



**Joint Development Authority
TCAAP Redevelopment Project
- SPECIAL MEETING -**



AGENDA

Tuesday, April 19, 2016

5:00 p.m.

Arden Hills City Hall—Council Chambers

1. Roll Call
2. Approval of Agenda
3. Approval of Minutes
4. Public Inquiries/Informational
 - a. *The intent of the Public Inquiries/Informational part of the agenda is to provide interested parties with an opportunity to speak to the JDA about an issue or concern about a past or future agenda item. The current agenda for tonight's meeting is structured to ensure that the JDA accomplishes their business within that agenda. If there is a public hearing scheduled as an agenda item, the public will be invited to speak to that agenda item. In addressing the JDA, please state your name and address for the record, and a brief summary of the specific matter being addressed. To allow adequate time for each person wishing to address the JDA, individuals should limit their comments to three (3) minutes. Written documents may be distributed to the JDA prior to the meeting, or as bench copies, to allow a more timely presentation.*
5. Consent Agenda
6. Old Business
 - a. Master Developer Solicitation Review Committee - Recap and Recommendation
7. New Business
 - a. Master Developer Interviews – Alatus LLC (5:30 PM)
 - b. Master Developer Interviews – Opus Corp & Pulte Homes (6:45 PM)
8. Commissioner Updates
9. Adjournment



**Joint Development Authority
TCAAP Redevelopment Project**



Agenda Item 6

MEMORANDUM

DATE: April 15, 2016
TO: Joint Development Authority Board of Commissioners
FROM: Directors Hutmacher and Worthington
SUBJECT: Master Developer Solicitation Review Committee Recap and Recommendation

Budgeted Amount:
n/a

Actual Amount:
n/a

Funding Source:
n/a

On January 4, 2016, the TCAAP Joint Development Authority (JDA) approved the issuance of a solicitation for Master Developer, endorsed the solicitation review process, and the formation of the Solicitation Review Committee (SRC). The SRC evaluated the each response based on the following minimum criteria as outlined in the master developer solicitation:

- Proven qualifications to accomplish a project of the size and scope of Rice Creek Commons (RCC), including experience in development of mixed-use projects featuring the type of housing, retail, technology, and office redevelopment expected in RCC.
- Proven organizational and project management experience and vision for integrating cohesive design elements.
- Financial capacity and level of commitment to fund certain portions of site infrastructure and construction of commercial and residential buildings, including a demonstrated capacity to obtain debt and equity financing for the proposed type of development.

The SRC was further directed to evaluate responses based on the following additional criteria:

- Understanding of the nuances of creating an inviting development by incorporating a pedestrian focus, transit opportunities, mixed residential and commercial uses, cohesive design elements, structured parking, public green space, and energy resiliency.
- Experience with introducing new housing choices into a market.
- Methodology for attracting commercial development.
- Redevelopment and brownfield expertise.
- Demonstrated understanding of the City and County vision and goals for the area as reflected in the proposed approach to the project, including commitment to collaborate with County and City staff, JDA, and elected officials.
- Demonstrated ability to integrate components of the Energy Integration Resiliency Framework into the redeveloped area.

Joint Development Authority TCAAP Redevelopment Project

- Ability to balance the goals for redevelopment as described in this solicitation.
- Substantial compliance meeting submission requirements on pages 15-16 of the Solicitation.

SOLICITATION REVIEW COMMITTEE MEMBERS:

Jill Hutmacher, Arden Hills *
Heather Worthington, Ramsey County *
Lee Mehrkens, Ramsey County
Sue Iverson, Arden Hills
Beth Engum, Ramsey County
John Anderson, Arden Hills

Matthew Bachler, Arden Hills
Stacie Kvilvang, Ehlers
Bruce Kimmel, Ehlers
Kevin McKinnon, Minnesota DEED

** Committee Co-Chair*

Staff to Solicitation Review Committee:

Josh Olson, Ramsey County
Ryan Streff, Arden Hills

SUMMARY OF SOLICITATION REVIEW COMMITTEE'S RECOMMENDATION

Responses to the Master Developer Solicitation were due Wednesday, March 9th, 2016. The JDA received four responses. The responses include:

- Alatus LLC
- Kraus-Anderson & Elion Partners
- Opus Group & Pulte Homes
- Ryan Companies & Lennar Corporation

On March 28, 2016, the SRC met to discuss solicitation responses. Based on the review of the four responses, it was determined that all responders met the minimum criteria and recommended that all four proposers be invited for an interview with the SRC. Interviews took place on April 11, 2016. Additionally, Ehlers provided a letter detailing financial capacity of the four responders.

Based on the review of the solicitation responses and interviews, the SRC recommends a shortlist of proposers to the JDA for interviews who best demonstrated their qualifications, organizational and financial capacity, and their ability to meet the shared goals of the City and County. The SRC recommends the following proposers to the JDA:

- Alatus LLC
- Opus Corporation & Pulte Homes
- Ryan Companies & Lennar Corporation

Joint Development Authority TCAAP Redevelopment Project

JDA MEETING SCHEDULE

All proposers were informed of the SRC's recommendation of interviews. The proposers were informed of their interview times and provided pre-interview instructions (see attached). The pre-interview instructions are similar to the instructions given to proposers ahead of their interview with the SRC.

The JDA interview schedule is as follows:

Tuesday, April 19, 2016	JDA Special Meeting - JDA Interviews
	5:00 PM Review Committee Recap
	5:30 PM JDA Interview #1 - Alatus LLC
	6:45 PM JDA Interview #2 - Opus Group & Pulte Homes
Tuesday, April 26, 2016	JDA Special Meeting - JDA Interviews
	5:00 PM JDA Interview #3 - Ryan Corp & Lennar
	6:15 PM JDA Deliberation
Tuesday, May 2, 2016	Regular JDA Meeting
	5:30 PM JDA Selects Master Developer

ATTACHMENTS:

1. Pre-Interview Instructions and Questions to Proposers
2. Ehlers Memo on Financial Capacity



Memo

To: Jill Hutmacher – Community Development Director, City of Arden Hills
Heather Worthington – Deputy County Manager, Ramsey County

From: Stacie Kvilvang & Bruce Kimmel – Ehlers

Date: April 13, 2016

Subject: Financial Capability of Master Developers

You have requested our input as to the financial capacity of the development teams that have submitted proposals to be considered the Master Developer for Rice Creek Commons.

A financial commitment from the Master Developer and their partners will be required in three areas: (i) predevelopment work; (ii) marketing center; and (iii) land acquisition. Predevelopment work will consist of, but not be limited to, market studies, preliminary site planning and engineering, legal research, and preparation of financial proformas. The costs associated with these predevelopment activities could range from \$250,000 to \$500,000. The range is a function of the relationships the development teams have with their consultants and fee arrangements (i.e. fees reduced upfront and remainder paid when first project moves forward; full payment upfront, etc.). Certain teams may also reduce their initial out-of-pocket expenses due to having planners and other “consultants” on staff. Nevertheless, all of the teams have the capacity to finance preliminary costs since they are common and always anticipated whether a project moves forward or not.

All development teams spoke of constructing a central marketing center that would be utilized to set the tone/brand for the development and where prospective home owners and businesses would come to view the overall plan for Rice Creek Commons, select their home site and unit plans, and so on. These centers are routinely constructed for residential developments and can range in cost from \$1.5 million to \$5 million, depending upon the size and intended use after project completion. Again, all applicants have the capacity to finance this cost as part of the project, either internally or with their noted capital partners.

Finally, the biggest cost to the Master Developer will be land acquisition, including any assessments levied for public improvements. All of the candidate teams have stated they will purchase the land from the County when they have specific development components approved and ready to proceed. At that time, the end development entity (i.e. residential neighborhood, retail, office, flex, etc.) will purchase the required land and wrap the cost into its overall project financing. This is typically how all multi-purpose real estate transactions transpire, and while the Master Developer may wish to purchase certain parcels prior to securing end users, we believe this would be of uncertain benefit to the County because of the “risk discount” that the Developer likely would try to negotiate into the purchase price.

Overall, we expect the up-front “out-of-pocket” expenses of the master developer to range from \$1,750,000 to \$5 million, which all development teams have the financial capacity to complete. Please contact either of us at 651-697-8500 if you have any questions.

www.ehlers-inc.com



Master Developer Solicitation SOL-TCAAP-2-2016

As confirmation of my phone call from earlier this week, the oral interview with the TCAAP Joint Development Authority (JDA) for **Alatus LLC** is scheduled for **5:30PM** on **Tuesday, April 19, 2016**, at Arden Hills City Hall, Council Chambers, 1245 Hwy 96 W, Arden Hills, MN 55112. I suggest your team arrive no less than 15 minutes prior to your appointed time to prepare your presentation.

The interview with the JDA will mirror the format of the interview with the Solicitation Review Committee. The format will be as follows:

TIME LIMIT:	35 Minutes	Team Introductions and answer questions provided ahead of the interview
	20 Minutes	Questions from the Joint Development Authority
	5 Minutes	Why your team?; and closing comments

Please plan your introductory presentation to reflect your time constraints.

You will be presenting directly to the commissioners of the TCAAP Joint Development Authority. Please note that commissioners will have reviewed your proposal prior to your interview. The layout of the Arden Hills City Council Chambers is a traditional municipal council chambers. JDA commissioners will sit in front of the room. A central podium with an adjacent table and chairs will be available. The Arden Hills council chambers is equipped with full AV capabilities.

The JDA is committed to transparency and open government. While interviews with the JDA are open to the public, we kindly request, in the spirit of respect and fairness, teams and their employees refrain from attending interviews not their own.

Come to the interview ready to display and discuss the following:

INTRODUCTIONS: Please introduce the members of your team that will be responsible for this project. Briefly state the experience of each team member and their area of responsibility for this project.

Question 1:

Describe your first six months of work if you are awarded the master developer contract. Specifically address your plans for marketing, land preparation, and development approvals. What should drive branding of the site?

Question 2:

Describe your vision for Rice Creek Commons. How will it be different than other developments? How important is place-making and how would you accomplish it? What elements do you see as critical to the success of Rice Creek Commons? What will be the early projects and how will they set the tone for the entire development?

Question 3:

The TCAAP Redevelopment Code allows for a maximum of 1,431 residential units on the site. How does this number fit with your anticipated plans for the development of the site? How do you intend to provide a diversity of housing options in type and price point? How does the overall amount of retail, office, and flex business space shown on the TRC fit with your development plans?

Question 4:

The Town Center and Natural Resources Corridor are envisioned to be central elements to the site. How would you design these areas so they naturally integrate with development on the rest of the site? How can these components be used to create more uniform development across the site? How will you leverage each area in the marketing plan to help catalyze growth?

Question 5:

Discuss your proposed partnership and your team's history working together. Who will be the day-to-day contacts of the project? How will they work with City and County staff? Who will be the public face of the team that will make presentations to the JDA? How will you ensure continuity among your team for the next five years? How do we have confidence that you have assembled the right team with the right experience to execute this project?

Question 6:

Describe the challenges you see with implementing the TCAAP Redevelopment Code given your understanding of the real estate market today. Are there areas within the TRC where your team anticipates requesting changes or additional flexibility?

Question 7:

Describe in more detail your approach to 'taking the land down.' Do you anticipate public incentives or assistance to achieve the development objectives? Describe the tools and where geographically your team would request public assistance? Describe your access to capital and how you will ensure that the development can be implemented as you have laid out.



Master Developer Solicitation SOL-TCAAP-2-2016

As confirmation of my phone call from earlier this week, the oral interview with the TCAAP Joint Development Authority (JDA) for **Opus Group & Pulte Homes** is scheduled for **6:45PM** on **Tuesday, April 19, 2016**, at Arden Hills City Hall, Council Chambers, 1245 Hwy 96 W, Arden Hills, MN 55112. I suggest your team arrive no less than 15 minutes prior to your appointed time to prepare your presentation.

The interview with the JDA will mirror the format of the interview with the Solicitation Review Committee. The format will be as follows:

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Question 2:

Describe your vision for Rice Creek Commons. How will it be different than other developments? How important is place-making and how would you accomplish it? What elements do you see as critical to the success of Rice Creek Commons? What will be the early projects and how will they set the tone for the entire development?

Question 3:

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Question 4:

The Town Center and Natural Resources Corridor are envisioned to be central elements to the site. How would you design these areas so they naturally integrate with development on the rest of the site? How can these components be used to create more uniform development across the site? How will you leverage each area in the marketing plan to help catalyze growth?

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