



VICTORY CAPITAL CORPORATION

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June 1, 2015

VIA EMAIL

Council President Russ Stark
City of St. Paul City Council
310-D City Hall
15 Kellogg Blvd., West
Saint Paul, MN 55102

RE: West Side Flats Master Plan, Development Guidelines and Proposed
Rezoning

Dear Councilmember Stark:

We have had the opportunity to review the West Side Flats Master Plan proposal and we were also in attendance at the public hearings in front of the City of St. Paul Planning Commission and St. Paul City Council last month. As a significant industrial property owner in the Riverview Industrial area, we wanted to share some of our thoughts and concerns and we would ask that this letter go on record as part of the public hearing.

As mentioned above, through various partnerships, we are involved in the ownership and management of over 200,000 sf of industrial property within the master plan area. The first property is the Riverview Business Center located at 105-145 State Street and the second is Riverview Industrial Center located at 130-180 Eva Street, directly across the street from the Rexam facility. Both of our properties would be impacted by the new street grid system with several roads going through the middle of them. No matter whether the implementation of this plan happens 10, 20 or 30 years from now, adopting it will have a significant detrimental impact on the value and sustainability of our properties. The following bullet points outline my reasoning for this:

- We have nearly 20 different tenants in these properties, most of which are long standing St. Paul businesses. Should the City adopt this plan in its current form, each of these companies will no doubt re-evaluate their ability to occupy space in these properties and invest in their operations with the likelihood that they will lose their space at some point in the future.

- There is no question this will have a significant negative impact on our ability to retain tenants and attract new tenants to the property, reducing the ultimate value of the properties.
- With lower occupancy and the threat of losing the property to make way for the new infrastructure, our properties will have increased deferred maintenance as there will be no desire and less capital available to invest in the properties.
- We will most certainly have financing related issues in the future as loans come up for renewal and as occupancies decline.

As was stated many times during the public hearings, we don't understand why the City would adopt a plan that will most likely force existing St. Paul companies to move their operations. Many of these companies have been on the West Side for decades. They employ hundreds of hard working people and contribute significantly to St. Paul's economy in many different ways. Why would you want to displace these companies and their employees, while forcing them to spend millions of dollars to relocate? The proposed new street grid will most certainly do that.

We believe that the plan also called out for the possible use of eminent domain in the future for the implementation of the plan. We have had some recent experience in another municipality with a quasi-governmental entity trying to take our property through the use of eminent domain and we can tell you there is nothing good that comes of that for property owners. These often end up in long drawn out court battles where the only winners are the attorneys. If the plan moves forward in any capacity, I would strongly urge you to remove the ability to acquire property via the use of eminent domain.

Finally, in the Planning Commission public hearing earlier this year, it was mentioned that the task force took into account "market reality" when putting this plan together. The reality is that the market changes and evolves every year, so we don't know how one could project out 10, 20 or 30 years and know what the market reality will be at that time and what product types will be in demand. Why would the City put a master plan in place that has no flexibility to adapt to future market conditions? It would make much more sense to adopt a plan to guide future development in the area, but does not dictate where certain roads will go. Let that planning happen in the future as the market evolves and redevelopment occurs.

In conclusion, we are opposed to the West Side Flats Master Plan in its current form and would ask the City Council to either reject it or only accept it subject to the amendments that have been recently discussed between the St. Paul Port Authority, Councilmember Thune and other business and property owners in the area.

Thank you.

Sincerely,



Todd A. Geller
Victory Capital Corporation
Badger Properties Riverview, LLC
Riverview Industrial Ventures, LLC



Eric Dueholm

cc: Mayor Chris Coleman
Councilmember Dave Thune
Councilmember Dai Thao
Councilmember Amy Brendmoen
Councilmember Chris Tolbert
Councilmember Dan Bostrom
Councilmember Bill Finney
Shari Moore, City Clerk