

**HOPKINS CITY COUNCIL  
SPECIAL MEETING PROCEEDINGS  
JUNE 17, 2021**

**CALL TO ORDER**

Pursuant to due call and notice thereof a special meeting of the Hopkins City Council was held on Thursday, June 17, 2021 at 5:30 p.m. in the Council Chambers at City Hall, 1010 1<sup>st</sup> Street South. The purpose of the special meeting was to meet jointly with the Minnehaha Creek Watershed District (MCWD) Board of Managers and deliberate on the merits of each development team with a goal of selecting a master developer partner for 325 Blake Road Restoration and Redevelopment.

Mayor Gadd called the meeting to order with Council Members Beck, Brausen, Halverson and Hunke attending. Other Hopkins staff attending included City Manager Mornson, City Clerk Domeier, Management Analyst Imihy, Director of Planning and Development Elverum, Community Development Coordinator Youngquist and CIO Hepp. Minnehaha Creek Watershed District Board of Managers present included President Sherry White, Secretary Gene Maxwell and Board Managers Richard Miller and Steve Sando. Vice President Bill Olson, Treasurer Jessica Loftus and Board Manager Arun Hejmadi participated via Zoom. MCWD staff present included Project Planning Manager Hayman.

**NEW BUSINESS**

**III.1. 325 Blake Road Restoration and Development**

**Developer Presentations**

All developers were allowed a twenty minute presentation. Joint board/council questions followed after each presentation. A summary of the question and answer session is below.

Wellington Management

- The team planned to work with group and leaders in the community to gain input on the project. They provided information about their proposed community engagement process.
- The team talked about their design build process and the research they did for finding retail tenants. It was anticipated that smaller businesses and smaller office spaces would be part of the commercial demand.
- The team considered that some of the commercial spaces would be more affordable instead of market rate due to the location of the project.
- The team confirmed they would own the project except for the proposed townhomes.
- The team planned to use grant dollars for sustainability components. The team anticipated \$10.5 million in TIF and approximately \$500,000 or more in grant monies.
- The team planned to work together on what the space will evolve into through a community engagement process. They were not looking to divert the creek but instead use it for storm water management. The creek would be part of phase one.
- The team talked about making the creek a show piece and providing different pathways and connections.
- The team views it as a public infrastructure improvement and that maintenance would involve an agreement with the watershed or the city.
- The team provided their experience with affordable housing and looked to increase the amount of affordable housing to potentially 14%.

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- The team provided information on the Bassett Creek Valley project and staff changes over the last year to take on this project.
- The team will work with all parties during the engagement process to make better spaces.
- The team have been watching this site for a long time and provided possible amenities and current amenities including the canoe landing.
- The team provided more information about the use of the land trust for the property.

Sherman Associates

- The team talked about the community engagement with staff and the community to create a community asset. They also provided community engagement approaches with past projects.
- The team talked about their experience with owner occupied and co-ops for seniors.
- The team talked about other food hall projects, the need for dining, the sustainable components, the infrastructure they provide and the shared space.
- The team provided information about storm water, housing and amenities on site.
- The team provided information about surface parking, structured parking, and underground parking.
- The team requested \$17.2 million in TIF and using gap financing resources for the remainder.
- The team planned to draw the water into the interior of the site and engage with stakeholders to design the space.
- The team talked about the urban planning that will be done to ensure that water features will stand out especially along Blake Road.

Alatus

- The team plans to own the commercial spaces and not sell commercial pads. Ms. White also questioned job creation and retention.
- The team stated that the hotel will bring in jobs along with the service staff needed for housing areas.
- The team provided their community engagement experience for a project in Brooklyn Center using LISC as a consultant.
- The team projected that the project would generate approximately \$50 million in TIF. They are requesting about \$25 million in TIF, which is about \$30,000 per unit.
- The team provided information about budgeting including \$8 million towards phase one along with the set of standards used in their projects.
- The team talked about density and the proximity to the light rail acknowledging that the proposed tower has to be done well in order to fit on the site and benefit the community.
- The team planned to include market rate housing, mixed rate housing and affordable housing.
- The team stated they are now looking at condensing the project in two phases.
- The team provided their experience working with the third party housing consultants to ensure they have a great senior housing co-op project.



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- The team stated their experience partnering with other consultants and having the passion as the lead developer.
- The team stated that four to five members of Alatus would be part of the community engagement process along with a third party firm.
- The team talked about their contingency with their design work.
- The team plans to do the maintenance and work with the City on a calculation for costs along with having a master HOA in place.

**Staff Presentation**

Hopkins Director of Planning and Development Elverum provided a brief overview of the next steps and thanked all involved in the process.

**Discussion and Deliberation**

The board/council members all agreed that the three developers provided great presentations and visions for the proposed project. A summary of the comments and decisions is below.

Manager Miller

- Preferred to move forward with Wellington Management
- Placed Sherman Associates as a second option
- Concerned about the financial requests and maintenance costs for the Alatus project
- Concerned about just hearing about the \$8 million payment for Phase one by Alatus at the meeting
- Set on the \$11.25 million price with \$8 million due in the first phase.

Council Member Beck

- Preferred Alatus as they could set the standard for developing that part of Hopkins
- Stated it was a once in a lifetime project
- Stated risks for the City was having the property go another 10-years without development

Manager Olson

- Preferred the amenities proposed with Sherman Associates and Wellington Management
- Concerned about the amount of the Alatus project

Council Member Hunke

- Preferred Alatus proposal because it was the most distinct design
- Concerned about the urban design proposed by Sherman Associates
- Stated that the City's 2040 Comprehensive Plan calls for the type of density proposed by Alatus
- Supported the tower size proposed by Alatus due to its proximity to light rail station

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Manager Maxwell

- Preferred to move forward with Sherman Associates
- Placed Alatus as a second option
- Encouraged caution about the amount of money proposed
- Stated the final plan will not look exactly like the proposals
- Concerned about the TIF financing and density proposed by Alatus

Council Member Brausen

- Preferred to move forward with Alatus
- Provided history on all the positive changes to come from development projects in Hopkins
- Not concerned about just hearing about the \$8 million payment in phase one by Alatus since it was offered on public record
- Concerned about the TIF financing proposed by Wellington Management
- Expressed not wanting discomfort between the board and council
- Preferred for the board/council to pick a developer and to let staff liaison team work out the details of the agreement(s)

Manager Loftus

- Preferred to move forward with Alatus because of their vision and they had the highest purchase price
- Placed Sherman Associates as a second option because of the food hall and co-op operations

President White

- Preferred Wellington Management because of the water features
- Stated Wellington Management was capable of balancing different interests
- Placed Sherman Associates as a second choice
- Stated that risks for the MCWD board included maintenance, purchase price, TIF, and water impacts

Manager Hejmadi

- Preferred moving forward with Wellington Management
- Placed Sherman Associates as second option
- Concerned about value engineering that may be required by Alatus

Council Member Halverson

- Preferred moving forward with Alatus
- Stated Alatus could bring more bang to the area in a dream big way
- Stated Alatus vision could serve as a gateway to Hopkins
- Placed Sherman Associates as second option

Manager Sando

- Preferred moving forward with Wellington Management
- Placed Alatus as second option
- Concerned that the tower proposed by Alatus was too tall



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Jason Gadd

- Preferred Alatus because of their creativeness, use of open space, and a project that reenergizes and reinvigorates the area
- Stated the City wanted a signature project
- Interested in how Alatus approaches community engagement.
- Stated he had conversations with other cities about the developers and heard that Alatus did what they said they would do from the beginning. They worked through disagreements with neighbors.

Stacie Kvilvang, Principal with Ehlers & Associates (City's financial consultant) provided information about the TIF and other financing tools proposed. The TIF percentages were the same for all projects given the density proposed. Charles Lutz (MCWD's development consultant) disagreed with Ms. Kvilvang's calculations stating there would be gaps in Alatus and Sherman Associate financing and a surplus for Wellington Management. Ms. Kvilvang stated that that projections she provided are based upon the financial information shared by the developers. She added that an operating and maintenance agreement would be drafted once a developer is selection and project is finalized. James Wisker, Administrator for the MCWD, provided information about maintenance agreements they use with other projects.

**Motion** by Miller. **Second** by Hejmadi.

**Motion** for the following:

- 1) MCWD designates Alatus as the developer of its site at 325 Blake Road in Hopkins ("site").
- 2) MCWD grants Alatus exclusive development rights to the site, which shall be negotiated and memorialized in an exclusive rights agreement, and will consist of the following benchmarks for completion by the developer:
  - a) Execute, together with MCWD and the City of Hopkins, a Preliminary Development Agreement for the site.
  - b) Present a final development plan for the site to MCWD and the City of Hopkins for approval.
  - c) Execute, together with the City of Hopkins, a Final Development Agreement for the site.
  - d) City planning approvals and entitlements
  - e) Lender financing commitment
  - f) Execute, together with MCWD, a Purchase Agreement for the site.
- 3) If, at the end of the exclusive rights period, Alatus has not completed one or more of the benchmarks listed above, or for other reasons pursuant to the exclusive rights agreement, MCWD may choose to terminate negotiations with Alatus.
- 4) If, MCWD terminates negotiations with Alatus it will then meet with Wellington Management to discuss its interest in developing the site. If Wellington Management is still interested and its proposed project has not changed significantly, then MCWD may choose to designate Wellington Management as the developer of the site and grant Wellington Management exclusive development rights to the site for a negotiated period of time, during which

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period the developer must complete the benchmarks described in paragraph 2 above.

**Ayes: White, Olson, Miller, Sando, Maxwell, Lofuts, Hejmadi  
Nays: None. Motion carried.**

**Motion** by Beck. **Second** by Hunke.

**Motion** that the City of Hopkins moves to support Alatus as the preferred developer for 325 Blake Road owned by the Minnehaha Creek Watershed District, and authorizes staff to begin working on the development plan and documents.

**Ayes: Brausen, Hunke, Beck, Halverson, Gadd  
Nays: None. Motion carried.**

**Motion** by Beck. **Second** by Hunke.

**Motion** that the City of Hopkins moves to support Wellington Management as the alternate developer for 325 Blake Road owned by the Minnehaha Creek Watershed District, and authorizes staff to begin working on the development plan and documents.

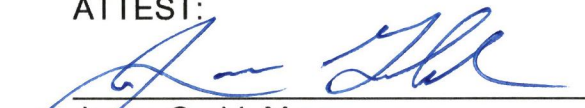
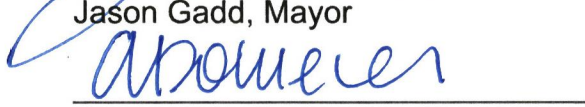
**Ayes: Brausen, Hunke, Beck, Halverson, Gadd  
Nays: None. Motion carried.**

**ADJOURNMENT**

There being no further business the meeting was unanimously adjourned at 10:48 p.m.

Respectfully Submitted,  
Amy Domeier, City Clerk

ATTEST:

  
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Jason Gadd, Mayor  
  
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Amy Domeier, City Clerk