

**Recap of the Joint Minneapolis Downtown Council and
East Town Business Partnership Business Forum
Thursday, September 20, 2018, 11:30 a.m. – 1:00 p.m.
Dowling Studio at Guthrie Theater, 818 South 2nd Street, 9th Floor
Downtown East Neighborhood of Minneapolis**

- **Welcome and Announcements**

Dan Collison, Executive Director of the East Town Business Partnership and Director of Downtown Partnerships for the Minneapolis Downtown Council, welcomed the audience to the first joint ETBP-MDC business forum of the 2018-2019 season, and extended a huge thanks to the Guthrie Theater (<https://www.guthrietheater.org/>) for hosting. He encouraged the audience to get to know the Guthrie team, and to experience the happenings, concerts, and special events in their incredible spaces.

Collison then announced the following Tilt-A-Whirl of events on behalf of the Minneapolis Downtown Council:

- Saturday, September 22, 10:00 am- pm: Explore Downtown Living (<https://www.exploredtliving.com/>) at approximately 20 residential communities;
- Wednesday, September 26, 4:30 pm- 6:30 pm: Happy Hour Presentation|NCAA Final Four at the Hotel Ivy (<https://www.mplsdowntown.com/event/happy-hour-presentation-final-four/>);
- Tuesday, October 2, 5:00-9:00 pm: Annual Gala & 2025 Plan Leadership Awards at the Minneapolis Events Center (<https://www.mplsdowntown.com/event/2018gala/>);
- Thursday, October 11, 11:30 am- 1:00 pm: Member Forum|Downtown Residential Development at the Hyatt Regency Minneapolis (<https://www.mplsdowntown.com/event/member-forum-downtown-residential-development/>);
- Saturday, October 13, 4:00-8:00 pm: Arterank MSP 2018 (<https://www.mplsdowntown.com/event/arterank/>) at the IDS Center Crystal Court; and
- Friday, October 26, 7:30 am -9:00 am: Good Morning Mpls|Checking in on Hospitality at Westminster Presbyterian Church (<https://www.mplsdowntown.com/event/good-morning-mpls-hotels-airbnb/>).
- Friday, November 23-Sunday, December 23: Holidazzle 2018 in Loring Park (<https://www.holidazzle.com/>)

Turning to the East Town Business Partnership side, Collison thanked the membership and extended a special gratitude to the platinum sponsors who help fuel its activities:

- Allied Parking
- CenterPoint Energy
- Clear Channel Outdoor
- Community Housing Development Corporation
- Delta Dental
- ESG Architects
- Hennepin Healthcare
- House of Charity
- Kraus-Anderson
- Minnesota Vikings
- NRG Energy
- Padilla
- People Serving People
- Thrivent Financial
- U.S. Bank
- Sherman-Williams
- Wells Fargo

Then he announced the following events occurring in the East Town district that are listed

chronologically:

- The ETBP has an inclusive announcement policy, so submit your organization's activities for mentioning at upcoming business forums;
- Every 3rd Thursday, 5:00-8:00 pm: Elliot Park Art Walk (<https://www.facebook.com/events/376042909593595/>);
- Sunday, September 23-Saturday, September 29: Make It MSP Welcome Week (<https://www.makeitmsp.org/msp-welcome-week/>);
- Tuesday, September 25, 5:00-8:00 pm: Minnesota Orchestra at The Commons (<https://www.facebook.com/events/171482320360801/>);
- Wednesday, September 26, 5:00-6:00 pm: Coffee with Ward 3 Council Member Steve Fletcher at Moose & Sadie's (<https://northloop.org/event/coffee-council-member-moose-sadies/>);
- September 30, 4:00-7:00 pm: MnDOT Community Bridge Dinner at Franklin Steele Park off Portland Avenue (<http://millcitytimes.com/mill-city-minneapolis-events/september-30-2018-sunday-community-bridge-dinner.html>)
- Wednesday, October 10, 4:00 pm: Submission Deadline for Call for Public Artists for Samatar Crossing (<http://www.minneapolismn.gov/dca/callforartists>)
- Saturday, October 13, 10:00 am-12:00 pm: Elliot Park Neighborhood Fall Cleanup at Elliot Park Recreation Center (<http://elliotparkneighborhood.org/>) in conjunction with the Litter Be Gone event (<http://www.litterbegone.org/>);
- Thursday, October 18, 11:30 am-1:00 pm: Business Forum on The Joys and Burdens of Starting a Business in Minneapolis with Jeff Sommers, Co-owner of Izzy's Ice Cream at Open Book (<https://easttownmpls.org/october-18-business-forum-at-open-book/>);
- Friday, December 7, : Hennepin Healthcare's Light up the Night at (<https://www.hennepinhealthcare.org/hennepin-healthcare-foundation/light-up-the-night/>);
- To learn more about and attend the neighborhood organizations' meetings:
 - Visit <http://www.thedmna.org/> for the DMNA Land Use Committee and Board meetings
 - Visit <http://elliotparkneighborhood.org/> for EPNI Building, Land Use and Housing (BLUH) and Livability Task Force meetings; and
- For help navigating City Hall with your business questions, visit the City's new Minneapolis Business Portal (<https://business.minneapolismn.gov/>) designed to connect entrepreneurs and small business owners to the information and resources needed to plan, launch and grow a business.

Collison thanked Sherman Associates and ESG Architecture & Design for their sponsorship of today's event and noted he has gotten to know their organizations over the years and found them to be deeply invested in understanding what's going on in the community; they are 21st century kind of developers who reach in and take on complex projects that benefit the community on all levels and layers.

Then he invited George Sherman, Principal at Sherman Associates (<http://www.sherman-associates.com/about/staff-bios>) and Robert Loken, Vice President and Partner at ESG (<https://www.esgarch.com/bob/>) forward to give today's presentation.

- **East End Development**

George Sherman began by giving an historical perspective on all of the wonderful changes that have happened in East Town over the past several decades. In 1985, Burlington Northern spun off its railroad plan to Glacier Development which offered a piece of riverfront land stretching from the Guthrie Theater to the Plymouth Avenue Bridge for \$25 million. He was in his 30s and signed a purchase agreement, but he only had \$50,000 in the bank so he went to the City and tried to explain this wonderful vision that could happen along the riverfront and why they should partner with him on the purchase. They eventually purchased the parcel by the Federal Reserve in the North Loop, but the controversy then was who would want to live on the riverfront. The final vote of the City broke the parcels apart and Sherman bought the southern part for which he received criticism by former City Council Member Walt Dziedzic. The story now is it is the hottest part of Minneapolis with the highest

priced condos and highest priced hotels, but just 30 years ago it was a parcel covered with railroad tracks, homeless people living in cardboard boxes and people who had trouble envisioning what could happen here. The major change was the City's infrastructure investment in the Stone Arch Bridge and West River Parkway and once that occurred everyone could see the huge benefit and attraction in the riverfront.

Robert Loken continued by explaining what happened in the intervening years. In the 1960s, everything between Washington Avenue and 2nd Street was rail yard and we tore that down and built a bunch of parking lots. Sherman advised the first residential projects were by Brighton Development (<https://www.minnpost.com/business/2012/11/brighton-development-winding-down-after-spurring-riverfront-revival/>), then several recessions slowed development down and was reinvigorated by the construction of the Guthrie Theater in 2006. Over that period of time, about 18 City surface parking lots have been redeveloped and the last 3 have been spoken for in the past 2 months. Every surface parking lot between I-35W and Hennepin Avenue and between the stadium and the riverfront now have development plans submitted to the City and we'll see almost all of the fabric filled in the next 3 to 4 years. Two significant icons of the area include Gold Medal Park (<http://www.goldmedalpark.org/>) and The Commons (<https://www.commonsmpls.com/>), which have helped spur additional residential development.

Sherman then gave an overview of their residential developments in East Town:

- Aloft Minneapolis, the first new construction along Washington Avenue, and the 64-unit Zenith condominium (<http://www.sherman-associates.com/zenith/>), both of which were built on rail lines and a former computer disc manufacturer;
- The 123-unit Encore apartments (<https://mplsencore.com/>) which, along with the above, filled out that block; and
- The June 2018 opening of East End apartments (<https://eastendmpls.com/>) also built on rail lines.

In the 1890s-1910s this area was the grain capitol of the world that was powered by the waterfalls and had easy access to the wheat fields in the Dakotas. As we were taking in grain from the Dakotas, we were shipping farming equipment out on the same rail lines. The East End development site was owned by two established farm equipment companies, Case (https://en.wikipedia.org/wiki/Case_Corporation) and Advance Thresher/Emerson-Newton Implement Company (https://en.wikipedia.org/wiki/Advance_Thresher/Emerson-Newton_Implement_Company) and, along with waste dumping by the rail lines, had a lot of contamination which required a lot of cleanup.

Sherman also discussed the obstacles encountered to bury the utilities. Since Xcel can't get the rates they need from consumers so it has gone into the business of charging developers. In this instance, \$2 million to bury the power line polls for the entire neighborhood.

Loken and Sherman then described their:

- Mixed-use (a full service restaurant on Washington Avenue and bakery/coffee shop on 2nd Street by restaurateur Kim Barton), mixed-income (80% market-rate + 20% affordable apartments subsidized by the developer with no City assistance + 4 for-sale townhomes) Vicinity project at 205 Park Avenue which has broken ground (<http://www.journalmpls.com/news/development/2018/05/sherman-associates-breaks-ground-on-vicinity/>); and

- The proposed 22-story market-rate apartment building at Washington and Portland Avenues (<https://www.bizjournals.com/twincities/news/2018/07/16/renderings-shermans-125-million-plans-for.html>) that is working its way through the City's development process.

Lastly, they provided an overview of how the various components and financing of the project came to fruition. It took four different purchases, including the Old Spaghetti Factory where they are now headquartered, to put the project together. Also, last fall they started construction on two 5 megawatt solar gardens, one in Carver County and one in Washington County whereby the energy generated will be sold to Xcel Energy to supply power to their multifamily properties in Hennepin County, including East End.

Thereafter, they entertained several questions from the audience wherein Sherman discussed his perspective on affordable housing. They are committed to doing affordable; over half of their portfolio is affordable but the cost of housing for everyone is going up much higher than wages. The average medium income (AMI) for a family has gone up 1.2% each year for the past 12, for the same period construction costs have gone up 3-5% so housing now is 40-50% more expensive than it was in 2007 and incomes have only gone up 8% and the problem has exponentiated. The long-term solution is maintaining the affordable housing we have without losing it and getting real wage growth. The answer is going to involve finding individual solutions rather than a great band-aid that cures all.

For more information, read the presentation at <https://easttownmpls.org/wp-content/uploads/2018/09/9.20-member-forum-pres0-FINAL-.pdf>.

- **Closing Remarks**

Collison thanked the audience for attending, Guthrie Theater for hosting, and George Sherman and Robert Loken for sponsoring the event as well as for providing an update on the East End Development. Then those interested in touring the project were asked to gather near the elevators.