

**Minnehaha Creek Watershed District**

**REQUEST FOR BOARD ACTION**

**MEETING DATE:** May 24, 2018

**TITLE:** Selection of a master developer for 325 Blake Road and authorization to negotiate terms and conditions of a Master Development Agreement

**RES. NUMBER:** 18-051

**PREPARED BY:** Michael Hayman

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**REVIEWED BY:**     Administrator     Counsel     Program Mgr.  
                          Board Committee     Engineer     Other

**WORKSHOP ACTION:**

<input type="checkbox"/> Advance to Board mtg. Consent Agenda.	<input type="checkbox"/> Advance to Board meeting for discussion prior to action.
<input type="checkbox"/> Refer to a future workshop (date):_____	<input type="checkbox"/> Refer to taskforce or committee (date):_____
<input type="checkbox"/> Return to staff for additional work.	<input type="checkbox"/> No further action requested.
<input checked="" type="checkbox"/> Other: Requesting final action May 24, 2018	

**PURPOSE or ACTION REQUESTED:**

Selection of a final master developer candidate from the 325 Blake Road request for qualifications (RFQ) process.

The proposed action will advance the selected RFQ respondent into an exclusive negotiation phase to develop terms and conditions of a master development agreement (MDA) with the Minnehaha Creek Watershed District and City of Hopkins.

**PROJECT/PROGRAM LOCATION:**

325 Blake Road North, Hopkins MN

**PROJECT TIMELINE:**

May 24, 2018              Selection of a master developer candidate  
June-Sept 2018         Negotiate terms and conditions of mater development agreement

**PAST BOARD ACTION:**

November 9, 2017      RBA 17-068    Authorization to release solicitation for Master Developer (RFQ)  
March 8, 2018         RBA 18-019    Approval of respondents for phase two of the RFQ process  
April 12, 2018         RBA 18-038    Approval of respondents for advancement into the interview process

**SUMMARY:**

On April 12, 2018, the Minnehaha Creek Watershed District (MCWD) Board of Managers concurred with the Joint Working Group recommendation and Southwest Community Works Blake Road Station Subcommittee (Subcommittee) recommendation to advance three RFQ respondents – Anderson Companies, Doran and Kraus Anderson – into the interview phase of the 325 Blake Road request for qualifications (RFQ) process.

In addition, the Board of Managers agreed with the draft interview process as recommended by the Joint Working Group and Subcommittee which established the Joint Working Group as the interview panel and the Subcommittee as observers and advisors to the process. Together these groups developed focal themes to guide the interview process toward which team would be most successful in delivering the site in a manner that meets the various public goals. The themes provided to the master developer candidates in advance of the interviews consisted of integration of affordable housing, site infrastructure, community spaces, community engagement and ability to perform.

Within the focal themes, key topics of questioning were also identified to be answered by each team during the interviews. The questions were developed to address partnership philosophy, Minnehaha Creek Greenway integration (community connectivity and stormwater investment), community engagement, sustainable development practices and other developer specific topics of interest.

On May 9, 2018, members of the Joint Working Group, with assistance from the Subcommittee as observers and advisors, conducted interviews of the three final master developer candidates – Anderson Companies, Doran and Kraus Anderson. Following the conclusion of the interviews, a discussion and debrief was facilitated with the Joint Working Group and Subcommittee to contemplate a master developer recommendation for the MCWD Board of Managers consideration.

It was discussed by the Joint Working Group and Subcommittee that, after the two rounds of written responses and in conjunction with the information provided during the interviews, it was evident that the process produced three strong, viable developer teams with the ability and financial wherewithal to deliver. To further differentiate amongst the candidates, the Joint Working Group and Subcommittee used criteria including redevelopment vision and site use, overarching alignment with goals, and partnership ability and leadership cohesion.

The Joint Working Group members determined that, based on the information received to date, Kraus Anderson stood out as the preferred candidate based on vision, site use, and partnership and leadership cohesion. The Joint Working Group unanimously passed a motion that Kraus Anderson be recommended as the master developer candidate and that the MCWD Board of Managers enter into negotiations for a master development agreement.

The Subcommittee members, as advisors to the Joint Working Group, passed a motion in support of the Joint Working Group recommendation to the MCWD Board of Managers.

In preparation for the May 24, 2018, Board meeting, Managers are asked to review the respondent's presentations and materials, as well as all other responses and information they deem necessary.

At the May 24, 2018 Board Meeting the MCWD Board of Managers will be asked to act on the recommendation of staff, the Joint Working Group, and Subcommittee that Kraus Anderson be selected as the master developer candidate to enter into an exclusive negotiation phase to develop terms and conditions of a master development agreement.

At the Board meeting, staff will provide a presentation recapping the process to date, discuss the interview process conducted by the Joint Working Group and Southwest Community Works Blake Road Subcommittee, and highlight next steps in the master development agreement process.

**Attachments:**

1. Joint Working Group and Southwest Community Works Blake Road Corridor Subcommittee Notes

## RESOLUTION

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**RESOLUTION NUMBER:** 18-051

**TITLE:** **Selection of a master developer for 325 Blake Road and authorization to negotiate terms and conditions of a Master Development Agreement**

WHEREAS; the Minnehaha Creek Watershed District (MCWD) purchased 325 Blake Road (the “Property”) in 2011 as a key piece of the Minnehaha Greenway, more than 50 acres of continuous green space along Minnehaha Creek through Hopkins and St. Louis Park;

WHEREAS; the MCWD has been working to prepare the Property for redevelopment while retaining fee or easement rights along the creek corridor to treat over 260 acres of regional stormwater, and to restore and preserve over 1,000 feet of the riparian edge for water quality, habitat and recreation purposes;

WHEREAS; as outlined in the Blake Road Corridor Small Area Plan, East Hopkins Land Use and Market Study, Blake Road Station Area Development Guidelines and other local area plans, a redevelopment of the Property that delivers a mixed-use, transit-oriented development with strong community connections and access to natural resources and open space is central to a revitalized Blake Road corridor in the City of Hopkins (“City”), in which a range of public goals is sought to be achieved by the City, Hennepin County (“County”) and other public agencies;

WHEREAS; the MCWD, in partnership with the City and the Southwest Community Works Blake Road Station Subcommittee (“Subcommittee”) – consisting of the City and County, the Cities of St. Louis Park and Edina, and other community representatives – developed a request for qualifications (RFQ) for a master developer for the Property;

WHEREAS; with partner input, MCWD staff developed a document titled “Master Developer Selection Process,” setting forth the procedure to review RFQ responses and select a master developer (“Selection Process”), which was reviewed with the Operations and Programs Committee and Planning and Policy Committee, and has been followed in the review steps recited below;

WHEREAS; on December 18, 2017, the MCWD released the RFQ with a submittal deadline of February 14, 2018, and subsequently received timely submittals from six development teams: Anderson Companies, Doran, Kraus-Anderson, LMC (Lennar Multifamily Communities), PLACE and Sherman Associates;

WHEREAS; a staff committee comprised of MCWD, City and County staff and MCWD’s real estate consultant, NTH, reviewed submittals and, on February 20, 2018, met to discuss evaluations and compile information for a Joint Working Group comprising three MCWD Board members and two City Council members;

WHEREAS; on February 27, 2018, the Joint Working Group met to review the materials prepared and transmitted by the staff committee;

WHEREAS; in the judgment of the Joint Working Group, five of the six respondents sufficiently indicated their ability to successfully acquire and develop the Property, but each submittal lacked certain information that would be beneficial to evaluate the likelihood of a successful negotiation of the Property transaction;

- WHEREAS; the Joint Working Group, accordingly, recommended that the group of respondents be reduced to five and that the refined list of respondents be asked to supply further detail before selections for interview, principally concerning assumptions that will underlie judgments of value and development schedule, contingencies and acquisition process;
- WHEREAS; on March 2, 2018, MCWD staff and Joint Working Group members met with the Subcommittee to review the evaluation and the Joint Working Group recommendation to advance five respondents and to request further information from these respondents, and the Subcommittee concurred that these steps would best position the MCWD to continue toward a successful partnership with a selected developer;
- WHEREAS, on March 8, 2018, the MCWD Board of Managers approved five respondents – Anderson Companies, Doran, Kraus-Anderson, LMC (Lennar Multifamily Communities) and Sherman Associates – for advancement into phase two of the selection process and directed staff, in consultation with other members of the staff working group and MCWD consultants, to draft a supplemental information request, review with the Joint Working Group and the Subcommittee and, in its judgment, modify accordingly, before transmittal to respondents;
- WHEREAS, on March 21, 2018, after review and input by the Joint Working Group and Subcommittee, the MCWD distributed the request for supplemental information to the five respondents with a deadline for response of March 30, 2018;
- WHEREAS, on March 30, 2018, the MCWD received responses from the five remaining firms and the staff committee immediately reviewed for completeness and consistency prior to distributing to the Joint Working Group;
- WHEREAS; on April 4, 2018, the Joint Working Group met to review the materials prepared and transmitted by the staff committee;
- WHEREAS; in the judgment of the Joint Working Group, three of the five respondents sufficiently differentiated themselves and their ability to successfully meet the vision for the Minnehaha Creek Greenway, the Blake Road Corridor and the community goals and guiding principles set forth in the RFQ;
- WHEREAS; the Joint Working Group, accordingly, recommended that the group of respondents for further consideration be reduced to three and that respondents be asked to interview with the Joint Working Group in order to determine the best candidate to act as master developer on the 325 Blake Road site;
- WHEREAS; on April 11, 2018, MCWD staff and Joint Working Group members met with the Subcommittee to review the responses to the supplemental information request and the Joint Working Group recommendation to advance three respondents into the interview portion of the selection process, and the Subcommittee voted to support the recommendation of the Joint Working Group;
- WHEREAS; on April 12, 2018, the MCWD Board of Managers approved three respondents – Anderson companies, Doran and Kraus Anderson – for advancement into the interview portion of the selection process;
- WHEREAS; on May 9, 2018, members of the Joint Working Group, with assistance from the Subcommittee as observers and advisors, conducted interviews of the three remaining master developer candidates;

WHEREAS; in the judgement of the Joint Working Group, and in consideration of all information received to date, Kraus Anderson stood out as the preferred candidate based on vision, site use, and partnership and leadership cohesion;

WHEREAS; the Joint Working Group, accordingly, unanimously passed a motion that Kraus Anderson be recommended as the master developer candidate that the MCWD Board of Managers enter into negotiations for a master development agreement;

WHEREAS; Subcommittee members, as observers to the interview process and advisors to the Joint Working Group, passed a motion in support of the Joint Working Group recommendation to the MCWD Board of Managers;

WHEREAS; all Board members have had access to the submittals of all respondents and to all evaluation materials prepared by the staff committee and Joint Working Group;

THEREFORE BE IT RESOLVED that the MCWD, on advice of the Joint Working Group and Southwest Community Works Blake Road Station Subcommittee, selects Kraus Anderson as the final master developer candidate for 325 Blake Road and authorizes the District Administrator to initiate the negotiation of terms and conditions of a Master Development Agreement.

Resolution Number 18-051 was moved by Manager \_\_\_\_\_, seconded by Manager \_\_\_\_\_.  
Motion to adopt the resolution \_\_\_ ayes, \_\_\_ nays, \_\_\_ abstentions. Date: \_\_\_\_\_.

\_\_\_\_\_  
Secretary Date: \_\_\_\_\_

Joint Working Group and Southwest Community Works Blake Road Corridor Subcommittee Notes  
325 Blake Road Master Developer Solicitation Interview Discussion  
Wednesday, May 9, 2018: 12:00 pm – 2:00 pm  
Minnehaha Creek Watershed District Office

**Attendees:**

Joint Working Group: Sherry Davis White (MCWD), Richard Miller (MCWD), Jessica Loftus (MCWD), Katy Campbell (Hopkins), Aaron Kuznia (Hopkins)

Subcommittee: Commissioner Marion Greene (Hennepin County), Ann Beuch (BRCC), Richard Miller (MCWD)

Staff: James Wisker (MCWD), Michael Hayman (MCWD), Kersten Elverum (Hopkins), Jan Youngquist (Hopkins), Elise Durbin (Hennepin County), Louis Smith (Smith Partners), Anna Coskran (NTH), Conner Puff (NTH)

**Meeting Objective:**

To discuss the presentations and interview responses provided by the remaining 325 Blake Road master developer candidates and develop a recommendation for the Minnehaha Creek Watershed District (MCWD) Board of Managers. The MCWD Board of Managers, on advice and counsel of the joint working group and Subcommittee, will make a final selection of the master developer team to begin its partnership with and initiate the Master Development Agreement process.

**Meeting Notes:**

1. Interviews

From 9:00 am to 12:00 pm, interviews were conducted with the three remaining master developer candidates – Anderson Companies, Doran and Kraus Anderson. Upon conclusion of the final interview, two hours were reserved to conduct a facilitated discussion with the joint working group and Subcommittee to contemplate a master developer recommendation for the MCWD Board of Managers.

2. Overview of the 325 Blake Road selection process

MCWD staff provided an overview of the anticipated discussion and highlighted the timeline for a decision to be routed to the MCWD Board. It was noted that if the joint working group and Subcommittee members were in agreement on a final master developer selection, the recommendation would be brought before the MCWD Board on May 24, 28.

It was discussed that after the two rounds of written responses, in conjunction with the information provided today, it was evident that the process produced three strong, viable developer teams with the ability and financial wherewithal to deliver. To differentiate amongst the candidates, the group discussed focusing on select topics such as redevelopment vision and site use, alignment with goals, and partnership ability and leadership cohesion. These key themes will further assist the group in its deliberation towards a potential recommendation.

### 3. Discussion regarding partner goals

The group discussed whether any of the City or MCWD goals appeared to be better addressed by a particular developer team. It was noted that the concept of integrated, mixed income housing is a goal of the City when compared to the prospect of separate facilities for different income levels. Only Kraus Anderson (Timberland) is proposing mixed income development for the high density residential. City representatives noted that if the units could not be integrated, at a minimum the desire is for similar materials and equitable amenities for all residents.

Regarding MCWD goals, it was discussed that all of the remaining proposals contain positives as well as uncertainty with respect to the natural resource amenities, it appears that all of the teams have developed a strong understanding of what it is the MCWD is trying to achieve with stormwater and natural resources on the site. MCWD representatives noted that regarding vision and goals, the most important factor at this juncture is ensuring we select a developer team that maintains a partnership mindset and envisions an integrated site with the Minnehaha Greenway, and an open and inclusive site for the surrounding community.

### 4. Discussion regarding developer teams

The group discussed high level feedback of each of the developer teams based on the presentations and interview questions.

The joint working group members discussed that, based on the information provided today, Kraus Anderson stood out as the preferred candidate based on vision, site use, and partnership and leadership cohesion.

It was moved by Miller, seconded by Kuznia that the joint working group recommend Kraus Anderson as the master developer candidate that the MCWD Board of Managers enter into negotiations for a master development agreement. Upon vote, the motion carried unanimously.

The Subcommittee members noted that a motion in support of the joint working group, similar to previous actions taken by the Subcommittee, would help communicate participation in the process and support in the decision.

It was moved by Greene, seconded by Miller that the Subcommittee endorse the joint working group recommendation of advancing Kraus Anderson to the MCWD Board of Managers as the preferred master developer candidate. Upon vote, the motion carried 2-1 (Beuch opposed).

### 5. Topics and question area for future consideration during term sheet negotiation

The group discussed the benefit of developing questions and topic areas that can be carried into the negotiation of terms to better set expectations and facilitate constructive dialog. The following represents the topics that were brainstormed during a rapid session and should not be construed as inclusive and/or complete:

- Community engagement – who on the team will lead and how will they fit into the process design for effective engagement.

- Scorecards and assessment tools that could be useful
  - Equitable development tool
  - EcoDistrict tool could be an opportunity
- AMI of affordability
  - What are the targets and requirements
  - Financing opportunities to layer in
  - Addressing Hennepin County clients
- Closing timelines and due diligence scheduling
- Three party agreement
  - MCWD-City-Developer
  - Will need to determine cost participation as part of pre-development work
- Public roads and infrastructure will require more investigation and input
- Zero energy and zero carbon initiatives
  - Nail down these opportunities further and the ability to complete on this site
  - Past experience of the team in working in these areas
- Develop a strong project process
  - Process for planning, input and issue/conflict resolution
- The name of the site should be further discussed

#### 6. Next steps

The joint working group recommendation will be advanced to the MCWD Board of Managers for consideration at its May 24, 2018 meeting.