and MCDA entered into a certain Amended and Restated Redevelopment Contract by and among the City, MCDA, Guthrie Theater Foundation, a Minnesota nonprofit corporation ("Guthrie") dated as of July 25, 2003 ("Development Contract"), whereby the City, MCDA and Guthrie agreed to certain terms and conditions with respect to the Property described as Parcels A and B in said Development Contract and legally described on Exhibits A-1, A-2, and B hereto (the "Property").

B. The MCDA conveyed the Property to the Guthrie pursuant to the terms of that certain Parcel A Quitclaim Deed dated October 3, 2003 filed October 6, 2003 in the office of the Hennepin County Recorder as Document No. 8184919 (the "Parcel A Deed") and that certain Parcel B Quit Claim Deed dated March \_\_, 2004, filed in the office of the Hennepin County Registrar of Titles, as Document No. \_\_\_\_\_ (the "Parcel B Deed"; herein the Parcel A Deed and Parcel B Deed will be collectively referred to as the "Deeds").

C. To provide financing for the Project, the City has agreed to issue its Adjustable Rate Demand Revenue Bonds (Guthrie Theater on the River Project), Series 2003A (the "Bonds") in the aggregate principal amount of \$85,000,000 pursuant to a certain Indenture of Trust dated as of October 1, 2003 (the "Indenture") by and between the City and U.S. Bank National Association, as Trustee (the "Trustee").

D. To secure payment of the Bonds, the Bank has issued its Irrevocable Letter of Credit No. NZS495376 in favor of the Trustee in the stated amount of \$86,047,945.21 (the "Letter of Credit") pursuant to the provisions of that certain Letter of Credit Reimbursement

Agreement dated as of October 1, 2003 by and between the Bank and Guthrie (the "Reimbursement Agreement").

E. To secure payment and performance of its obligations under the Reimbursement Agreement the Guthrie has executed and delivered to the Bank a Combination Mortgage, Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement dated as of October 1, 2003 which mortgage was recorded in the office of the Hennepin County Recorder as Document No. 8191851, and the office of the Hennepin County Registrar of Titles as Document No. \_\_\_\_\_, as amended by First Amendment to Combination Mortgage, Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement dated March \_\_, 2004, recorded in the office of the Hennepin County Recorder as Document No. \_\_\_\_\_ and Hennepin County Registrar of Titles as Document No. \_\_\_\_\_ (as amended, the "Mortgage") which Mortgage encumbers the property legally described on Exhibit C hereto.

F. The Bank is requiring the execution of this Subordination Agreement as a condition to issuing the Letter of Credit and entering into the Reimbursement Agreement.

#### AGREEMENTS:

NOW, THEREFORE, in consideration of the above premises and the mutual covenants and agreements set forth herein, and for one dollar and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and MCDA hereby agree as follows:

1. The Development Agreement is in full force and effect. There have been no amendments or modifications thereto.

2. To the actual knowledge of the undersigned, no default or Event of Default exists in the performance of any of the terms, covenants, duties and provisions of the Development Agreement.

3. The Mortgage meets the qualifications of Section 9.02 of the Development Agreement and is a permitted lien thereunder.

4. The City and MCDA hereby subordinate the Redevelopment Agreement and the Deeds to terms and lien of the Mortgage provided, however, that said subordination shall not affect the obligation under Minn. Stat. Section 469.029 to use the Project in accordance with the Industry Square Redevelopment Plan adopted by the MCDA on July 25, 1973, as amended.

5. The City and MCDA acknowledge that the Guthrie has granted the Bank a security interest and lien in Guthrie's rights under the Development Agreement, including, without limitation, Guthrie's option rights under Section 7.03 and Article XV of the Development Agreement. The City and MCDA consent to such security interest.

6. The City and MCDA agree that the Bank has no obligation to cure or remedy any breach, default or Event of Default by Guthrie under the Development Agreement, and the Bank

shall have no liability whatsoever for the performance of any of the City's, MCDA's or Guthrie's obligations and duties thereunder.

7. The City and MCDA each agrees to give the Bank all notices which it gives the Guthrie at the same time said notices are given. All such notices shall be addressed as follows:

If to the Bank:

Wells Fargo Bank, National Association  
Wells Fargo Center  
Sixth and Marquette  
Minneapolis, MN 55479  
Attention: Laura Schmaltz Oberst

8. The City acknowledges that the Bank is not a party to the Development Agreement (and by executing this Agreement does not become a party to the Development Agreement) and that this Subordination Agreement may be amended only in writing, signed by both parties hereto and consented to in writing by the Bank.

9. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

10. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be one and the same document.

11. This Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of Minnesota.

[SIGNATURE PAGE FOLLOWS]

Executed as of the date first above written.

CITY:

CITY OF MINNEAPOLIS  
a Minnesota municipal corporation

By: [Signature]  
Its: Mayor

Department Head Approval:

[Signature]  
CPED

Attest: [Signature]  
Its: City Clerk  
Assistant

Countersigned: [Signature]  
Its: Finance Officer

Approved as to form:

[Signature]  
Assistant City Attorney

MCDA:

MINNEAPOLIS COMMUNITY  
DEVELOPMENT AGENCY,  
a Minnesota public body corporate and politic

By: [Signature]  
Its: **Deputy Executive Director**

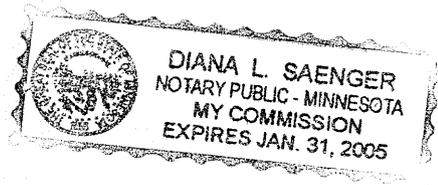
Approved as to form:

[Signature]  
Assistant City Attorney

STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of March, 2004 by R.T. Rybak, as Mayor, and by Steve Kislar, the Assistant, as City Clerk, and by Patrick P. Bonn as Finance Officer, of the CITY OF MINNEAPOLIS, MINNESOTA, a Minnesota municipal corporation, on behalf of said municipal corporation.

Diana Saenger  
Notary Public



STATE OF MINNESOTA )  
 ) ss.  
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of March, 2004, by \_\_\_\_\_, the \_\_\_\_\_ of MINNEAPOLIS COMMUNITY DEVELOPMENT AGENCY, a Minnesota public body corporate and politic, on behalf of said entity.

\_\_\_\_\_  
Notary Public

*This Instrument was drafted by and  
Upon recording should be returned to:*  
BRIGGS AND MORGAN, P.A.  
2200 IDS Center  
Minneapolis, MN 55402  
Attention: Charles R. Haynor, Esq

## EXHIBIT A-1

### LEGAL DESCRIPTION

The land located in the County of Hennepin, State of Minnesota, and described as follows:

That part of the following tract of land, which lies above, but not below, a horizontal plane having an elevation of 790 feet above sea level according to the National Geodetic Vertical Datum 1929 Adjustment:

Lot 1, Block 1, GUTHRIE, according to the recorded plat thereof.

Together with that part of the Northeasterly Half of Second Street South, formerly known as Second Street, as dedicated in the plat of Town of Minneapolis, vacated, lying above an elevation of 855.50 feet (N.G.V.D.-1929) described as follows:

Commencing at the most Easterly corner of Block 97, said Town of Minneapolis; thence on an assumed bearing of North 59 degrees 10 minutes 29 seconds West, along the Southwesterly line of said Second Street, a distance of 63.50 feet, to the point of beginning of the parcel to be described; thence North 30 degrees 49 minutes 31 seconds East, a distance of 80.00 feet to the Northeasterly line of said Second Street; thence North 59 degrees 10 minutes 29 seconds West, along the Northeasterly line of said Second Street, a distance of 114.00 feet; thence South 30 degrees 49 minutes 31 seconds West, a distance of 80.00 feet, to the Southwesterly line of said Second Street; thence South 59 degrees 10 minutes 29 seconds East, along said Southwesterly line of Second Street, a distance of 114.00 feet to the point of beginning.

Together with rights and easements benefiting the foregoing property as set out in Grant of Easement between Minneapolis Park and Recreation Board and Minneapolis Community Development Agency dated February 8, 2002, a copy of which is filed in the office of the County Recorder for Hennepin County, Minnesota, as Document No. 7709398 and assigned to the Guthrie Theater Foundation by Assignment of Easement dated October 3, 2003, filed October 6, 2003 in the office of the County Recorder of Hennepin County, Minnesota, as Document No. 8184920.

Together with rights and easements benefiting the foregoing property as set out in Declaration of Restrictive Covenants by the Minneapolis Community Development Agency dated October 3, 2003, a copy of which is filed in the offices of the County Recorder for Hennepin County, Minnesota, as Document No. 8184918.

## EXHIBIT A-2

### LEGAL DESCRIPTION

The land located in the County of Hennepin, State of Minnesota, and described as follows:

That part of the following tract of land, which lies above, but not below, a horizontal plane having an elevation of 790 feet above sea level according to the National Geodetic Vertical Datum 1929 Adjustment:

Lot 2, Block 1, GUTHRIE, according to the recorded plat thereof.

Together with that part of the Northeasterly Half of Second Street South, formerly known as Second Street, as dedicated in the plat of Town of Minneapolis, vacated, lying above an elevation of 855.50 feet (N.G.V.D.-1929) described as follows:

Commencing at the most Easterly corner of Block 97, said Town of Minneapolis; thence on an assumed bearing of North 59 degrees 10 minutes 29 seconds West, along the Southwesterly line of said Second Street, a distance of 63.50 feet, to the point of beginning of the parcel to be described; thence North 30 degrees 49 minutes 31 seconds East, a distance of 80.00 feet to the Northeasterly line of said Second Street; thence North 59 degrees 10 minutes 29 seconds West, along the Northeasterly line of said Second Street, a distance of 114.00 feet; thence South 30 degrees 49 minutes 31 seconds West, a distance of 80.00 feet, to the Southwesterly line of said Second Street; thence South 59 degrees 10 minutes 29 seconds East, along said Southwesterly line of Second Street, a distance of 114.00 feet to the point of beginning.

Together with rights and easements benefiting the foregoing property as set out in Grant of Easement between Minneapolis Park and Recreation Board and Minneapolis Community Development Agency dated February 8, 2002, a copy of which is filed in the office of the County Recorder for Hennepin County, Minnesota, as Document No. 7709398 and assigned to the Guthrie Theater Foundation by Assignment of Easement dated October 3, 2003, filed October 6, 2003 in the office of the County Recorder of Hennepin County, Minnesota, as Document No. 8184920.

Together with rights and easements benefiting the foregoing property as set out in Declaration of Restrictive Covenants by the Minneapolis Community Development Agency dated October 3, 2003, a copy of which is filed in the offices of the County Recorder for Hennepin County, Minnesota, as Document No. 8184918.

## EXHIBIT B

### LEGAL DESCRIPTION

Tract A, Registered Land Survey No. \_\_\_\_\_, Hennepin County, Minnesota

Together with that part of the Southwesterly half of the Second Street South, formerly known as Second Street, as dedicated in the plat of Town of Minneapolis, vacated, lying above an elevation of 855.50 feet (N.G.V.D. – 1929) described as follows:

Commencing at the most easterly corner of Block 97, said Town of Minneapolis; thence on an assumed bearing of North 59 Degrees 10 Minutes 29 Seconds West, along the southwesterly line of said Second Street, a distance of 63.50 feet, to the point of beginning of the parcel to be described; thence North 30 degrees 49 Minutes 31 Seconds East, a distance of 80.00 feet, to the Northeasterly line of said Second Street; thence North 59 Degrees 10 Minutes 29 Seconds West, along the northeasterly line of said Second Street, a distance of 114.00 feet; thence South 30 degrees 49 Minutes 31 Seconds West, a distance of 80.00 feet, to the southwesterly line of said Second Street; thence South 59 Degrees 10 Minutes 29 Seconds East, along said southwesterly line of said Second Street, a distance of 114.00 feet to the point of beginning.

Together with rights and easements benefiting the foregoing property as set out in Reciprocal Easement and Operating Agreement between the City of Minneapolis and Guthrie Theater Foundation dated March \_\_\_\_\_, 2004, a copy of which is filed in the offices of the County Recorder for Hennepin County, Minnesota, as Document No. \_\_\_\_\_ and Registrar of Titles for Hennepin County, Minnesota as Document No. \_\_\_\_\_.

## EXHIBIT C

### Legal Description of Real Estate

The land located in the County of Hennepin, State of Minnesota, and described as follows:

#### Parcel One

That part of the following tract of land, which lies above, but not below, a horizontal plane having an elevation of 790 feet above sea level according to the National Geodetic Vertical Datum 1929 Adjustment:

Lots 1 and 2, Block 1, GUTHRIE, according to the recorded plat thereof.

Together with that part of the Northeasterly Half of Second Street South, formerly known as Second Street, as dedicated in the plat of Town of Minneapolis, vacated, lying above an elevation of 855.50 feet (N.G.V.D.-1929) described as follows:

Commencing at the most Easterly corner of Block 97, said Town of Minneapolis; thence on an assumed bearing of North 59 degrees 10 minutes 29 seconds West, along the Southwesterly line of said Second Street, a distance of 63.50 feet, to the point of beginning of the parcel to be described; thence North 30 degrees 49 minutes 31 seconds East, a distance of 80.00 feet to the Northeasterly line of said Second Street; thence North 59 degrees 10 minutes 29 seconds West, along the Northeasterly line of said Second Street, a distance of 114.00 feet; thence South 30 degrees 49 minutes 31 seconds West, a distance of 80.00 feet, to the Southwesterly line of said Second Street; thence South 59 degrees 10 minutes 29 seconds East, along said Southwesterly line of Second Street, a distance of 114.00 feet to the point of beginning.

Together with rights and easements benefiting the foregoing property as set out in Grant of Easement between Minneapolis Park and Recreation Board and Minneapolis Community Development Agency dated February 8, 2002, a copy of which is filed in the office of the County Recorder for Hennepin County, Minnesota, on April 25, 2002 as Document No. 7709398 and assigned to the Guthrie Theater Foundation by Assignment of Easement dated October 3, 2003, filed October 6, 2003 in the office of the County Recorder of Hennepin County, Minnesota, as Document No. 8184920.

Together with rights and easements benefiting the foregoing property as set out in Declaration of Restrictive Covenants by the Minneapolis Community Development Agency dated October 3, 2003, a copy of which is filed in the offices of the County Recorder for Hennepin County, Minnesota, as Document No. 8184918.

#### Parcel Two

Tract A, Registered Land Survey No. \_\_\_\_\_, Hennepin County, Minnesota

Together with that part of the Southwesterly half of the Second Street South, formerly known as Second Street, as dedicated in the plat of Town of Minneapolis, vacated, lying above an elevation of 855.50 feet (N.G.V.D. – 1929) described as follows:

Commencing at the most easterly corner of Block 97, said Town of Minneapolis; thence on an assumed bearing of North 59 Degrees 10 Minutes 29 Seconds West, along the southwesterly line of said Second Street, a distance of 63.50 feet, to the point of beginning of the parcel to be described; thence North 30 degrees 49 Minutes 31 Seconds East, a distance of 80.00 feet, to the Northeasterly line of said Second Street; thence North 59 Degrees 10 Minutes 29 Seconds West, along the northeasterly line of said Second Street, a distance of 114.00 feet; thence South 30 degrees 49 Minutes 31 Seconds West, a distance of 80.00 feet, to the southwesterly line of said Second Street; thence South 59 Degrees 10 Minutes 29 Seconds East, along said southwesterly line of said Second Street, a distance of 114.00 feet to the point of beginning.

Together with rights and easements benefiting the foregoing property as set out in Reciprocal Easement and Operating Agreement between the City of Minneapolis and Guthrie Theater Foundation dated \_\_\_\_\_, a copy of which is filed in the offices of the County Recorder for Hennepin County, Minnesota, as Document No. \_\_\_\_\_ and Registrar of Titles for Hennepin County, Minnesota as Document No. \_\_\_\_\_.

#### Parcel Three

Option to Purchase as shown by Memorandum of Option to Purchase dated October 3, 2003, filed October 6, 2003 in the office of the Hennepin County, Minnesota Recorder, as Document No. 8184921 with respect to the following described property located in Hennepin County, Minnesota.

That part of the following tract of land, which lies below, but not above, a horizontal plane having an elevation of 790 feet above sea level according to the National Geodetic Vertical Datum 1929 Adjustment:

Lots 1 and 2, Block 1, GUTHRIE, according to the recorded plat thereof.

Parcel Four

Option to purchase granted under that certain Amended and Restated Redevelopment Contract dated July 25, 2003 by and among Minneapolis Community Development Agency, Mortgagor and City of Minneapolis and as shown by Memorandum of Option to Purchase dated March 31, 2004 filed in the office of the Hennepin County, Minnesota Registrar of Titles as Document No. \_\_\_\_\_ with respect to the following described property located in Hennepin County, Minnesota:

Tract B, Registered Land Survey No. \_\_\_\_\_, Hennepin County, Minnesota

Together with rights and easements benefiting the foregoing property as set out in [ALLEY EASEMENT] dated March 31, 2004, a copy of which is filed in the office of the County Recorder of Hennepin County, Minnesota, as Document No. \_\_\_\_\_.

Together with rights and easements benefiting the foregoing property set out in Reciprocal Easement and Operating Agreement between the City of Minneapolis and Guthrie Theater Foundation dated March 31, 2004, a copy of which is filed in the office of the County Recorder of Hennepin County, Minnesota, as Document No. \_\_\_\_\_.