

## **Exhibit D**

### **Midtown Global Market 2007 – 2009 Strategic Plan**

*Approved by MGM Community Partners Board – 10/2/07*

#### **Mission Statement of the Midtown Global Market**

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MGM exists to develop and maintain a public market that builds upon the economic, social and cultural assets within the surrounding community and welcomes the diverse peoples of this community to share and celebrate together the healthy foods, arts, crafts and other aspects of their heritages.

#### **MGM Completes Exciting and Successful First Year of Operation**

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MGM opened May 15, 2006, and is owned by four non-profit community economic development organizations (Neighborhood Development Center, Latino Economic Development Center, African Development Center and Powderhorn Phillips Cultural Wellness Center) which formed MGM Community Partners, LLC. These organizations are experienced non-profit developers, having helped to establish Mercado Central, Plaza Latina in East St. Paul and the Midtown Business Center in the Frogtown neighborhood of St. Paul.

Midtown Global Market is a community development project that serves as a small business incubator for fledgling local entrepreneurs. The plan calls for an equal mix (33%) of start-ups, second-step businesses, and anchor businesses, with the goal of 64 permanent vendors.

Currently, 48 vendors sell food, arts and crafts and other items from the various cultures that populate Minnesota -- they employ over 200 people. Nearly 90% of the entrepreneurs are low or moderate-income residents of the inner-city neighborhoods of Minneapolis or St. Paul who came through business training programs offered by MGM Community Partners, LLC. 90% represent diverse cultures or are recent immigrants. 20% of the businesses are startups and 60% are second-step businesses, with another location within the inner city neighborhoods of the Twin Cities. Currently, 75% of the market is leased and 3,700 customers visit the market each day and 25,700 visit weekly vs. a projection of 17,300.

The MGM concept is based on the successful business model of Mercado Central (six blocks to the east) and nationally known public markets such as Pike Place in Seattle, Milwaukee Public Market, Detroit's Eastern Market, Cleveland's West Side Market, Baltimore's Lexington Market and Reading Terminal Market in Philadelphia.

### **Key successes in first year of operation**

1. Opened on time in face of tight schedule
2. Largely met challenging goals for diversity of tenants
3. Having positive impact on the neighborhood, e.g. 25% reduction in crime, pride of the neighbors, positive impact on other businesses
4. High quality products and foods offered. Recognized as authentic.
5. Financing and technical assistance to help tenants get started and be successful

### **Key issues moving into its second full year**

1. Customers & Sales: Current mix of vendors not bringing in adequate number of customers buying at needed levels. Seen more as event/entertainment spot, restaurant and food court than true public market, which features more grocery & “fresh foods.”
2. User-Friendliness: Many people within our target markets view MGM as inconvenient and user-unfriendly. Parking is largely seen as a hassle and too costly.
3. Tenant Operations: MGM tenants have a wide range of levels of experience, sophistication, and efficiency. MGM management needs to help less-productive tenants achieve their potential. Areas in which some tenants need assistance include: financial management, customer service, staffing, merchandising, marketing, and visual presentation.
4. Safety/Security: Within much of the target market, perceptions of security lag behind the improvements of the past 15 years. Such perceptions of the Chicago and Lake area constitute a barrier to attracting more customers to MGM.
5. Residents: Neighborhood residents not shopping at anticipated levels.
6. Campus: Campus employees not shopping MGM at anticipated levels.

## **Overview of Strategic Planning Process**

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In June 2007, the Midtown Global Market celebrated its first full year of operation. The MGM board of directors took this opportunity, with assistance from the McKnight Foundation, to reflect on the results of Year One and outline clear plans for the future to assure the long term success of the market.

MGM has already achieved many successes, including opening the market in a compressed timeframe and impressing over 25,000 people per week with our lively and authentic offerings of food and culture. We have also “incubated” over 45 start-up and second step local entrepreneurs, most of whom are low-income alumni of our training programs and persons of color. Further, we have created a positive community gathering place for the Phillips, Central and Powderhorn neighborhoods, and impacted perceptions of the area, as well as crime rates, in a positive manner.

Our focus now must be on how to ensure the sustainability of the market. This requires somewhat higher sales and leasing rates, to ensure that all of the tenants, as well as the

market itself, move above break even and stay there, while continuing the social and community impacts that we have brought to Lake and Chicago.

We engaged two national experts in public markets (David O’Neil of Reading Terminal Market in Philadelphia and Colleen Welsh of Granville Island Market in Vancouver) along with Bill Svrluga of WJS Consulting Group and Steven Lassiter of Strategies, LLC to lead the development of the strategic business plan and governance review. These consultants also gathered input from tenants, the MGM Board, and customers, which was key to shaping this plan.

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### **Advice from National Public Market Experts**

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After the completion of an exciting, challenging and successful first year, the MGM board and staff decided to step back, review progress to date and determine what actions to take to address the key issues outlined above and assure long term growth and prosperity of the market.

MGM engaged two public market national consultants for this planning process, to get the benefit of their experience with successful public markets as well as a fresh set of eyes on our market. David O’Neil is a consultant working with public markets old and new across the country, and was the Market Manager of Reading Terminal Market in Philadelphia for 10 years. Colleen Welsh was the Market Manager of the Granville Island Market in Vancouver, BC for over 20 years.

David and Colleen spent May 14<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup>, 2007 at the Global Market, meeting with tenants, board members, funders, City officials and others. They presented their observations and recommendations during a four-hour board retreat on May 16<sup>th</sup>.

#### **Key findings from David O’Neil and Colleen Welsh**

1. Move from model of a Mercado Central to a true public market model where fresh food is the clear focus of the market.
2. Increase fresh food and have it become the core business. Go from approximately 20% to 50% of your rentable space. Have active day stall program.
3. Leasing needs to be a clear focus in order to bring in needed vendors.
4. Merchandizing needs day-to-day hands-on focus.
5. Improve the customer experience by improving lay out, sight lines, signage, lighting, flow and merchandizing of products.
6. Increase staff skills in market management, lay out, merchandizing and leasing.
7. The building needs to feel more “part” of the neighborhood – more welcoming

8. Parking must be welcoming and affordable.
9. Identify the most cost-effective ways to reach primary customers, e.g. radio, bus boards, monthly newsletter, cooking classes, etc.
10. Be demanding of vendors regarding best merchandizing, layout, space utilization, pricing.

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## **Midtown Global Market Strategic Plan 2007 - 2009**

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After a review of the experts' recommendations, and detailed discussions with the board, tenants and staff, the board has adopted the following strategic plan, to be achieved in the timeframes noted.

### **1. Key Goals:**

- a. Most tenants operate profitably
- b. The market operates profitably
- c. The market successfully incubates targeted neighborhood entrepreneurs
- d. Enhance MGM's positive impact on the surrounding neighborhoods health and sense of community

### **2. Key Objectives (to be achieved by dates stated):**

- a. MGM Profitability: Achieve cash flows of:
  - 2007: <\$25,000> cash flow with \$795,000 in private and public fundraising.
  - 2008: \$40,000 cash flow with \$470,000 in private and public fundraising.
  - 2009: \$156,000 cash flow with \$300,000 in private and public fundraising.
  - 2010: \$19,000 cash flow with no subsidies.
  - The above results to be accomplished while contributing a minimum of \$25,000/year to operating/replacement reserves.
- b. Tenant Profitability: Achieve 2009 average tenant occupancy costs < 7% of sales (after reducing CAM credits).
- c. Total Sales: In order to achieve profitability goals for tenants and MGM, total sales must increase from \$10.75 million in 2007 to \$13.0 million in 2008, and to \$15.6 million in 2009.
- d. Occupancy: Increase from 80% 2007 to 85% in 2008, and to 90% in 2009.

- e. Customer Counts: Increase from 1.3 million in 2007 to 1.4 million in 2008 (+8%), and to 1.5 million in 2009 (+5%).
- f. Sales per Visit: Increase from \$8.20 in 2007 to \$9.20 in 2008 (+12%), and to \$10.50 in 2009 (14%).
- g. Tenant Mix: By 2009 achieve tenant mix of:
  - 50% Grocery & Fresh Food
  - 35% Food Service
  - 15% Gifts and Apparel from Around the World

3. **Key Strategies** (to be achieved by the end of 2008 except where noted):

- a. Leasing:
  - i. Change business mix by doubling the space dedicated to fresh and specialty foods in the ethnic and locally-grown categories.
  - ii. Lease the remaining full-service restaurant to an Asian concept.
  - iii. Increase occupancy to 90% by 2009.
  - iv. All tenants must both be successful individually and contribute to the Market overall as a destination.
  - v. Create a vital and frequently-changing day-table program that
    - 1. increases occupancy, minimizes empty spaces
    - 2. adds variety
    - 3. enhances MGM as an attraction
    - 4. brings frequent changes in tenants/merchandise
- b. Guest Experience: Implement extensive improvements to improve the customer experience, from the first to the last impression – including:
  - i. Free customer parking,
  - ii. Exterior signage & graphics
  - iii. Tenant Merchandising & Visual Presentation
  - iv. Customer service
  - v. Way-finding
  - vi. Perceptions of security, etc.
- c. Provide group and individual business assistance to tenants as needed to improve management, merchandising, size of space and other factors necessary to improve sales and profitability. Consider group methods to lower tenant's cost of business.
- d. Seek ways to improve function of board and management as needed.
- e. Sharpen marketing effort to achieve Goals and Objectives.
- f. Improve tracking and analysis of customer and sales data.