

1 **MINUTES OF THE REGULAR MEETING OF**
2 **THE MINNEHAHA CREEK WATERSHED DISTRICT**
3 **BOARD OF MANAGERS**

4
5 **September 10, 2026**

6
7 **CALL TO ORDER**
8

9 The regular meeting of the Minnehaha Creek Watershed District Board of Managers was called
10 to order by President Sherry White at 7:00 p.m. on September 10, 2026, at the MCWD offices,
11 15320 Minnetonka Boulevard, Minnetonka, Minnesota.
12

13 **ROLL CALL FOR ATTENDANCE**
14

15 President White called the roll to note attendance:

16
17 William Olson: Present
18 Stephen Sando: Present
19 Eugene Maxwell: Present
20 Ricardo Bonner Present
21 Arun Hejmadi: Present, participating remotely
22 Janet Schaefer: Present
23 Sherry White: Present
24

25 **DISTRICT STAFF AND CONSULTANTS PRESENT**
26

27 James Wisker, Administrator; Michael Hayman, Director of Project Planning; Jay
28 Lindgren, Development Counsel; Justin Templin, Litigation Counsel; and Louis Smith,
29 District Counsel.
30

31 **MATTERS FROM THE FLOOR**
32

33 None.
34

35 **APPROVAL OF AGENDA**
36

37 *It was moved by Manager Maxwell, seconded by Manager Sando, to approve the*
38 *agenda as distributed. Upon roll vote, the motion carried, 7-0 as follows:*
39

40 *Olson: Aye*
41 *Bonner: Aye*
42 *Maxwell: Aye*
43 *Sando: Aye*
44 *Schaefer Aye*
45 *Hejmadi: Aye*
46 *White: Aye*

CONSENT AGENDA

It was moved by Manager Olson, seconded by Manager Bonner, to approve the items on the Consent Agenda consisting of approval of the August 27, 2026, Board meeting minutes.

Upon roll vote, the motion carried, 7-0 as follows:

*Olson: Aye
Bonner: Aye
Maxwell: Aye
Sando: Aye
Schaefer: Aye
Hejmadi: Aye
White: Aye*

BOARD, COMMITTEE AND TASK FORCE REPORTS

President's Report: President White noted that the Minnesota Watersheds annual conference will conflict with the December 3 meeting of the Board of Managers and suggested that the MCWD Board meeting be rescheduled to Tuesday, December 1. *It was moved by Manager Olson, seconded by Manager Bonner, to amend the MCWD regular meeting schedule by moving the December 3 meeting to December 1, 2026, at the regular time. Upon roll vote, the motion carried, 7-0 as follows:*

*Olson: Aye
Bonner: Aye
Maxwell: Aye
Sando: Aye
Schaefer: Aye
Hejmadi: Aye
White: Aye*

President White reported that along with Manager Olson she attended the Minnesota Watersheds Annual Meeting on Resolutions held Monday August 31. Manager Maxwell attended as an alternate. All resolutions passed, with the most extensive discussion involving enthusiastic support for the resolution supporting stormwater reuse.

Operations and Programs Committee Report

Manager Olson reported that the Committee met earlier in the evening and received a staff briefing on exploration of the Brose Wetland Restoration project in the Turbid Lundsten

planning area of the Halsted Bay Six Mile Creek Subwatershed. The discussion included exploration of a possible wetland bank.

President White noted the schedule of upcoming meetings presented in the agenda.

PUBLIC HEARINGS AND PRESENTATIONS

None.

PERMITS REQUIRING A VARIANCE OR DISCUSSION

None.

ACTION ITEMS

Adoption of the 2027 Budget and Certification of the 2027 Tax Levy

Mr. James Wisker appeared before the Board of Managers to review the request for board action. He noted his earlier presentation for the public hearing held on August 27. He reviewed the 2027 work plan, budget, and the proposed tax levy with a 0% increase. He stated that the public informational meeting on the budget and levy would be held on November 19, 2026, at 7:00 p.m.

Resolution 26-070: Adoption of the 2027 Budget

It was moved by Manager Maxwell, seconded by Manager Schaefer to adopt Resolution 26-070: Adoption of the 2027 Budget as follows:

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers hereby adopts the 2027 budget of \$15,590,763 and associated workplans and fund transfers, presented to the Board on September 10, 2026; and

BE IT FURTHER RESOLVED that the Minnehaha Creek Watershed District Board of Managers hereby announces a public meeting for further comment on the 2027 budget, scheduled for November 19, 2026.

In response to a question from Manager Maxwell, Mr. Wisker noted that the November 19 meeting would be publicized as all regular meetings, and typically MCWD does not publish notice of that meeting in the newspaper. Manager Bonner stated that he felt it is amazing to maintain a zero percent increase in the levy. President White commented that this was even more significant given that MCWD is maintaining a strong commitment to projects and programs. *There being no further discussion, upon roll vote, the motion carried, 7-0 as follows:*

133
134 **Olson:** *Aye*
135 **Bonner:** *Aye*
136 **Maxwell:** *Aye*
137 **Sando:** *Aye*
138 **Schaefer** *Aye*
139 **Hejmadi:** *Aye*
140 **White:** *Aye*

141
142 Resolution 26-071: Certification of the 2027 Tax Levy
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144 *It was moved by Manager Olson, seconded by Manager Sando, to adopt Resolution 26-071:*
145 *Certification of the 2027 Tax Levy as follows:*
146

147 ***NOW, THEREFORE, BE IT RESOLVED that the Secretary, in accordance with***
148 ***Minnesota Statutes, shall certify to the Auditors of Hennepin and Carver Counties, in***
149 ***amounts bearing the same proportion to the total levy as the net tax capacity of the***
150 ***area of county within the watershed bears to the net tax capacity of the entire***
151 ***watershed district, the following sums to be raised by a levy on all taxable property in***
152 ***the Minnehaha Creek Watershed District Number 3 for the year 2027 and the purposes***
153 ***noted below. 2027 Levy: \$9,869,513 for the purpose of paying the cost of watershed***
154 ***management and implementation as provided by Minnesota Statutes, Sections***
155 ***103B.241 and 103B.251.***
156

157 *Upon roll vote, the motion carried, 7-0 as follows:*
158

159 **Olson:** *Aye*
160 **Bonner:** *Aye*
161 **Maxwell:** *Aye*
162 **Sando:** *Aye*
163 **Schaefer** *Aye*
164 **Hejmadi:** *Aye*
165 **White:** *Aye*
166

167 Minnehaha Preserve Boardwalk Repair Project
168

169 Mr. Michael Hayman appeared before the Board of Managers to review the request for
170 board action. He explained the best value procurement process. He noted that technical
171 proposals submitted by Parkstone Contracting and Pember Companies were
172 independently reviewed and scored by two SRF staff and two MCWD staff, who also
173 interviewed the proposers. Following the technical evaluation, sealed cost proposals were
174 submitted and combined with the technical scores to determine the apparent best-value
175 proposer. Parkstone Contracting was identified as both the apparent best-value proposer

and the apparent low bidder, with a construction proposal of \$1,042,320.02. Pember Companies submitted a proposal of \$1,233,388.00. SRF has reviewed and tabulated the bids and recommends award of the construction contract to Parkstone Contracting in the amount of \$1,042,320.02. Mr. Hayman stated that staff concur with this recommendation. He explained the need to amend SRF's agreement to include construction support. He reviewed the budget amendment proposed to transfer funds from the capital finance account to the Minnehaha Preserve Boardwalk Repair Project fund.

Resolution 26-072: Award Contract to Construct the 2026 Minnehaha Preserve Boardwalk Repair Project

It was moved by Manager Bonner, seconded by Manager Schaefer to adopt Resolution 26-072: Award Contract to Construct the 2026 Minnehaha Preserve Boardwalk Repair Project as follows:

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers awards to Parkstone Contracting the contract to construct the Minnehaha Preserve Boardwalk Repair Project, in accordance with the terms of the Parkstone Contracting bid submittal, and by Parkstone Contracting and the subcontractors named therein, for the contract price of \$1,042,320.02;

BE IT FURTHER RESOLVED that the MCWD Administrator is authorized, on advice of counsel, to enter into a contract with Parkstone Contracting for construction services for the stated contract price, and further is authorized to execute change orders in his discretion up to an additional 10 percent, in aggregate, of the contract price; and

BE IT FINALLY RESOLVED that the MCWD Administrator is authorized to issue a formal notice to proceed to Parkstone Contracting, on advice of counsel and after receipt of a signed contract and required bonds and insurance documentation.

In response to questions from Manager Maxwell, Mr. Hayman explained that SRF oversight of construction work would be coordinated with the St. Louis Park inspector, and that the boardwalk would be closed this winter due to the repair work. ***There being no further discussion, upon roll vote, the motion carried, 7-0 as follows:***

Olson: Aye
Bonner: Aye
Maxwell: Aye
Sando: Aye

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219 **Schaefer** *Aye*
220 **Hejmadi:** *Aye*
221 **White:** *Aye*

222
223

224 Resolution 26-073: Authorization to Amend SRF Design Contract to Include
225 Construction Support Services for the 2026 Minnehaha Preserve Boardwalk Repair
226 Project

227

228 *It was moved by Manager Maxwell, seconded by Manager Bonner, to adopt Resolution*
229 *26-073: Authorization to Amend SRF Design Contract to Include Construction*
230 *Support Services for the 2026 Minnehaha Preserve Boardwalk Repair Project as*
231 *follows:*

232

233 *NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek*
234 *Watershed District Board of Managers authorizes the MCWD Administrator,*
235 *on advice of counsel, to amend the design contract with SRF to include*
236 *construction support services for the Minnehaha Preserve Boardwalk Repair*
237 *Project in an amount not to exceed \$192,641, and further authorizes the*
238 *MCWD Administrator to execute change orders in his discretion up to an*
239 *additional 10% of this fee.*

240

241 *Upon roll call vote, the motion carried 7-0 as follows:*

242

243 **Olson:** *Aye*
244 **Bonner:** *Aye*
245 **Maxwell:** *Aye*
246 **Sando:** *Aye*
247 **Schaefer** *Aye*
248 **Hejmadi:** *Aye*
249 **White:** *Aye*

250

251 Resolution 26-074: Authorization to Approve a Budget Amendment for the Minnehaha
252 Preserve Boardwalk Repair Project

253

254 *It was moved by Manager Schaefer, seconded by Manager Sando to adopt Resolution*
255 *26-074: Authorization to Approve a Budget Amendment for the Minnehaha Preserve*
256 *Boardwalk Repair Project as follows:*

257

258 *NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek*
259 *Watershed District Board of Managers hereby amends the 2026 and 2027*
260 *budgets to allocate funds for the Minnehaha Preserve Boardwalk Repair*

Project by allocating \$135,846 in 2026 and \$1,222,611 in 2027, for a total of \$1,358,457.

Upon roll call vote, the motion carried 7-0 as follows:

Olson: Aye
Bonner: Aye
Maxwell: Aye
Sando: Aye
Schaefer: Aye
Hejmadi: Aye
White: Aye

BOARD DISCUSSION ITEMS

None.

BOARD INQUIRIES, ISSUES, AND IDEAS

None.

STAFF UPDATES

Administrator's Report

Mr. Wisker reported on the following items:

1. The severe drought continues, with this past August being the fourth driest August on record. Lake Minnetonka is at elevation 928.42, and the Grays Bay control structure is closed.
2. Staff will be providing managers with a phased transition from iPads to PC laptops for board meeting materials.
3. Assuming the board is comfortable, staff is investigating installation of solar panels at the MCWD office. Managers indicated they are supportive.
4. MCWD will be recruiting applicants for the Citizens Advisory Committee through September 20.
5. The Outreach staff is hiring Caitlin Johnson, who will start at MCWD on September 22.

The managers thanked Mr. Wisker for this report.

CLOSED SESSION DISCUSSION – 325 Blake Road, Hopkins

Mr. James Wisker appeared before the Board of Managers, along with District Development Counsel Jay Lindgren, to present background on the offer by the City of Hopkins to acquire 325 Blake Road from the MCWD. Mr. Wisker reviewed the MCWD's 20-year history of projects in the Minnehaha Creek Corridor, which have included stormwater management, creek restoration, and new connections to green space for area residents. He described the MCWD's purpose in acquiring 325 Blake Road to provide treatment for 260 acres of stormwater runoff from Edina, St. Louis Park, and Hopkins. He noted collective transit-oriented development planning for the site funded by Hennepin County, which highlighted the critical element of streets and public infrastructure. He recalled that the initial developer selected for the site, Kraus Anderson, had withdrawn and cited the lack of City investment in the streets for the site as one key barrier to successful development.

Mr. Wisker reviewed the joint developer selection process with the City of Hopkins which resulted in the selection of Alatus, which presented an exciting vision, the largest project cost, largest tax increment financing and grant needs, and largest unfunded gap. He noted that in this selection, the Hopkins City Council stated that if Alatus could not succeed, Wellington would be the second choice, and the City would not look to the MCWD to assume any further financial risk. Mr. Wisker reviewed the five years of unsuccessful efforts by Alatus to find project financing, the dependency of the road construction at the site on that project financing, and the MCWD's decision to terminate the purchase and sale agreement with Alatus after having granted multiple extensions. Alatus responded to this termination by suing the MCWD, and the District Court denied Alatus' request for a temporary injunction and found that Alatus was unlikely to succeed on the merits of its claim.

Mr. Lindgren reviewed what is and is not in the purchase and sale agreement offered by the City of Hopkins. He stated that the City proposes to buy the 325 Blake Road site and close by December 31, 2026, but the City is not obligated to close if it does not have secondary closings with Alatus and another developer, NHP. The proposal does not contain three commitments previously requested by MCWD to be in any purchase agreement: the dismissal of the Alatus lawsuit, the release of the mechanic's lien by Alatus' contractor, and release of MCWD's funds of approximately \$1 million currently held in escrow. All three of these commitments are deferred until closing. The City proposes to construct the road and related stormwater infrastructure and Parcel C is proposed to be burdened with approximately \$9 million in special assessments for this purpose, but this arrangement is dependent on Alatus acquiring financing and purchasing Parcel C.

President White thanked Mr. Wisker and Mr. Lindgren for this overview. ***Upon recommendation of counsel and pursuant to Minnesota Statutes section 13.05, subdivision***

3(c)(3), it was moved by Manager Maxwell, seconded by Manager Bonner, to move into closed session for the purpose of considering the offer by the City of Hopkins to purchase 325 Blake Road in Hopkins. Upon roll call vote, the motion carried, 7-0 as follows:

Olson: Aye
Bonner: Aye
Maxwell: Aye
Sando: Aye
Schaefer Aye
Hejmadi: Aye
White: Aye

The Board of Managers went into closed session.

The Board of Managers returned to open session.

President White stated that she felt it appropriate to offer a few reflections and invited other managers to do the same. She said that MCWD really values the partnership with the City of Hopkins, what has been accomplished so far, and hopefully what can be done in the future. She noted that the Board met in closed session with its legal and development team to evaluate the latest proposal from Hopkins. President White noted her real estate law practice, and experience with many purchase agreements, but noted that this one is just another free extension for Alatus with the hope that it could come up with financing and meet all of its other obligations by December 31. Alatus would need to have financing for the land and the 15-story luxury tower, which it has not been able to obtain since 2021. She noted that there is no assurance that the MCWD's fully funded and designed project would advance under this proposal and it does not meet MCWD's needs.

Manager Bonner noted President White's reference to financing, and that he is a finance professional. Having joined the Board in March, he felt it was important to do extensive research about the project. He noted that Alatus has not been able to secure any funding to buy the property and construct the project since 2021, and the current proposal still does not include any financing commitment from Alatus. Manager Bonner stated that looking into records in the area, there are three Alatus projects that seem to have been terminated due to a lack of funding, in Brooklyn Center, Arden Hills, and Columbia Heights. He noted that within a 10-mile radius of the 325 Blake Road site, 10 major projects have constructed about 2,000 housing units, so somehow other developers have been able to find financing. Manager Bonner stated that MCWD is being asked to provide another extension to a developer who is suing MCWD and has demonstrated that they have no funding, so he would agree not to pursue this proposal.

Manager Schaefer acknowledged that she is also new to the board and getting up to speed on this matter and said that she does not understand why the city is unwilling to just pivot and move on. She stated that she understands that on the same night Alatus was jointly selected, the Hopkins

City Council also committed to Wellington as a backup in case Alatus failed to deliver. Manager Schaefer said that as a former mayor of a small city, she was struck by the letter from the mayor of Hopkins to MCWD, which said that the city's public subsidy and street commitments were for Alatus and Alatus only. She said that she finds it difficult to understand why Hopkins' taxpayer assistance and public infrastructure remain reserved for only one developer, and especially one with repeated delays and finance issues. She said that it is time to make a change.

Manager Maxwell noted that MCWD has a history of being great partners with a lot of different cities, building the right projects for the whole community. He said that at the same time, with Alatus suing MCWD, the matter is in court, and MCWD should not be negotiating or soliciting proposals from anybody. He recalled that in 2011 he was involved in discussions about the MCWD acquiring the site and there was a vision of partnership. Manager Maxwell said that somehow, we have lost a bit of the vision, going down some dark alleys, and hopefully sooner or later the light will shine on a lot of different people.

Manager Hejmadi noted that he has been a liaison for this project from the beginning. He said that for fifteen years, we have been working on the greenway through strong public and private partnerships with Methodist Hospital, Japs Olson, Knollwood Mall, St. Louis Park, and Hopkins. He stated that despite all the challenges, MCWD will still continue to advance other projects with Hopkins, such as the Gateway to the Greenway. Manager Hejmadi said that our commitment is to work with our strong partners in Hopkins, but there are three things that need to happen. First, we need a developer who can finance this project and get it done. Second, we need the public infrastructure in place. Third, we need the litigation resolved and behind us. Manager Hejmadi said we should get these three things done and get past the finish line.

Manager Sando said that the Alatus vision of a luxury apartment tower does not seem feasible. He said that it is time to separate ourselves from Alatus.

President White stated that what she is hearing from these comments is that the Board does not want to accept the proposal because it does not resolve the issues that MCWD has identified: no committed funding, no enforceable infrastructure guarantees, and no resolution to the litigation. She said that the proposal is really just another extension for Alatus without any assurances that the project will move forward. She said that at the same time, there is a commitment to work with Hopkins as a partner for the successful development of the site.

It was moved by Manager Bonner, seconded by Manager Schaefer, to reject the offer proposed by the City of Hopkins to purchase 325 Blake Road, and to direct staff and counsel to communicate this information to the City representatives. Upon roll call vote, the motion carried, 7-0 as follows:

Olson: Aye

Bonner: Aye

Maxwell: Aye

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433 ***Sando:*** *Aye*
434 ***Schaefer*** *Aye*
435 ***Hejmadi:*** *Aye*
436 ***White:*** *Aye*

437
438 **Adjournment**
439

440 There being no further business, President White declared the meeting of the Board of Managers
441 adjourned at 9:00 p.m.

442
443 Respectfully submitted,

444
445
446
447 Arun Hejmadi, Secretary