

Recap of East Downtown Council's Business Forum
Thursday, September 18, 2014
11:30 a.m. – 1:00 p.m.
Valspar Materials and Engineering Building, 312 11th Avenue South
Downtown East Neighborhood of Minneapolis

• ***Welcome and introductions***

EDC President Paul Mellblom welcomed the audience to the September business forum, thanked Valspar for hosting, and explained that he, EDC Executive Director Dan Collison and the board have been working very hard to make the EDC relevant to its membership. Those who have been attending for a couple years should notice that these business forums are beginning to percolate on all the issues of concern to the business community and the neighborhoods. The EDC's intention is to become a great resource for its constituents and to find commonality as the district undergoes tremendous change due to the stadium project, Ryan's Downtown East mixed-use project, Valspar's renewal of its Downtown East campus, and all the other planned projects within the district. The EDC wants a voice on these projects, not to control but to speak on behalf of the collective best interests of its constituents. Paul then encouraged those who are not yet members to do so and to give feedback and ideas on how best to serve them so that it can help make the district a really great place to be.

Dan reported that it is appropriate that today's topic focusing on corporate growth occurs during the week when it is announced nationally that the Twin Cities has reached the 13th spot for real gross domestic product output, that we're at a corporation that has been important to Minnesota and has invested in staying in downtown Minneapolis playing a role to shape those numbers. As a business association in the midst of all this it is a humble privilege because the EDC is connecting not only with the large corporations but with the neighborhoods and small businesses as well.

Dan then thanked the audience and the following new members:

- AECOM
- Cowles Family
- Joule, LLC
- Kenneth Searl
- Mill District Neighborhood Association
- Minnesota AIDS Project
- Sherman Associates
- Vohs Consulting
- Wells Fargo

And special thanks to the platinum sponsors, a new program employed this year to obtain a higher level of investment and support to enable the EDC to achieve its strategic goals:

- Allied Parking
- CenterPoint Energy
- HCMC
- Kraus-Anderson
- Mortenson Construction
- NRG Thermal
- PadillaCRT
- Valspar Corporation
- Wells Fargo

Thereafter everyone introduced themselves and gave a brief description of their business.

Dan then reported that the two largest construction projects in East Downtown are the 11-block stadium project and the 5-block Ryan/Wells Fargo mixed-use project. Because Mortenson Construction and Ryan Companies are such a key part of fashioning those 16 contiguous blocks in the core of the district, the EDC board felt that it would be important and interesting to keep its membership informed periodically

throughout the season.

- ***Vikings Stadium Construction Update.*** Tom Schmall, Director of Project Management for Mortenson Construction, advised that over the last 3-4 months, the “little” crane showed up. It’s the second largest crawler crane in the world that took 69 semi-load trucks to bring it to the site. It weighs 3 million pounds and takes about a day to walk the crane from one end of the site to the other. Currently, there are about 600 crafts persons on site and as they peak next year it’ll probably get up to around 11,000-12,000. Interestingly, for the field forces in town, they only have about 18-19% of them on this project. Throughout the fall we’ll see the enclosure of the building start to go up from the northeast corner working its way around both ends to the other side. Coming up now will be some shift work because there’s only so much space inside to safely move around with cranes and people.

There’s a lot of great information on the Minnesota Sports Facilities Authority website and they are very good at keeping it updated. Mortenson works with the communications department at MSFA to give it weekly updates.

Responding to audience questions, Schmall advised that they are on schedule; concrete operations will be finished by early spring and by next year this time the roof will be done. They are also on budget although the Vikings have recently added some enhancements that will make a much better fan experience. The highest point of the structure will be 280 feet from field level up to the peak held up by an individual super truss with V-shaped supporting columns at both the east and west ends. The peak period for number of tradesmen on site will occur July through September 2015. What they are doing now is to prefabricate as many systems as they can to be able to utilize tradesmen efficiently.

- ***Valspar Corporation***

Dan prefaced the feature presentation by stating it was a privilege to gather here at Valspar Corporation’s East Downtown campus. VC has nearly 10,000 employees in 25 countries and is the fifth largest manufacturer of paints and coatings in the world with over \$4 billion in annual revenue. While the accolades for what’s been accomplished in the redeveloped campus in downtown Minneapolis are well deserved, he thinks the loudest voice and purest sense of being is gratitude. He thanked VC for going through what can be an arduous process in transforming this historic space into 21st century corporate offices and R&D. It is something the EDC can now brag about in this best of class laboratory, meeting and office space. Dan then ran a 4-minute video of the newly remodeled Valspar Applied Science and Technology Center (VAST).

Thereafter, Dan introduced the following speakers by providing biographies on each:

- ***Steve Erdahl, Executive Vice President.*** Erdahl explained that the video was prepared for employees who would be moving back here and were curious about what was going on, but since it was an active construction zone and to prevent them from returning they decided to give them a taste for what’s going on. He thanked Mary Kaeding of Kraus-Anderson for organizing the film crew and editing the video.

The video that he narrated is about the two adjacent buildings across the street at 1101 South 3rd Street, i.e., the 5-story built in 1903 and the 3-story built in 1912. The one the business forum was being held was built in the mid 1930s and was the previous resin manufacturing plant.

In 2009 they made a decision to leave the property across the street because it had gone from being spartan, which they liked, to shabby and at that time it was more expensive than what they wanted to expend so they exited and moved downtown in February 2009.

Between 2009 and 2011 they were actively trying to sell the site and even looked at the potential for

demolishing because there were no takers with any viability. In the fall of 2011, Cynthia who had been with VC a little bit was concerned about the lack of space and had the vision to add more scientific research on the site and do some consolidation in North America. A study of the site was conducted along with other alternatives as well as new built. By far the most economical thing to do, particularly given the historic tax credits, was to build out the site. The early vision was not based on the fact that Downtown East was coming back and they wanted to be a part of it, they were simply out of space.

He went to VC's Chairman, Gary Hendrickson, and received \$40-50,000 to conduct a feasibility study. A year later they were building out the site. The infrastructure has been completely rebuilt so for all practical purposes it's a brand new building. Although he values history, adhering to the historical specifications has been a major pain but it also made for a great result. K-A and all the trades helped work through that process. They also got great support from the community and cooperation from the City for the sign variance approval process and crosswalks.

The original vision did not have a showroom, but when they got into the project it didn't feel right not to do the showroom at the same time as the basement, first story lab area referred to as the GI (general industrial) liquid labs, and half of the second floor for employee break rooms. A lot of work went into the showroom and he encouraged the audience to stop over and take a look and visit the history wall. When the chairman saw it he said, "This is who we are, this is where I want to be" and gave Erdahl the task of figuring out how to build out the rest of the space on an accelerated basis. They moved in February 2014 pretty much on time and they are consolidating some U.S. labs into the space and have roughly 130 people on-site.

Today, everything but the second floor in the 3-story building, which they'll hang onto for laboratory expansion space, will be completely built out and they'll bring back by the end of January 2015 270 of their corporate personnel, primarily procurement, the key financial and commercial teams, HR and legal. They will leave IT and shared services/back-office personnel on one floor at Ameriprise. Once the second floor is built out, and the building across the street [Waterborne Building] that was not an original part of the VC campus is built out, they'll have within the next 2-5 years as many as 500 people on-site.

Erdahl then thanked everyone for coming.

- **Dr. Cynthia Arnold, Chief Technology Officer.** Arnold, who has taken her fair share of time and effort to bring technology to here, advised that VAST has the most people who have PhDs of all VC sites and discussed what technologists do when they're working on paint and coatings and how they work with their customers who use their products.

VAST is one of 38 laboratories but it is the most important because it is invested in innovation and it works on, along with the laboratory in China, the broadest range of coatings and paints possible. Most of their other laboratories are single focus on one of their businesses and the six major market segments include: consumer paint (their largest market); metal packaging coatings (have 40% of the North American market); wood coatings (the largest in the world and North America); general industrial coatings for major accounts with Caterpillar, John Deere; coil coatings (largest in North America); automotive refinishing (significant producer). Taking water-borne technology to make a more environmentally favorable technology to produce product characteristics, colors and better ways to use paint and coatings is the nature of work in which they are engaged.

Getting the support for the building expansion indicates their commitment to doing advanced technology at this site. VAST is very safe; they have the VPP [Voluntary Protection Programs] OSHA [Occupational Safety and Health Administration] certification showing the attention they pay to safety and training of their employees. It is exciting to having this building expansion because they did run

out of room and there was no better place to expand than in the buildings across the street that they already owned in conjunction with the growth of the technology group. Leveraging off and building out that capability was important in the consideration to restore the facility rather than build greenfields somewhere or at one of their one-business-focused facilities.

Arnold thanked everyone for coming and provided brochures.

- **John Campobasso, Vice President, Director of Marketing, Kraus-Anderson.** John stated that K-A values its relationship with Valspar and its expansion here in the neighborhood. K-A began working with them back in 2008 when they moved their headquarters to downtown and had the opportunity to join their team again in 2012 as they were looking to redeveloping the two buildings across the street.

John acknowledged the following: Mary Kaeding who works with him did a great job on the video; Brad Harvey, the project manager; Roger Christensen and his associates at HCM Architects; Jackie Barrett who spoke about evacuation and safety procedures and Steve Erdahl who spoke in the video about safety being a critical factor and challenged K-A to make sure they up the ante on construction safety. It was a great collaboration working with them creating the MNSTAR with OSHA for the safety program.

John also discussed the historic features of the project: the windows on the 5-story building required removal of the single-pane glass and replacing them with thermal-pane glass; on the 3-story building they had to leave the metal-framed single-pane glass and inserted storm windows behind them to retain the historic nature of the building; removal of the painted brick because it wasn't allowing the building to breathe. Now K-A is working with VC on the 3-story office renovation and Dustin Kemp who was going to attend this business forum is on the roof with the mechanical engineers.

John then explained that he has been with the EDC for 20 years and it is a nice environment to stay knowledgeable and connect with fellow business people in the community.

Daniel Gumnit of People Serving People attested to VC's engagement in the community and that it donates a significant amount of paint to them every year.

Paul Mellblom also acknowledged that MS&R has been involved in projects where VC has generously donated paint to the nonprofit community and is very generous to this neighborhood because they could have easily moved out and the community is richer for their choice to expand here. Paul also gave a special shout out to HCM Architects because they did a great job and for making the neighborhood better.

- **Conclusion**

Dan thanked the host and the audience for attending then announced the following:

- The next Business Forum will be on Thursday, October 16th, 11:30 a.m.-1:00 p.m. at the Hyatt Place Hotel. Joshua Clark and his team put in over \$33 million in renovating the place and they will host as well as cover the cost of the meal for the purpose of membership recruitment and they are asking members to take the \$20 they would have spent and donate it to a community advocacy fund, a new program being implemented. The featured speaker will be Greater MSP CEO Michael Langley who will present on their strategic area plan.