

**Draft Minutes from the
East Downtown Council Board of Directors Meeting
Thursday, December 3, 2015**

Kraus-Anderson, 525 South 8th Street, Ground Floor Conference Room

Present: Carina Aleckson, Jackie Barrett, Marc Berg, Tim Briggs, John Campobasso, Chris Fleck, Daniel Gumnit, Tom Hayes, Varun Kharbanda, Brian Maupin, Kelly Stenzel, Carletta Sweet, Tim Tucker, Bert Winkel

Staff: Dan Collison, Christie Rock Hantge

Absent: Jeff Anderson, Joshua Clark, Jeff Hahn, Hillary Hart, Paul Mellblom, Lynn Regnier, Alex Tittle

Guest: Winthrop Rockwell Executive Director, Greening Downtown Minneapolis

I. Call to Order and Introductions

In the absence of President Paul Mellblom, VP Carletta Sweet called the meeting to order at 11:33 a.m., thanked John Campobasso for hosting and providing lunch, and asked everyone to introduce themselves.

John advised K-A's redevelopment plans that include their new 5-story headquarters (<http://www.popearch.com/news/kraus-anderson-companies-redevelopment-includes-offices-apartments-and-brewtel>) are moving ahead and to stay tuned for further developments.

II. Consideration of Agenda

The agenda was approved as submitted (BW/MB).

III. Consideration of Consent Agenda

The consent agenda was approved which included minutes from the November 5, 2015 board meeting; Treasurer's report for November 1-30, 2015; Director of East Downtown Partnership / Executive Director of East Downtown Council's report for November 1-28, 2015; and Executive Coordinator's report for 11-01-15 to 11-30-15 (BW/BM).

IV. Overview of Greening Downtown Minneapolis

Executive Director Dan Collison advised the Minneapolis Downtown Council/Downtown Improvement District has been working for a long time to create a new conservancy for the Downtown East Commons and find the right leader for this effort. It is a privilege to have the conservancy's new executive director with us today who has the experience and competency needed to pull off a big ask on a grand scale. As the EDC has talked about the DEC and the other parks in the district (Elliot Park, Gold Medal Park, Water Works and the riverfront), Rockwell's overview is important as we will be working with him for many years to come and the DEC is perhaps one of the most important public programming initiatives to take place in East Downtown.

Rockwell advised the GDM is a 501(c)(3) nonprofit conservancy formed in early 2015. He came on board on July 1st as its first executive director and its only employee at this point (http://www.downtownmpls.com/news_article/show/514351?referrer_id=225831). The conservancy model around the country (there's no analogous conservancy in Minnesota) is well developed; it is a public/private partnership that typically is focused on running urban parks and bringing a level of service, quality and programming that is financially beyond the cities involved. By making it a public/private partnership, a variety of good things can happen, i.e.: (1) it can receive contributions under its nonprofit status; (2) it's exempt from many restrictions imposed on public operations; and (3) it's inclusive in all the ways considered important.

When GDM was founded, the seed money was provided by the City, Wells Fargo, Vikings, Ryan

Companies, and the MDC to do what the business community concluded wasn't getting done at the level it hoped as exemplified in the 2025 Plan. Bringing the conservancy model to Minneapolis, and specifically to the four projects to be discussed, was seen as a good step to making downtown a more compelling and attractive place to live, work and visit, which in turn makes it a more compelling place to attract and retain talent, which in turn makes it a more economically successful city.

Jerome Barth, formerly of the Bryant Park Corporation (<http://www.bryantpark.org/>), was hired jointly by the City and the MDC to work with Rockwell and he's contracted through the end of December. Barth has been invaluable in bringing deep and specific operating knowledge about how to launch this type of enterprise.

A. *Downtown East Commons.* A fundraising team is midstream in raising the \$22 million to build the DEC (\$18 million for construction/design/contingency costs, and \$4 million in operating reserves). Seven million in commitments has been announced thus far and there will be another announcement in the next 4 to 6 weeks.

They are in active discussions with the City to become the operator of the DEC. Under the conservancy model, the operator typically takes over all operations within the park via a private sector operator that enters into a contract to clean, program, provide security, food concessions, etc., so that it is a fully integrated business model for running the park.

One of the premises of a conservancy is that it enters into a "compact" between the public and the government entity behind the conservancy because it would not be feasible to operate if it had to be paid fully from government funds. The compact is they will run the GDM in an appropriate way with elevated levels of safety, cleanliness, security and programming, but in order to do so they will make commercial use of the space and charge for rentals, restaurants/food concessions, etc., to support the operations of the DEC. As they build a brand and a positive reputation for a great place to gather in the city, companies will become interested in being sponsors of events and programs in the DEC, which in turn will attract revenue and create a true public/private partnership driving placemaking.

B. *Peavey Plaza.* The DEC and Peavey Plaza were in the back of everyone's minds when the GDM was founded. No contract has been executed to run either one but it's assumed it will happen. The GDM has standards, expectations, and minimums to make sure what they are embarking upon will succeed.

During a discussion last night, prompted by Target staff comments regarding their wellness unit focused on retail trade as well as employees, it was suggested developing a health and wellness programming component (e.g., fitness classes for all ages) once PP is rehabilitated. They are thinking of inviting Target, Mayo Clinic, Hennepin County Medical Center, University of Minnesota Medical School, Medtronic, Boston Scientific, and St. Jude to the table and asking how we create an interesting place with year-round programming that focuses on fitness and wellness.

In the conservancy model GDM will pursue, PP will probably have 12 to 15 smaller-scale programs per day that provide what people would like to have with all forms of music being invited to perform. Programming is absolutely the critical piece. The threshold conditions are to be safe, clean, and well maintained. We've all seen beautifully design public plazas that are empty, and when you go by you're not tempted to stay.

This is about urban placemaking and the GDM was founded as a greening conservancy but in the urban center you can't succeed unless you're thinking more holistically about what it takes to attract people to come and stay (e.g., clean public bathrooms, free Wi-Fi, good appropriately priced food, seating). GDM thinks about these fundamentals that are well known but often times not well applied. Those fundamentals and guidelines will be applied to the DEC as well.

C. *Historic Structures Review.* GDM is in the process of collaborating with the Department of Public Works regarding historic landscape preservation. PP was designated an historic landscape and this process is a significant layer of considerations and challenges in terms of coming up with a plan.

D. *Downtown Tree Canopy.* This is a major 10-year, \$25 million project not yet underway that Rockwell put on the table to fundamentally change the nature of downtown with respect to its tree canopy. There are all kinds of health, economic and crime benefits that flow from this type of greening. However, they are limiting their focus so that GDM does not become overcommitted; they're limiting their efforts to major projects that have major impact because they don't have the resources to do all of the very deserving projects.

Responding to questions, Rockwell advised assuming the City enters into a contract with GDM to operate the DEC, there will be the agreement terms used in the deal documents for a basic park that will be delivered (i.e., land cleared, planted with grass, no trees, nothing built but useful), and some of the elements of the ultimate park based on the pace of fundraising. Ryan Companies still owns those two DEC blocks, the legal transfer of which does not occur until July 1, 2016.

Rockwell recalled the wrinkle in this process was the City, under its charter, is prohibited from owning a park and as a consequence was subsequently sued. Thereafter, when the litigants were advised by the judge to confer before he rules, the City struck a deal to give the land to the MPRB which in turn leased it back to the City for \$1 for 50 years coterminous with a Vikings/MSFA use agreement for the same property. After 50 years it reverts in fee simple full title to the MPRB. One good element of this arrangement is that the City and MPRB will have in perpetuity a great place downtown.

Referencing the October 14, 2015 DEC PowerPoint presentation, Buildings under Features section (http://www.downtowneastcommonspls.com/wp-content/uploads/2015/10/2015-10-14_DTEC.pdf), Rockwell advised that the pace of the fundraising has all but determined to defer the buildings. While reviewing the building for food he noticed it had no kitchen and thus began to push back on its design as it's not a realistic operating model. If meaningful revenue is to be generated, we need to have a plan for a restaurant and you can't have a plan until you engage people here who run them and bring business models for comparison/competition. Once someone is selected, only then do you begin to design a building that will house a restaurant for someone with whom we have a letter of intent. Therefore, the restaurant has been pushed off because the design process was going too fast and he has been very blunt about it.

What the GDM would like to see is a year of experience traffic counts; running this kind of a park is data driven. There are two restaurateurs interested and the GDM is continuing to seek interest from others. They may be getting food carts and smaller concessions as well but as this is a startup they want to ensure they're using donors' money well. GDM sees a more gradual ramp up with possible construction of a restaurant in the spring of 2017. There is a Use Agreement between the City, Vikings and MSFA that creates many challenges the GDM will try

to address.

The 5-member GDM board is comprised of the following founding members:

- David Wilson, Accenture Managing Director;
- Ex officio Spencer Cronk, Minneapolis City Coordinator;
- Ex officio Jane Miller, MPRB Superintendent;
- Steve Cramer, MDC President and CEO; and
- Kathryn Reali, MDC COO.

In terms of expanding the board, they are moving slowly until they have a better sense of what they're doing, the kind of board members needed, and who is self identifying as being interested.

They are about to go through an interview process to select someone to develop a logo and website.

To the north of the Great Lawn are four program zones that create the potential for small-scale free activities supported by this creative public/private revenue producing partnership. It is the private entrepreneurial ability to curate activity that will be the making or the death of this park. All parks like this succeed based on local regulars; visitors come second.

No dog relief area is currently in the design, but Rockwell is aware of the issue.

The City will go through a process to come up with a name for the DEC; Rockwell prefers the Commons. He cannot comment on naming rights under the Vikings/MSFA Use Agreement.

It is important that security personnel embody the values of the GDM, i.e., being inclusive, courteous and welcoming, and that type of training will be brought to the organization. The DEC will be closed by a specified time every night and enforced tactfully. First amendment rights are paramount, but there will be boundaries in terms of noise and how it's implemented. GDM will work closely with the City to protect those rights established under prevailing law. They also might contract with the DID to tie into its Fusion Center. Based upon advice from Barth, if attention is turned from trying to exclude to include and urge people to come to the DEC, people from all walks of life blend together. There are behavior norms and rules regarding respecting others' right to use the park, but taking a positive approach and having enough of the community here with so many eyes on what's happening, it will be self regulating.

Rockwell advised that right now everything they're doing is free, i.e., contributing time, effort and energy to the project. At some point they'll sign a contract that will have a budget of approximately \$2 million a year. He'll keep telling them what the minimum standards are and they'll either hire them or not. Things are changing daily and it's very political, but there are two important things to be aware: (1) the Vikings/MSFA Use Agreement is fundamentally unfair to the public but when the time comes the EDC's voice could be helpful; and (2) the challenge of community recognizing need to make a investment in creating a destination. They project that with enough time the City's cash contribution to annual operating costs will steadily decline and substantially less than 50%. Thus, the excellent operation of the DEC begins to throw off all kinds of public benefits not to mention the objective benefits of increased property tax values that lead to property tax collections. When looking at comparable parks (only 10-15 around the country) the delta between what the property values would be without a park and what they are with a park, minus the tax collections from the difference, those tax collections are always more than the total annual operating costs of the park and that's just one metric. It requires a community with some vision to take a chance. Because there's no Minnesota model it makes it

harder.

One revenue stream for the GDM will be concessions. To find the best restaurateur (wouldn't design or construct the building until that's in hand) GDM would conduct an informal or formal bidding process, and based upon the MPRB's percentage rent norm is 12%, if the right restaurateur is selected, the GDM is nearly certain the restaurateur could gross \$5 million and then the GDM's 12% would be \$600,000 annually. Kim Bartmann (<https://www.linkedin.com/in/kim-bartmann-4466ab67>) has tentatively agreed to assist the GDM with the selection and vetting process. The restaurant would be built to open up into outdoor seating and designed to accommodate private/corporate rental to help underwrite the cost of the park. As the park gains a good reputation/brand, corporations will be increasingly interested in sponsoring events (e.g., movie nights, health and fitness classes). Additionally, GDM would also probably have a fast food counterpart with no kitchen and then fine-tune offerings to patrons' tastes, food trucks, and push carts.

Other revenue streams include annual philanthropic contributions from neighbors with properties within a three block radius, and the City.

V. Action Item: 2016 Proposed Budget

Dan summarized the proposed 2016 Budget and accompanying 2016 Budget Notes he presented at the November 5th board meeting and noted that the increases do not take the EDC even into medium risk. Thereafter, it was approved as submitted (TB/TT).

VI. Updates

A. Downtown Minneapolis Neighborhood Association. Carletta highlighted the outcome of last night's LUC meeting by advising Tony Barranco, Ryan Companies VP of Development, presented on: (1) proposed ATMs to be installed near the main entrance of each Wells Fargo tower and integrated into the plaza areas (a variance is required for an outdoor ATM). The LUC took no action as they would like to know whether there's a crime differential between internal versus external ATMs; and (2) Ryan Companies new 4-story, brick exterior, multi-tenant headquarters "The Millwright Building" on the undeveloped block north of the Wells Fargo tower along South 3rd Street between Portland and 5th Avenues South (<http://www.startribune.com/ryan-unveils-new-corporate-office-building-in-downtown-east/358864351/>). The overall design was well received and LUC agreed to draft a letter of support.

B. Elliot Park Neighborhood, Inc. No report was submitted in Lynn's absence.

C. Minneapolis Downtown Council. Dan noted that the opening of Meet Minneapolis' new Minneapolis Visitor Information Center on the southeast corner of Nicollet Mall and South 5th Street (<http://www.minneapolis.org/media/news-releases/meet-minneapolis-announces-opening-of-minneapolis-visitor-information-on-ni/>). The official grand opening celebration is on Monday, December 7th beginning at 8:30 a.m. Because the House of Charity is the recipient of a Giving Tree that will be displayed, Bert advised he'll be in attendance at the grand opening.

As part of the branding project, Dan noted he and Tom Jollie of PadillaCRT have met with MM's executive team and marketing focus group who are enthused about it and would like to find ways to collaborate.

VII. Committee Reports

- A. *Executive.*** In Paul's absence, Carletta read his notes from the November 23rd EC meeting included in the online board package for December.
- B. *Business Forum.*** Dan highlighted they're trying to craft the forums to tilt more towards Q&A. As an example, the forum with Guthrie Theater Artistic Director Joseph Haj was very popular and drew people out. Feedback has been that the more dialogical piece of the forums seems to get a lot of traction from the audience. Have "The Healing Presence of Human Services" panel coming up with a few board members who will give short presentations with time for Q&A for more balance.

Because of daily and increasing societal anxiety, thanks to Varun Kharbanda's connection at the Minnesota Department of Homeland Security, February's forum will be on security with Glen Sandburg. There might be board member participation to discuss applications for small businesses.

Referencing Rockwell's comment earlier in the meeting regarding the delta between what the property values would be without a park and what they are with a park, Marc Berg recommending having a forum on property tax revenue correlating to public realm improvements; the business case for philanthropic contributions to the public realm. Dan noted Jennifer Ringold, the MPRB Deputy Superintendent, and Kjersti Monson, the City's Planning Director, will be presenting in January on their plan but not from a fiscal angle. Marc offered to do some more thinking about how his suggested forum should be structured.

- C. *Membership, Marketing and Communication.*** Dan summarized the communication he and EPNI received from Metro Transit acknowledging a letter he drafted and the EC formalized wherein it was expressed that we want to be part of the conversation related to the Downtown East LRT. General Manager Brian Lamb and his team are amenable. Bruce Howard, Director of Customer Services and Marketing, stated that based on the corporate sponsorship agreement between Metro Transit, MSFA, Vikings, and the need to raise \$10 million for the bridge, they are essentially creating a boundary around naming convention they believe is standard to the entire system that doesn't have subordinate naming. Therefore, as it stands now, the DE LRT will be called U.S. Bank Stadium Station. The conversation isn't completely over in the sense Howard is grateful we're doing district branding and has invited Dan and Jollie to meet with their team. Dan and Jollie continue to tour with approximately 12 stakeholders who are providing input. If the EDC is not legally able to get some subordinate naming, it seems appropriate to ask what we can do to leverage and engage our new brand.

Discussion ensued wherein some frustration and disappointment was expressed but not overly concerned as the station naming is just one piece within the district. Ultimately, it will be the EDC's decision and it needs to be collegial through a community engagement process to unveil the three to six ideas.

Dan then gave a status update on membership; it's going well. We now have a total of 64 members and have taken in \$39,650 in revenue. There are three new members: Portland Avenue Partners, Downtown East Investors, U.S. Bank Stadium/SMG Management.

VIII. New/Old/Other Business

Responding to Chris Fleck's inquiry, Dan advised Steve Cramer is sitting on the Workplace

Regulations Partnership and the other participants are on a published list (<http://www.startribune.com/minneapolis-council-picks-15-to-study-sick-leave-ordinance/351476111/>).

Varun announced that in partnership with Graves Hospitality his family will develop a Marriott Moxy hotel [and luxury apartments] on their surface parking lot at the southeast corner of Washington and Chicago Avenues (<http://www.journalmpls.com/news-feed/graves-plans-marriott-hotel-luxury-apartments-in-downtown-east>). Once a massing plan is completed, they will present the project to the DMNA.

IX. Adjournment

There being no further business, the meeting adjourned at 1:01 p.m. (CA/BW).