

Construction Begins on Midtown Global Market Contact: JoAnna Villone Hicks, 651-379-8425

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The developers of the Midtown Global Market, the eagerly anticipated year-round public market, officially closed on its portion of the Midtown Exchange renovation project at the end of September. The Market will occupy much of the first floor of the \$200 Million renovation project in South Minneapolis spearheaded by Ryan Companies that will also be the new home to Allina Healthcare, 300+ apartments and condominiums, and a Sheraton Hotel. Construction on the office and residential components of the project will be complete at the end of this year, with the first of the 2,000 employees moving into the building as early as next month.

The Midtown Global Market will provide its visitors with the finest in fresh and prepared foods in a multi-cultural public market setting. Around the country, public markets have been gaining attention as an innovative community development tool, with their mission of providing quality foods to local residents, opportunities for local farmers and artisans to sell their products directly to customers, and a community gathering place where shoppers are able to interact and connect in an enjoyable setting. In addition to this commitment to the mission of public markets, the developers of MGM are structuring this project to serve as a small business incubator.

The project currently has commitments for more than 60% of the space including a large produce stall that will sell a wide variety of organic and conventional produce, nuts and spices; a flower shop, coffee shops, a Middle Eastern grocery; a wide variety of prepared foods, desert shops, and a Mexican sit-down restaurant. Of the 29 businesses currently committed, none are franchises, all are family-owned, and four are start-up efforts. Over a third of the businesses are owned by women and more than 80% are owned by persons of color. The cultural backgrounds of the owners are as varied as the products that will be found in the Market, and range from African American, Asian, Caribbean, East African, European Americans, Native American, Latin American, and Middle Eastern.

The \$17 Million market is the result of almost three years of effort by its nonprofit developers: Neighborhood Development Center (NDC), Latino Economic Development Center, African Development Center, and the Powderhorn Phillips Cultural Wellness Center.

NDC as the Lead Developer, assembled a complicated financial structure that utilized New Markets Tax Credits, Historic Tax Credits, more than \$3.5 Million of corporate and foundation grants, Empowerment Zone funds, low interest loans, and a critical bridge loan from the City of Minneapolis. US Bancorp CDC provided more than \$8 Million in equity in return for the tax credits, and the project received NMTC allocations from the New Markets Support Company and the Midwest Minnesota Community Development Corporation.

This is the second leveraged NMTC deal that utilized Historic Tax Credits completed by the Neighborhood Development Center since 2004. NDC estimates that even with the increased transactional costs incurred as a result of the deal's complexity, the use of a leveraged NMTC structure netted more than \$3.5 Million of additional equity, or approximately 20% of total development costs. The project also utilized Historic Rehabilitation Tax Credits, both of which were purchased by US Bancorp.

Attorney Norm Jones, of Winthrop & Weinstine, P.A. in Minneapolis, served as the lead attorney on the financing after having completed the first leveraged NMTC deal in Minnesota with the Neighborhood Development Center in 2004. In explaining the nuances of the financing, he stated, "NDC, with our help, had to invent a financial and ownership structure to welcome 28 pieces of private and public money (plus 2 or 3 to come later), each with its own requirements. Believe it or not, we found a way to fit all those pieces together."

Developers purchased the property from Ryan Companies on September 21, after almost two years of negotiations and fundraising efforts. The Midtown Global Market has always been part of Ryan's development plans for the project, following the issuance of the City's RFP in the summer of 2003.

Construction on the Market, designed by the architectural firm of Shea, Inc. and constructed by Ryan Companies, is already underway and expected to be complete by May 2006. The completed market will include approximately 60 vendor stalls with 58,000 SF of retail space, and 14,000 SF of storage, offices, and loading docks.

The City is the actual owner of the building, which it is leasing to the Midtown Global Market for 20 years. Fundraising efforts on the project continue, with developers and City officials seeking a \$2.7 Million grant from the Economic Development Administration that would retire the bridge financing.

Neighborhood Development Center, Inc. (NDC) is a non profit organization that works in the low-income communities of the Twin Cities to help emerging entrepreneurs develop successful businesses that revitalize their neighborhoods.