Financial Narrative

MinneDi :: A Market Supported Development

While some property markets have not recovered from the recent downturn, the Metropolitan Counsel projects Minneapolis to grow by 294,000 residents, 175,000 households, and 195,000 employees by 2020, mostly from the 24-35 age demographic. MinneDi provides rental apartments for a growing demographic of educated and young innovators seeking an urban lifestyle; office spaces to accommodate small and medium-sized companies; retail provisions complimentary to the self-generated development; parking; and affordable housing in excess of site requirements.

Grounding Principles:

- A mono-functional sports stadium which operates at full capacity less than 15 days per year is on its own insufficient to act as a community anchor and spur development
- Significant Investment in the Armony Complex is necessary to attract and retain development
- Costs of the developing the Armony and Park will generate increased revenue in the form of increased demand and property valuations over the whole development
- Building out to an 8.0 FAR exceeds the carrying capacity of the land, and instead builds out at a more realistic 4.0 FAR
- Given current market capital conditions, a conservative 50% LTV Ratio is assumed for the ProForma
- Provisions in Phase II and Phase III allows for a greater demand buffer to factor in market variability
- Building Heights and Bulk are calibrated to maximum heights with construction type
- The ProForma is modeled with Zero Public subsidy [Excluding Parking Ramp]

Financing the MinneDi Development Corporation

MinneDi Development Corporation is a financially self-sufficient entity created to manage and maintain the Armony complex. Financing comes from a $1 surcharge on Vikings Ticket Sales ($1x60,000ticketsx7games), developer funding, concession fees, incubator fees, park usage fees, university, corporate, and public sponsorship, and the Minneapolis DID.

Further Potential Reduction in Equity Requirements

The development is underwritten with existing landowners as the only equity sources. With the property's strong fundamental return profile, any shortage of equity or traditional debt financing could be sourced from institutional Limited Partners. Such partnership structuring could lead to a revolving line of credit, based on LP equity pledges, to fund and repay for construction financing.

The project has been evaluated on a develop-and-hold basis for 10 years, however owners may reduce their equity outlay by exiting each of the development’s phases after a two-year post-completion stabilization period.

The development has significant scope to pursue government tax credits. Minneapolis has historically supported public realm improvements through mechanisms such as TIFs, and the resulting increase in tax valuations makes the Minneapolis DID.

3. Health and Technology Focused Infrastructure

Healthy lifestyles are promoted through easy access to bikeways and greenways, and by providing Minneapolis' only daily and year-round Farmer's Market.The Armory.

MinneDi provides district wide Wi-Fi to residents, public officials, and visitors enabling access to tools that track resource flows at the individual, community, and district scales. Information awareness through mobile applications and information kiosks makes technology a tool for community engagement, and comes from implementing smart infrastructure such as the Automated Vacuum Collection (AVAC) solid waste management system. Among its many benefits, AVAC decreases Minneapolis' dependence on fossil fuels, makes a cleaner public realms augmenting the identity of Minneapolis as a sustainable US city.

4. Connected Crossroads

The site's central location at the intersection of diverse neighborhoods and proximity to light rail makes it an important destination for residents and visitors alike.

Features such as the Cafes@The Armory attract workers from the Downtown core, Hennepin Medical, and MinneDi, while programming at the Armory Square Park, including events such as the Somali Food Festival and Vikings Pregame Tailgates, connect people from the region.

MinneDi :: Making the new Minneapolis Millenial Innovation District

MinneDi is borne out Minneapolis' character as a center for innovation, industry, health consciousness, outdoor recreation, and increasing diversity. At the center of a diverse set of communities comprised of numerous universities, high rises, scattered townhomes, warehouses and a stadium, the new MinneDi is a sustainable, vibrant, and diverse live-work area, premised on four overarching ideas: Entrepreneurship, Urban Living, Health and Technology Focused Infrastructure, and Connectivity. MinneDi, shorthand for Minneapolis Millennial Innovation District, transforms the old Downtown East.

1. Entrepreneurial Spirit:

Minneapolis' economy is driven by major Fortune 500 corporations and its highly skilled workforce. Complementing this is a budding culture of co-working spaces that offer an entrepreneurial climate for ambitious start-ups in the information technology, microelectronics, medical technology, fusion cuisine, venture capital, and creative freelance industries that rival cities such as Austin and Boulder.

To attract and retain this community, MinneDi repurposes a portion of the old Armory into a business incubator and accelerator that ties into existing university, corporate, and technology networks. To fill an emerging market gap, additional shared facilities, creative spaces, live-work units and small and medium-sized offices are constructed.

In addition, the Incubator@The Armory offers the opportunity to tie into local schools and the juvenile detention center adjacent to the site, providing entrepreneurial based extra-curricular programs. The Incubator@The Armory in addition to a complementary farmer's market and cafes is managed and maintained by the self-financed public-private MinneDi Development Corporation, and will anchor the community.

2. Urban Living:

Many of the region's diverse mix of increasingly affluent educated young professionals, young families, and lower income service industry workers seek a healthy urban lifestyle. Minneapolis ranks as one the healthiest and fittest cities in the US.

MinneDi provides a compact, walkable, and transit-optimized community that integrates a variety of housing types including townhomes, lofts, apartment blocks, and affordable housing which is distributed across the entire site. Healthy lifestyles are promoted through easy access to bikeways and greenways, and by providing Minneapolis' only daily and year-round Farmer's Market@The Armory.

3. Health and Technology Focused Infrastructure

The ability to track the 'urban metabolism' or flow of resources through urban centers continues to play a pivotal role in maintaining the sustainability and economic competitiveness of US cities. Information awareness is a key catalyst for identifying and curbing unsustainable consumption.

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