



Minneapolis
City of Lakes

**Community Planning &
Economic Development**

Lee Sheehy
Director

105 5th Avenue South – Suite 200
Minneapolis MN 55401-2534

Office 612-673-5095
Fax 612-673-5100
TTY 612-673-5154

September 16, 2005

Lee Sheehy, Director
Community Planning and Economic Development
105 5th Ave S., Suite 200
Minneapolis, MN 55401

Dear Lee,

A new opportunity has been opened in the multi-jurisdictional effort to attract development to the Nicollet Hotel site. The deadline for the Nicollet Hotel Block RFP has passed without a formal proposal responsive to all bid specifications. We have received the attached response from an Opus/Apex team proposing a property exchange between the Nicollet Hotel and Powers Blocks.

We believe the Opus response is worthy of further examination. I have asked CPED staff to analyze it and will convene our inter-agency Nicollet Hotel Block staff team on September 26, 2005 to review this analysis. We will bring a staff recommendation to you after that meeting.

Through this project, a model transit-related development process has evolved between the Metropolitan Council, Metro Transit, and the City of Minneapolis:

- The Metropolitan Council has proposed management of DBE services across the whole project.
- State legislation was passed, creating a transit-oriented development provision to the state bidding law.
- Architect emeritus Leonard Parker worked to review the bid specifications and promote the RFP.
- A new relationship with the FTA was forged, including satisfaction of FTA environmental and DBE requirements on the site.
- An understanding was reached with our partners at Metro Transit about what it will take to market other sites.
- With the assistance of the City, Metro Transit was able to apply for and was awarded the Sabo Earmark funding that has been allocated for the project.

Thanks to the CPED staff and our project partners, the City has a new development process to prepare us for opportunities emerging along the Hiawatha Light Rail line and other transit corridors. In the meantime, we will ask our interagency team to help us examine the development alternative proposed by Opus.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'Mike Christenson', with a long horizontal stroke extending to the right.

Mike Christenson, Director
Economic Policy and Development Division
Community Planning and Economic Development

Enclosure (1)

es

cc: Martin Sabo
Lisa Goodman
Brian Lamb
Jerry LePage (for distribution to the staff team)



THE OPUS GROUP
ARCHITECTS
CONTRACTORS
DEVELOPERS

OPUS NORTHWEST, L.L.C.
A member of The Opus Group
10350 Bren Road West
Minnetonka, MN 55343
Phone: 952-656-4444
Fax: 952-656-4529
www.opuscorp.com

September 15, 2005

Mr. Jerry LePage
City of Minneapolis
Department of Community Planning and Economic Development
105 Fifth Avenue South, Suite 200
Minneapolis, MN 55401

Via Email and U.S. Mail

RE: NICOLLET BLOCK REQUEST FOR PROPOSAL

Dear Jerry:

This letter is a follow up to recent meetings we have had with Lee Sheehy, Mike Christianson and George Kissinger regarding the Nicollet Hotel Block RFP and the Opus Parcel (Powers Block) in downtown Minneapolis. In our discussions, Opus Northwest, L.L.C. ("Opus") and APEX Asset Management Corporation ("APEX") have discussed the following Nicollet Hotel Block RFP alternative for consideration by the City of Minneapolis.

- **Property Swap:** Opus and APEX propose swapping the Powers Block for the Nicollet Hotel Block property. This swap would occur upon receipt of necessary entitlements for the development of the Nicollet Hotel Block and the completion of schematic design for the Transit Terminal on the Powers block.
- **Opus Parcel:** Opus currently controls the 51,461 square foot site containing four land parcels located on the southern portion of the block bounded by 5th Street, Nicollet Mall, and Marquette Avenue. The 5th Street/Nicollet Light Rail Transit Station is located contiguous to the Opus Parcel to the south.

Our development team feels that this "swap" concept should be considered for the reasons outlined in this letter and we would request the City consider it prior to selecting an alternative developer's proposal for the Nicollet Hotel Block. Our development team has significant experience with downtown high rise residential design, finance, marketing and construction as evidenced by the very successful Grant Park and Carlyle projects. This experience leads our team to the respectful conclusion that the combination of a metropolitan transit terminal located below housing on the Nicollet Hotel Block is fundamentally incompatible.

The Nicollet Hotel Block by itself is potentially a great housing development site with its adjacency to Hennepin Avenue, the Nicollet Mall and new downtown library. Additionally, its proximity to both the river and CBD core provides convenient access to downtown's many amenities. A large transit terminal as proposed would significantly impact the attractiveness for housing at this site.



The advantages, we believe, for a property transfer as proposed are:

- A property transfer would allow the City of Minneapolis to create a major *“Transportation Center”* for downtown by combining Light Rail, pedestrian and Bus Terminal all immediately connected to the Skyway system and the Nicollet Mall transportation corridor. This scenario could provide the ideal combination of transit oriented development to Downtown Minneapolis.
- By separating the residential use and the transportation use, the Transit Terminal and Residential/Retail can move forward independently on an accelerated schedule. The Opus-APEX Team would anticipate starting the marketing of a residential tower by mid 2006 with construction to follow soon thereafter.
- A *“Transportation Center”* located at the 5th Street & Nicollet Avenue block would be skyway connected providing significant traffic support to surrounding retail.
- Development air rights on the Powers Block parcel would be preserved above the underground Transit Terminal for future development.
- Residential development is structurally intense, requiring compact column spacing that runs vertically thru the Transit Terminal garage into bedrock. On the other hand, a Transit Terminal requires very large column spacing for circulation. Separating the Transit Terminal from the residential/retail components eliminates structural incompatibility, complications and significant cost.
- Access to housing and retail will no longer be significantly compromised by the access/egress points of the Transit Terminal especially considering the increased number of buses currently planning to use the Transit Terminal (approximately 1,000 daily bus trips).
- Locating the Transit Terminal on the Powers Block would provide the opportunity to take numerous buses off the Nicollet Mall by accessing the Transit Terminal via Marquette Avenue.
- A transfer of properties would potentially accelerate the redevelopment of two adjacent properties, 401 Nicollet Avenue (Baker Parking Ramp) and 400 Marquette Avenue (Allied Parking, Inc., surface parking lot) which would provide a significant aesthetic improvement directly across from the new Cesar Pelli designed Minneapolis Public Library.
- The Opus and APEX team is most qualified to understand and execute such a development with a proven track record of residential development in downtown Minneapolis.



Thank you for your receipt and consideration of our development concept. Although our proposal does not meet the specific submission guidelines set forth in the Nicollet Hotel RFP, we believe it provides an approach which will deliver the best transit oriented development and an excellent housing development on these two sites for the City of Minneapolis. As a next step, we would like to meet to answer any questions you might have and to further explore the viability of our concept.

Best regards,

Opus Northwest, L.L.C.

A handwritten signature in cursive script, appearing to read "David J. Menke", written over a horizontal line.

David J. Menke
Vice President

APEX Asset Management Corporation

A handwritten signature in cursive script, appearing to read "Thomas M. Dillon", written over a horizontal line.

Thomas M. Dillon
Senior Project Manager

cc: Tom Lund, Opus Northwest, L.L.C.
Stew Stender, Apex Asset Management Corporation
Bob Lux, Apex Asset Management Corporation