

Redevelopment Guidance on the Highland Reservoir Property

During a September 14th meeting, a special subcommittee of the Board of Water Commissioners discussed your Letter of Intent and decided to extend the opportunity to submit a full proposal for the property to your organization. The Board does, however, wish to make their stance clear on two particular subjects: property ownership and structure height. Developers are encouraged to consider the Board's guidance on these subjects when developing a proposal.

Property Ownership

As one of the highest points in the city of Saint Paul, the Highland Reservoir site is of particular importance to the Board of Water Commissioners. As such, the Board has expressed a strong leaning toward retaining rights to the property. While the Board has not barred the possibility of selling the property, developers are encouraged to consider whether any more mutually beneficial ownership terms might be acceptable.

With knowledge that property ownership will be of primary importance to each potential developer, the Board would like to invite each interested party to submit proposed terms of ownership for Board review. Submission of proposed terms of ownership is strictly voluntary and is not required in the proposal process. This iterative process will give developers the opportunity to determine whether a suitable ownership arrangement can be found before investing in a full proposal. The procedure for receiving Board review will be simple and is summarized here:

- **Company Review** – Your organization is encouraged to discuss possible ownership structures that might allow the Board of Water Commissioners to retain some rights to the property. The most preferable arrangement would likely be a lease of the property. The Board understands that a lease may not be possible for all interested parties, however. If the purchase of the property is necessary for your organization, you are encouraged to consider alternative methods of providing the Board with the potential to own the property again in the future. Such an arrangement might entail a Right of First Refusal agreement, a buyback option, or another customized ownership structure. For potential developers with a desire to purchase the property, an initial estimate of purchase price should be considered as well.
- **Ownership Options Summary** – After your discussions regarding potential ownership structures, you may compile a written document summarizing terms of ownership that would be acceptable to your organization. This document, the Ownership Options Summary, may contain one set of ownership terms or many. The document must be sent to Will Menkhaus by Monday, October 9th to ensure that it will be considered by the Board at their October 10th meeting.

- **Board Review** – The Board of Water Commissioners will consider the terms of ownership proposed by your organization and provide feedback. The Board will not decide on a developer at this point, but will state whether they find the proposed ownership structure feasible.
- **Feedback** – Parties who submit an Ownership Options Summary will receive feedback on their proposed ownership structure. Written feedback based upon the Board’s discussion will be provided as soon as possible after the meeting. Developers may use this feedback to refine their proposal or opt out of submitting a proposal.
- **Proposal Submission** – Final proposals for the property are separate from the Ownership Options Summary and must still be submitted by any parties who wish to be considered for Tentative Developer Status.

Structure Height

The Board has also expressed a strong desire to limit the height of any structures constructed on the site out of an interest to maintain the Highland Water Tower’s prominence in the area. While no particular height limit has been set for the property, developers are again encouraged to ensure that the Water Tower remains the prominent feature on the skyline.

Developers might wish to limit the height of any proposed structures on the site and ensure that any taller structures are constructed on the southern portion of the property, if possible, in response to the Board’s position.

Potential developers may follow a procedure similar to the procedure described above in order to receive feedback from the Board regarding the proposed height of any structures proposed on the property. Information relative to the height of proposed structures must be emailed to Will Menkhaus by Monday, October 9th in order to be discussed at the Board meeting on the following day. As with the Ownership Options Summary, providing information on the height of any structures proposed is entirely optional, and is not required in the proposal submission process.

Further Considerations

As noted in the Request for Redevelopment Proposals, the final proposal should be fairly robust and must consider issues such as zoning, financing, developmental timeline, and various other subjects. Please refer to the Request for Redevelopment Proposals found at www.stpaul.gov/HighlandReservoir for full details on what is expected from the proposal.

Any questions can be referred to Will Menkhaus at William.Menkhaus@ci.stpaul.mn.us or 651-266-6269.