

**Draft Minutes from the
East Downtown Council Board of Directors Meeting
Thursday, March 5, 2015**

Augustana Care, 1007 East 14th Street, 7th Floor Skyroom

Present: Tim Briggs, John Campobasso, Daniel Gumnit, Tom Hayes, Varun Kharbanda, Brian Maupin, Paul Mellblom, Lynn Regnier, Carletta Sweet, Tim Tucker, Bert Winkel
Staff: Dan Collison
Absent: Jeff Anderson, Jackie Barrett, Christie Rock Hantge, Carl Runck, Kelly Stenzel

I. Call to Order

President Paul Mellblom called the meeting to order at 11:40 a.m. and thanked Tim Tucker for hosting and providing a great spread.

II. Consideration of Agenda

The agenda was approved as submitted (CS/LR).

III. Consideration of Consent Agenda

After removing minutes for the February Development and Strategy Committees, the consent agenda was approved which included minutes from the February 5, 2015 board meeting; Treasurer's report for February 1-28, 2015; Director of East Downtown Partnership/Executive Director of East Downtown Council's report for February 1-28, 2015; and the Executive Coordinator's report for 02-01-15 to 02-28-015 (CS/BW).

IV. Presentations

- A. *New EDC Promotional Video.*** Dan explained that with the \$2,000 budget, he hired Will Keller (<http://willkeeler.com/>) to try and capture the personality of the EDC from live videos taken at a couple forums, and to share the EDC's vision and value proposition in less than 3 minutes. Keller had wanted to take an artistic musical approach, but was asked to take a more networking relational approach. Dan then played the video.

After viewing the video, Paul asked the board to judge it by (1) I love it, (2) I like it, (3) I can live with it, (4) I don't like it, or (5) I loathe it by raising the appropriate number of fingers. The count resulted in: three 1s, two 2s, and two 3s [the discrepancy in total members listed in attendance above may be due to the late arrival of several board members after this count].

Dan explained that the primary audience for this video is new members and will be used at the annual meeting. He then asked for feedback.

Daniel suggested having a quick scrolling list of the prominent people in the video because unless the audience is part of the community they won't know who these people are and, from a mechanical perspective, to scroll from the bottom of the page so you can begin to read without waiting for it to come into position. He also liked the music; it has a happy tone. Carletta asked for it to be made clear why the people were gathering together, i.e., at a business forum. Paul liked that it showed people who are identifiable by different people in the community, e.g., Peter Brown, Dan Collison, Steve Cramer, Barb Johnson, Alex Tittle, and he also liked the music. Tom stated that it's a little bit longer commercial that elevates us a little bit. It quickly shows the neighborhood and all the cool stuff and it tease up the conversations and plays well on the web. Keller clearly has a good eye because he picked people laughing, a ton of diversity so for \$2,000 when you can spend \$22,000 on a 3-minute video it's good. Lynn liked the diversity, people talking, listening and connecting with each other.

Dan explained that without a lot of trouble, he could add programs that we do and a quick list of members that appear and/or logos.

Paul reiterated that the video will be shown at the annual meeting and placed on the EDC website and Facebook page. Once that's accomplished Christie should send to board members a link so that it can then be placed on their respective networking services as ambassadors of the organization.

- B. *East Downtown Housing: A Report of the 2025 Plan East Downtown Development Committee Task Force.*** Dan explained that he is creating a body of work that is connecting all of the facets of how we're

building East Downtown. Today's presentation is an update on how we're studying housing as a key-driving component to our economic vitality. Then he guided the group through the slide presentation he gave at the Small Group Meeting #5 on Tuesday, February 17, 2015 at Minneapolis City Hall entitled *Housing: What do we have, what does the market want, what do we need?*

Dan first described the boundaries of the area: a slice of Downtown West, Downtown East, and Elliot Park then quickly described the various zoning districts within the boundaries: C3A, Community Activity Center; L1, Light Industrial; B4S-2, Downtown Service; B4N, Downtown Neighborhood; C1, Neighborhood Commercial; OR2, High Density Office Residence; OR3, Institutional Office Residence; and R6, Multiple-family (<http://www.minnpost.com/data/2015/02/how-minneapolis-zoned>).

What housing do we have? Dan gave statistics from the last census taken in 2010 and advised that in the 307 acres of land on nearly 100 city blocks in the East Downtown District there were 8,011 persons and 3,813 households. That is significant to pay attention to because Elliot Park is at the center of where most residents have lived. Between 2000 and 2010 nearly one third of the entire housing inventory was added for a total of 1,703 units.

Statistics taken from a land use analysis showed that 25% was either a commercial lot or was vacant with only 16% for residential. Since 2010, households have increased from 3,813 to 4,343, and total residents have increased from 8,011 to 1,477.

What does the market want? Dan advised that the development community and McKnight are beginning to pay attention to is what can the market bear then cited the housing growth curve from 2002 to 2014:

- Downtown Minneapolis residential units — it went from 12,959 to 20,407, a 57% increase.
- Downtown residential value — it went from \$1.1 billion to \$3.1 billion, a 170% increase.
- Those between the ages of 25 to 44 who moved in from out of state in 2014 — 17.6% moved to the metro area, 19.3% moved to Minneapolis, and 32.6% moved to downtown Minneapolis.
- Median home sales price in comparison to the metro and Minneapolis — downtown Minneapolis has skyrocketed with almost a \$125,000 price higher than elsewhere in the region.

Dan then cited data taken from Dougherty & Company's *Twin Cities Multifamily Market* study for 2014-2015 (<https://clients.doughertymarkets.com/MarketViewpointReport.pdf>). In 2000, of all new housing built in the Twin Cities (7 counties), 27% was multifamily. In 2014, of all new housing built in the Twin Cities, 48% was multifamily. That is a staggering shift from what's being built and how light rail and transit-oriented development has changed the landscape of what people are interested in particularly those between 24 and 44 years old. When you read the narrative, this district is a sleeper when it comes to new housing development. Between, 2003 to 2015, there have been only 4 multifamily developments built (i.e., Alliance Apartments expansion, Emanuel Housing, St. Anthony Mills Apartments, Mill District City Apartments), however there are several major housing developments in progress or in the pipeline:

- Jim Stanton's Portland Tower (<http://www.startribune.com/business/295682211.html>);
- Sherman Associates mixed-use development (<http://www.sherman-associates.com/news/2015/02/sherman-releases-plans-for-downtown-minneapolis-mixed-use-project/>); and
- Ryan Companies mixed-use development (<http://www.ryancompanies.com/projects/downtown-east/>).

What do we need? Dan advised that an array of housing from the lowest income (zero to 30% of area median income) to low to moderate workforce income (\$20,000-\$50,000) to market rate rental and condominium on a sliding scale from subsidized to unsubsidized is needed. First Covenant is in serious conversations with Community Housing Development Corporation (CHDC) and Ryan Companies to do a housing project on its site for the low to moderate income range more about which he'll present later in the meeting. This project is coming to FC's site because City Hall did not want it anywhere near the Ryan's project and until there's more sophistication in thinking and less reprisals for what might be perceived as helping large corporation this is how they have to proceed with pursuing this type of housing.

Dan read the housing task force aspirations followed by words from David Graham, architect and founding partner of ESG Architects to emphasize the need for a range of housing opportunities. A couple key driving questions to obtain this range of housing are: If the 2025 Plan is to double the residential population to

70,000, what are the appropriate goals we want to work on this year? And how do we catalyze a greater sense of urgency for increased housing development volume and diversity in East Downtown?

Dan then briefed the group on the questions created by the small working group that were posed to and responses received from the following panelists (reference notes from the Special Housing Forum dated February 13, 2015):

George Sherman, President/Owner, Sherman Associates
Elizabeth Flannery, President, Community Housing Development Corporation
Cathy Capone Bennett, Housing Specialist, Urban Land Institute, MN
Jay Demma, Senior Planner, Perkins+Will
Carl Runck, Director of Development, Ryan Companies

All of the previous efforts have culminated in the following two housing proposals.

1. First Covenant Church/Hubert's Housing Project

This was another slide presentation Dan gave at Small Group Meeting #5 on Tuesday, February 17, 2015. FCC is on the cusp of signing a Letter of Intent to develop its site as proposed by CHDC and Ryan Companies. It will go before EPNI's BLUH meeting in a couple of weeks and Mikkel Beckman from the Office of End Homelessness will be attending. The proposal calls for approximately 230 workforce units in a 5- to 7-story structure with one level of underground parking and a re-massing of the surface parking to the center of the project. There's a chance there could be more units with a mix of workforce and affordable. When it comes to diversity in housing FCC's property is a great site because of its proximity to the stadium, new park, and transportation and if done well can be inviting.

2. Portland Avenue New Residential Corridor

Another housing proposal presented at the Small Group Meeting #5 on Tuesday, February 17, 2015, was the one Dan received from Carl Runck, Director of Development at Ryan Companies, wherein he makes the case for a new residential corridor along Portland Avenue stretching from the river to the Grant Park condominium tower connected by the Downtown East Commons. Using an aerial map, Dan pointed out that along this corridor, there are five high-potential sites to increase housing density: (1) the Thrivent parking lots; (2) Kraus-Anderson headquarters and parking lot; (3) HCMC parking lot; (4) Allied Parking lot; and (5) Wells Fargo retail branch parking lot. Then he summarized the background and the thesis put forward for Runck's proposal. Land is used up in the North Loop and since East Downtown has remaining developable land, let's get to work. If all these sites were to be developed with a significant multifamily component, collectively this would add an estimated 1,000 to 2,000 units to the district.

Action ideas/next steps include:

- Strategically assemble a task force/small group to meet individually with top property decision makers from Thrivent, Kraus-Anderson, Wells Fargo, Allied Parking, and HCMC to listen to what their goals are with each property (if for sale or joint venture, pricing expectations, timing to put on market or joint venture or redevelop themselves, development vision).
- Based on that input, with the City and Hennepin County's inclusion/guidance/support create a Portland Avenue residential corridor framework plan that responds to density and demand for particular market price points for apartments/condos/townhomes on these blocks.
- If there's momentum, lobby Hennepin County commissioners to approve future funds to enhance/narrow Portland Avenue similar to how they are rebuilding Washington Avenue between Hennepin Avenue and 5th Avenue South, i.e., less major traffic thoroughfare, more pedestrian-/residential-oriented boulevard feel.
- Work closely with willing property owners (Thrivent senior executive Brent Hanson, Allied senior executive, HCMC senior executive) to assist with development planning/match-making as organized neighborhood/City representatives.
- Work closely with Kraus-Anderson Realty (Mike Korsh/Matt Alexander) on solving a redevelopment plan approvable by Council Member Goodman that contains their corporate headquarters and possible housing component.
- Persistently promote eyewash vision and goals of the Portland Avenue residential corridor to rally resident/ developer/private equity support to implement the vision before historically low interest

rates end and historically high demand for downtown living wanes.

Dan advised that these are the type of projects he's trying to take to the 2025 Plan as outcomes, implementation and envisioning, after which discussion ensued regarding the proposals presented.

V. Updates

- **Downtown Minneapolis Neighborhood Association.** Carletta referenced her update included in the board package.
- **Elliot Park Neighborhood, Inc.** Lynn referenced her update included in the board package.
- **Great Streets Business District Support Grant.** Dan thanked EPNI, MDC and DMNA for providing letters of support and advised that the feedback he received is important for future CPED grants. After submitting the original draft for the two projects, the following adjustments to the grant proposal were recommended: speak more to implementation rather than propose creating a study; optimize on the way the City's process for development approval rather than propose changes to it; and focus on improving and organizing the business community's role in bringing tangible development solutions to the table in partnership with neighborhood organizations. Dan made those adjustments and resubmitted the proposal and changed "a new community engagement model" to "a new development engagement strategy for the East Downtown Business District."

He spent an afternoon with St. Paul Riverfront Corporation staff, i.e., Tim Griffin and Patrick Seeb, to talk about how to fund ourselves better in the future, and how development can be a place to access more grants. Dan envisions the EDC can become something between a municipal-driven riverfront corporation and a market-driven model but we'll probably hire SPRC to consult with us. May be we can find a sweet spot on how we as the business community can be leaders who speak to development in a way that foundations and external voices are excited about participating. If we do it right, this grant could help us create an economic model that is more sustainable. We will know in April if the grant is awarded.

- **Minneapolis Downtown Council.** Dan highlighted the following events:
 - There were close to 1,000 people who attended the inaugural *Light the Winter Night* lantern festival held on a very cold Saturday night, February 21st at the Marquette Plaza on Nicollet Mall (http://www.downtownmpls.com/news_article/show/481893?referrer_id=1285815).
 - Approximately 100 people attended the Nicollet Hotel Block presentation by United Properties on Wednesday, February 25th at the Minneapolis Central Library's Pohlad Room (http://www.downtownmpls.com/news_article/show/483608-mdc-hosts-membership-event-highlighting-nicollet-hotel-block-project). If built, it will redefine how people experience that part of downtown and a beautiful amenity to the core.

VI. Committee Reports

- **Board Development.** Paul advised that this committee is comprised of Bert, Carletta, Dan, Daniel and himself. The changeover to the new system is moving ahead and a slate of candidates to fill the new seats on the EDC Board of Directors has been identified each of whom have been interviewed and agreed to serve:

Carina Aleckson, Catholic Charities
Marc Berg, J. Selmer Law
Joshua Clark, Hyatt Place Hotel
Chris Fleck, North Central University
Jeff Hahn, Day Block Brewery
Hilary Hart, Guthrie Theatre
Alex Tittle, Minnesota Sports Facilities Authority

Candidates were chosen based upon past participation, enthusiasm, strategic importance to the EDC, and to help fill gaps in the Board Profile Grid. This slate will be taken before the full board in April to be ratified.

Elections are held in April at the annual meeting and current members were asked to let him know what their intentions are regarding continued service on the board. Once the new board is seated, the 1-, 2-, and 3-year terms will be decided by drawing straws.

- **Business Forum.** Dan reported on the following upcoming forums:
 - *March 19, 2015: The Convergence of Technology and Transportation* at the 1010 Building with Allan Klugman from Public Works, Dan McLaughlin from the Commuter Connection (<http://www.commuter-connection.org/>), and car sharing representatives.
 - *April 16, 2015: Year in Review/Board Elections.* This is the annual meeting and will be held at the Normandy Inn. EDC leadership will give a review of the past year's accomplishments, Steve Cramer, president and CEO of the Minneapolis Downtown Council / Downtown Improvement District will give his perspective on the district, and there will be the first paid entertainment performance by The Theater of Public Policy (<http://t2p2.net/>).
 - *May 21, 2015: Hennepin County Medical Center New Clinic Update.* Location TBD. Dan thanked Tom for helping to pull this together and advised that he is also working with Tom and his team to also present their update to the East Downtown Development Committee large and small task forces because Dr. Pryor is aspiring to impact how the blocks and neighborhood surrounding the clinic create synergies with HCMC's investment.
 - *June 18, 2015:* Dan is hoping Hargreaves Associates can give a presentation on the Downtown East Commons.
- **Membership, Marketing and Communication.** Dan advised that this committee reviewed the strategic goals for next year put forth by the Strategy Committee. These goals will be further discussed at the April board meeting for ultimate presentation at the annual meeting.

Regarding the district branding work with PadillaCRT, Dan is trying to put a couple pieces in place. They are intentionally taking it slow because there's going to be something that happens as spaces are built, particularly with the park, which will serve as a pointer of our brand essence as a district. However, we need CPED's Great Streets grant and he's working with Cramer on a McKnight second round grant that could fuel PadillaCRT to do the pre-formational piece and then some deliverables. Down the line, if DID expands, maybe the EDC becomes a part of that and start creating more deliverables on whatever our brand essence is. This could be a 2-year process of district branding so that as things are built, if there any surprises in design or built environment, we can react in a way that makes this a truly regional marketed destination.

- **Strategy.** Paul advised that this committee is wrapping up its work and has no plans to meet until after the annual meeting when it becomes the Executive Committee. It did, however, develop goals for the EC to work from when it convenes in May 2015.

VII. Focused Discussion / Strategic Thinking

- **Explore New Board Meeting and Business Forum Times.** Dan explained that Jeff Anderson conveyed in a MMC Committee meeting that he would prefer a breakfast board meeting, say 7:30-9:00 a.m., because his noon timeframes are jammed. Dan also heard the same from people in the development community. Then he asked the board what would help them to stay engaged and facilitate participation.

After receiving feedback, Paul suggested tabling the issue until the new board of directors is in place.

- **Minimum Wage Discussion.** Paul referenced the February 13, 2015 *Star Tribune* article "Group leads push for \$15 minimum wage in Minneapolis" (<http://www.startribune.com/local/minneapolis/291924751.html>) and the February 20, 2015 *Star Tribune* article "Minneapolis mayor does not back citywide minimum wage increase" (<http://www.startribune.com/politics/statelocal/292810551.html>) included in the board package. Tim Tucker brought this to Paul and Dan's attention for board discussion.

Tim explained that in terms of an organization, they're all for everybody getting \$15 an hour; however, Augustana Care is tied to Medicare Medicaid rates set by the State of Minnesota which has not given them a

raise in almost 10 years. They've given some incremental raises just to be applied to employee wages, and then to capriciously come in and blanket this would be a difficult issue for AC to face. Globally, he thinks the position AC would take is one of the general large employers that are all for increasing the wage base, but he just don't think this is the way to go about doing it because you're going to have neighborhoods and demarcation lines that are paying and not paying, and having to and not having to and it will complicate the world and not solve any issues.

Brian commented that from the perspective of hiring a number of lower-level employees, it's significant. It's one of the largest expense items they can control so in some cases you may be looking at increasing that cost by over 30%. Those costs, whether it's a Subway, Caribou or Target, are going to drive up product costs and will trickle down.

According to the February 13th article, a new statewide minimum wage law that took effect last year will boost wages for employees of large companies to \$9.50 per hour and \$7.75 per hour for smaller companies by 2016.

John believes the biggest challenge is for the City doing it as the leader in this area because it will affect a lot of small businesses negatively when the surrounding communities aren't doing it. That's why you want it done at the federal level so you don't have those issues. Everybody is saying we'd love to have it but it's a matter of how you do it.

Brian noted that it's not just that stratosphere that will be affected; it's the one just above it because that's going to get shifted too. Closing the entry-level income gap will put pressure on the middle-income level to move up based on tenure and responsibility. The upper-income level doesn't move and isn't affected.

Tim only brought this to the board's attention because he thought it was a pressing issue of immediacy but no longer believes it's quite as high on the radar screen.

Paul advised that he and Dan agreed, as the board begins to have a higher level of visibility, having a discussion on a potentially politically divisive issue would be a good exercise in how the board should address issues as they come before it going forward.

Daniel agreed that doing it at the City level is not the way to go about it, but with Dan and his group building affordable housing and the number of organizations serving on the board dealing with people in poverty, the EDC cannot come across as being against increasing wages. He knows there's not a lot of division here about wanting people to make more money but as with Tim he's in the same position, he has multi-year contracts with Hennepin County that are based on what it costs him to provide services. If all of a sudden wages go up, how does he deal with that if he's tied to a 4-year contract?

Tom thinks bringing this issue up was a good idea because it moves us, especially when the new Board of Directors are in place, toward thinking about what issues the EDC should or should not touch because there are other directions beside new development but it's not a social organization or chamber of commerce or lobbying group.

Varun believes the EDC should have an opinion on issues affecting the district (e.g., skyways, more or less parking) and approach the appropriate people who can help push forward what is desired.

VIII. Adjournment

The meeting adjourned at 12:57 p.m.