



HOWALT-MCDOWELL INSURANCE, INC.

...an Assurex Partner

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June 13, 2005

RE: ZIP CITY PARTNERS/HOWALT-MCDOWELL BUILDING/ EVENTS CENTER - TOPICS OF DISCUSSION - NOT FOR PUBLIC DISTRIBUTION

Brief History:

- Zip City Partners LLC purchased the Zip Property in December 2004 with the intent to:
 1. Secure site locally for possible Event Center development.
 2. To develop the frontage near the river that is acceptable to Raven Industries, future Howalt-McDowell Corporate Office, and the cities mixed-use desires.
- Early discussion with City Officials centered around an 18 month option and the City taking responsibility for demolition of the Zip Tower.
- Zip City Partners LLC had verbally committed to selling the estimated East ½ of property to the City at its acquisition cost, plus accumulated cost.

Current Vision:

In an effort to spur community action on the Event Center, to accommodate hopefully future Howalt-McDowell growth needs as well as assist in the inevitable and continued development of the East Bank, the Howalt-McDowell building group proposes the following vision:

- An 80,000 square foot office/retail complex to start in the fall of "2006" with completion in spring "2008".
- Building, design, and construction to allow current Event Center footprint.
- Built potentially to match up to the proposed elevations of the Event Center.
- City involvement to be exchanged for a longer option of five to seven years to allow time for Event Center concept to play out.
- Conceptual additional private development on Event Center site of 24,000 to 48,000 square feet shown.
- Conceptual plan for 200,000+ square feet of additional mixed-use square footage on site shown if Event Center does not proceed at this location.



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Key City Involvement Proposed:

- Designation of site as a TIF District.
- City demolishes and removes Zip Tower and fills in the hole in the next 12 months. If the Event Center is not built on site, Zip City reimburses demo costs with future TIF money.
- City agrees to a perpetual easement for inside Event Center parking to replace Howalt-McDowell complex surface parking if Event Center is built. City also provides temporary parking in area during Event Center Construction.
- City provided easements for entry and client parking via the southwest 8th street entry into the Event Center for Howalt-McDowell complex and future private development.
- City commits to certain minimum Event Center building standards to be jointly negotiated prior to start of project and part of option.
- City Parks develop and maintain green space on East side of site during option period.

Additional 8th To 6th Street Development Vision:

To accelerate East Bank development and simplify and streamline progress on this site if the community embraces the Event Center vision.

- City assists a group made up of Zip City/Howalt-McDowell Complex Group/Frank Transfer/Crane Group and Howe Group to acquire R&L, Depot and parking area to the southwest. This places entire area in friendly cooperative hands committed to the Events Center concept or at a minimum, quality, responsible, East Bank Development.

Where Do We Go From Here:

- A City commitment, in a timely manner, to the key provisions proposed so Howalt-McDowell can move forward assembling Investor/Tenant commitments in the time frame put forth.
- City and/or Event Center Committee provide an alternative downtown building site to Howalt-McDowell that would suit their needs and equate cost wise.
- City propose an acceptable plan and option for development of the Zip site.

“Protectively Yours,”

J. J. Scherschligt, CPCU
President