



## MEMORANDUM

TO: Minnehaha Creek Watershed District Board of Managers

FROM: Louis N. Smith

DATE: October 5, 2015

RE: 325 Blake Road Pre-Development

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Pursuant to a cooperative agreement with Hennepin County and the City of Hopkins, the District is sharing the cost of pre-development consulting services for several sites in the Blake Road Station Area, including 325 Blake Road.

At the special meeting of the Board of Managers on September 3, 2015, the Board adopted a motion concerning the pre-development services for 325 Blake Road "to preclude any developer that directly participates as a paid consultant in the process to perform pre-development work that would inform a future request for development proposal from then offering a proposal to actively develop the site in response to any RFP the District may issue for 325 Blake Road."

Hennepin County, the lead party to coordinate this consulting contract, has, in consultation with the District and Hopkins, selected the team of LHB, Inc.; and CBRE. CBRE has a subsidiary, Trammel Crow Company, that provides development services.

In light of the Board's motion adopted on September 3, LHB has requested that the District advise whether the following arrangement will meet the Board's requirements:

Trammel Crow Company (TCC), is a wholly-owned subsidiary of CBRE that provides development services primarily in the United States to users of and investors in commercial real estate.

Similar to a recent contract with Met Transit for the site at the Blake Road station, Trammel Crow Company representatives will be asked for their opinion of multi-housing market rents/expenses/costs and perceived build-out options on the three designated sites under the Hennepin County contract.

Conversations of a similar nature may be had with other known developers in the market. A similar level of response will be solicited from a proposed ULI developer panel forum that will be hosted by Hennepin County.

There will be no level of participation from Trammell Crow Company that will be greater than any other developers who participate in reviews of these sites .

- TCC will not share in the development of the cash flow model that is being prepared for the County
- TCC will not receive a copy of the cash flow model when finished, as it will become the property of Hennepin County and TCC relies on their own analysis for all projects
- TCC will not receive any compensation for opinions solicited for this project from CBRE
- TCC will not receive any “inside” data from the CBRE consulting team other than information that will be made available in the publically released report

This level of response and participation by TCC is consistent with the Met Transit contract.

Email correspondence from Lydia Major, LHB to Michael Hayman, MCWD, on October 5, 2015.

Apart from basic concepts of fairness and due process, there are no specific legal requirements to constrain the Board’s policy and interpretation of its motion. The Board’s discussions generally have focused on assuring that the pre-development work is well-informed by market realities and input from the development community as well as other interests, while also assuring that no party is in an unfairly advantaged position to provide a development proposal for 325 Blake Road.

It would appear that the proposed restrictions for TCC’s involvement described above would be in keeping with the Board’s motion, but that is ultimately a matter within the Board’s discretion. For clarity and transparency purposes, it would be appropriate for the Board to respond to LHB’s request through a motion adopted by the Board; the following is a draft motion for the Board to consider:

***Moved by Manager \_\_\_\_\_, seconded by Manager \_\_\_\_\_, to acknowledge receipt of the request from LHB on October 5, 2015, and confirm that the Board of Managers has determined that the conditions described concerning Trammel Crow Company’s involvement in this process are acceptable and confirm to the requirements adopted by the Board of Managers on September 3, 2015.***

If the Board adopts such a motion, it would also be appropriate to make this memo and the motion available to all parties participating in the pre-development process and related proceedings thereafter. We would be pleased to answer any questions you may have.