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# MSCA news

VOLUME 21, NUMBER 7

JULY 2007

## THE CHANGING LANDSCAPE OF THE TWIN CITIES RESTAURANT MARKET

*Feature*

by Sara Martin, Welsh Companies LLC

**T**he Twin Cities restaurant market has changed drastically in the last few years. Gone are the days when chain casual dining restaurants were found on every major interchange and in every anchored center. Due to shrinking profit margins, the combination of Minnesota's lack of tip credit and high minimum wage, and competition from the burgeoning quick-serve market and high-end experiential concepts, low- to mid-range casual dining restaurants such as Applebee's, Ruby Tuesday's, and Old Chicago are struggling, and many have stopped new store development in our market.

Tip credits, or a reduced minimum wage requirement for wait staff whose income is supplemented by customer-paid gratuity, are state programs designed to alleviate labor costs for restaurants. Minnesota is one of only seven states that do not offer a tip credit to restaurant owners; our neighboring states all offer some form of relief. Operating costs for a franchisee in Minnesota are consequently significantly

higher than in other states, so there is little incentive for new restaurant owners in the low-to mid-price range to enter our market. Making matters worse, the United States legislature passed a national minimum wage increase this past session. Because our state rate is already high at \$6.15, the increase will not affect restaurant owners in Minnesota until 2009; however, when the increase goes into effect, the rate will increase to \$7.25, and many in the restaurant industry believe the hike will have a devastating effect unless a tip credit is passed in the 2008 legislative session. While many don't feel the tip credit will drive the wage for wait staff below \$6.15, remaining at that rate past 2009 would be a step in the right direction. Governor Tim Pawlenty has said that he will veto any state minimum wage increase that does not include a tip credit, but until a bill has been passed, there is no guarantee as to how things will play out.

*Restaurant Market on page 2*

## PETCO ANIMAL SUPPLIES

*Snapshot*

**Location:** Mankato Heights Plaza Shopping Center, Hwy. 22 and Madison Avenue, Mankato

**Month/Year Opened:** February 2007

**Owner:** Inland Real Estate Corporation

**Architect:** KKE Architects, Inc.

**Construction Contractor:** Shingobee Builders, Inc.

**GLA:** 15,275 sf

**Market Area Served:** Greater Mankato area

**Construction Style:** Load bearing concrete masonry walls



**Additional Facts/Narrative:** Retail addition to Mankato Heights Plaza, a retail center featuring dozens of stores and dining, owned by Inland Real Estate Corporation.

## RESTAURANT MARKET *continued*

Adding to the financial difficulties facing the casual dining sector, competition is also on the rise. Quick-serve restaurants have taken off in the last few years and are in rapid expansion mode. Quick-serve concepts feature fresh, made-to-order product in less time and for less money than a traditional low- to mid-range sit-down restaurant. Customers are relieved of the added expense of tipping the server because all ordering is done at a counter, and at the end of dinner, there is no waiting around for a bill. Consumers have embraced the quick-serve concept, and restaurants like Potbelly, Noodles, Chipotle and China's Asia Fresh have thrived. Hybrid chains like Buffalo Wild Wings, which gives the customer the option to order at the counter or go the more traditional wait staff route, appear to be taking off as well. Buffalo Wild Wing's stock has increased 60% thus far in 2007, and is expected to continue to rise as the chain rapidly expands nationwide.

On the other end of the spectrum, high-end experiential-concept restaurants are also performing well, with several new players entering the market in the past year. New restaurants like IL Vesco Vino in St. Paul, Fogo de Chão, Bank and Chambers Kitchen have all opened with rave reviews and strong sales. In addition to a gourmet menu and upscale décor, many of these restaurants offer unique dining experiences, which might be part of what distinguishes them from their failing casual counterparts. While consumers may prefer the convenience of quick serve over casual dining, when they do opt for a night out, the added appeal of a leisurely dining experience that is part entertainment seems to be giving high end restaurants the edge. Higher price points per plate also make upscale establishments better equipped to bear Minnesota's high labor costs.

The variety of cuisine in the new high-end restaurants is also representative of the changing landscape of the restaurant market. Historically traditional steakhouses have dominated the high-end market, but lately, Minnesotans have expanded their

culinary horizons. From Asian fusion to Brazilian barbecue, the new menus offer a nice departure from the traditional meat and potatoes fare.

If the last few years have taught us anything about the restaurant business, it is that no trend lasts forever. While the quick-serve industry is currently booming, some local experts say that we may be reaching a saturation point in the Tex Mex and sandwich arena, so the days of Chipotle, Jimmy John's, Panchero's, Baja Sol, and Potbelly on every corner are likely limited.

Although consumers' tastes as to preferred restaurant format and cuisine seem to be constantly evolving, their appetite appears to be insatiable. According to the National Restaurant Association's *2007 Restaurant Industry Forecast*, consumers are expected to spend a record \$537 billion at restaurants this year, a projected 5% increase over 2006 sales. On average, Americans spend 47.9% of their food budget in restaurants, so regardless of what the next big dining trend may be, one thing is clear: restaurants are big business and are going to continue to be a driving force in shaping the local and national retail markets. ■



  
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The Caring Tree, founded by MSCA in 1993, promotes educational success for Minnesota's K-12 students in-need by ensuring that they have the appropriate school supplies.

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**For more information on The Caring Tree, please visit [www.caringtree.org](http://www.caringtree.org)**

## RETRO RETAIL

by Sara Stafford, LandAmerica

**J**oin me for a journey down memory lane. I grew up in a small town outside of La Crosse, Wisconsin called Onalaska. My exposure to retail and shopping was quite limited but I have fond memories of Skogen's IGA for our meatball mix, Tommy Monsoor's for cherry cokes, and Doerflinger's Department Store in La Crosse. Life as a kid was simple with spam sandwiches, bean with bacon soup and riding our bikes for hours without "checking-in." Our Sunday night tradition was watching 'Ed Sullivan' with TV dinners.

Fast forward to 5th grade, when my family moved to Friendly Fridley where the shopping options were much more abundant. We would drive for miles, at least it seemed like it, to go to JCPenney's Outlet in Phalen Shopping Center (now Phalen Corridor) for back-to-school clothes. Ridgedale and Southdale were too far out of our comfort zone, so we stayed close to home with visits to Brookdale (with Dayton's,) Northtown and Apache Plaza. Northtown was new and I later frequented Smuggler's Inn for homecoming dates. Apache Plaza was probably my favorite because I could ride my bike across Matterhorn bridge through Innsbruck to get there. It's where I purchased my Levi cords at the County Seat, went shoe shopping at Kinney's, and checked out the latest fashions at VanArsdell's. My sister liked Buttery's and even took an etiquette/modeling course through Montgomery Ward called

Wendy Ward! Today, Brookdale is experiencing some major changes, Northtown has had a complete facelift, and Apache Plaza is now Silver Lake Village.

My first job was at Bridgeman's on 38th and Central (now Chutney Indian Grill). Both my brother and sister worked at The Red Barn on 49th and Central (now Taco Bell) with their clever jingle "*When the hungries hit...hit The Red Barn.*" Other work endeavors included Mr. Steak in Columbia Heights, technically Hilltop (now a tire shop), and the Ground Round in Roseville (formerly Backyard Bar and Grill and now vacant). With all of these eating options, my sister and I would go work out (if that's what you called it) at Spa Petite in Maplewood. We lived so close to the 100-Twin Drive-In Theater (now Medtronic) that we would climb on our garage roof and watch the movie. We couldn't hear the sound but made up our own words instead. I miss the big pink neon rose from the Rose Drive-In sign on Snelling and County Road C.

While attending St. Cloud State, Seifert's gave me my first credit card - my spending limit was \$100! Most of the above-mentioned places no longer exist.

I don't know if it was the fact that I was just a kid and had so many fond memories and experiences or if it really was a better time back then. What do you think?

## THE CARING TREE RECEIVES GRANT FROM MESSERLI & KRAMER FOUNDATION



**Pictured left to right:** William F. Messerli, Mike Sims, Hans Rasmussen, Karla Keller Torp, Susan M. Lach, Stacey Bonine, Tom Palmquist, Joseph W. Lawver

The Caring Tree is proud to announce we were the lucky recipient of an \$8,000 Messerli & Kramer Foundation grant. The Caring Tree is able to leverage this financial grant to assist over 444 low-income students with back-to-school supplies. We would like to thank MSCA members Paul and Mary Anderson of Messerli & Kramer for their assistance in receiving this grant.



### 2007 LEADERSHIP OFFICERS

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## MINNESOTA

# Marketplace

*Press releases are printed based upon availability of space and relevance to the local market.*

- The third metro area **Trader Joe's** will be opening the third quarter of this year in Woodbury. Other open locations include Maple Grove and St. Louis Park.
- **American Apparel Inc.**, one of the hottest retail chains in the U.S., will open a 4200 sf store in Uptown, at W. Lake Street and Hennepin Ave. S. Plans call for the retailer to open a typical prototype by August.
- **Dania** recently opened at 2875 Snelling Ave. N. in Roseville. Dania has a forty-year history selling European design home and office furniture, with sixteen stores in the U.S. currently. This is its first Minnesota location.
- **Snap Fitness** recently opened a 4478 sf location in Red Wing Plaza, Red Wing.
- **Aurora Investments, LLC** announced the construction of Phase III at Heritage Commons Shopping Center in Lakeville. Phase III consists of a 114,180 sf addition. Cub Foods will anchor this phase with a 69,680 sf grocery store.
- **Heritage Commons** Phase I and Phase II at 50,459 sf are fully leased. This center is located at Highway 50 and Dodd Blvd. next to the two Lakeville High Schools.
- The repositioning of the abandoned Franks Nursery building at South Robert Street in West St. Paul is moving forward with **Petco** renovating the existing 18,000 sf structure and a new freestanding 6,000 sf building along Robert Street. Architectural Consortium LLC, Westwood Professional Services, Anderson-Urlacher and United Properties are the team working for Mikden Properties.
- Kraus-Anderson Realty Company has signed an agreement with **LA Fitness** to be a major tenant in the long-awaited redevelopment of Brighton Village. Kraus-Anderson Construction Company is building the 45,000 sf sports club, which is scheduled to be completed this year.

## NORTHERN TOOL GROWS RETAIL PRESENCE NATIONWIDE

# Rising Star

**Guest Author: Randy Rudolph,**  
Northern Tool + Equipment

**Assisted by: Tom McGannon,** Jacobs Edwards and  
Kelcey Engineering, Inc.

**N**orthern Tool + Equipment, a leading supplier of high-quality tools, light industrial equipment and do-it-yourself supplies for general consumers as well as commercial and industrial customers, is further expanding its retail presence to markets around the country.

The company, founded in 1981 by owner Don Kotula as a mail-order supplier of hydraulics and other equipment, today maintains its heritage as a powerhouse in catalog orders, generating approximately 55 percent of Northern's annual sales. However, its retail endeavors have become an increasingly important sales channel for the company. It currently operates more than 60 stores in the Southeast, Midwest and Texas, and at least one-fifth of those stores have opened in just the last two years.

As Northern Tool + Equipment evolves, it continues to increase its focus on retail growth. While Northern Tool's recent store openings in Fargo, N.D., St. Cloud and Blaine, MN have rounded out the company's strong upper midwest presence, and its retail growth plans through 2010 include expansion into new states such as Arkansas, Mississippi, Missouri, Kansas and Oklahoma. There also is a heavy priority on opening additional new stores in Texas and the Southeast. The company's goal is to launch five to ten retail stores annually through 2012.

"We have placed a high priority on opening stores in markets that hit our core consumer – blue-collar men – who buy our products for their livelihood or for use around their homes, garages and workshops," said John Rose, Vice President of Real Estate, Northern Tool + Equipment. "Our strategy so far has been successful, and we're looking forward to more solid growth in the future."

Annual sales for Northern Tool + Equipment surpassed \$800 million in 2006. ■

## JULY

# Member News

*Press releases are printed based upon availability of space and relevance to the local market.*

### Kraus-Anderson Hires Stalsberg

Kraus-Anderson Realty Company has hired David W. Stalsberg as leasing associate in the company's Bloomington office. He will become the lead agent on new realty developmental projects, including office, industrial, retail, healthcare, business parks and financial institutions.

### LaValle Joins Doran Companies

Jim LaValle has been hired to serve as Vice President of Doran Development, the property development arm of Doran Companies.

### Diehl Joins CSM

Lisa Diehl recently joined CSM Corporation as Senior Manager, Real Estate Development.

## THANK YOU TO THE FOLLOWING GOLF HOLE SPONSORS THAT HOSTED EVENTS:

## Sponsor Winners

Barna, Guzy & Steffen, Ltd. hosted an event that gave away \$50 in cash.

Winner: **Adam Mikkelson**

Braden Construction, Inc. hosted an event that gave away a rolling cooler filled with goodies and also donated \$380 to The Caring Tree. Winner: **Paul Stearns**

Classic Asphalt Sealcoating Company Inc. hosted an event that gave away a free seal coat. Winner: **Ben Fazendin**

Diversified Construction hosted an event that gave away a gift cooler and pen. Winner: **Eric Jones**

Fredrikson & Byron, P.A. hosted an event that gave away Twins tickets. Winner: **Ken Vinje**

Hempel Properties hosted an event that gave away a Macy's gift card. Winner: **Tony Barranco**

KKE Architects, Inc. hosted an event that gave away 2 iPods and donated \$1,340 to The Caring Tree. Winners: **Tony Winczewski, George Zeller**

Landform hosted an event that gave away a night out in Minneapolis. Winner: **Jim Ottenstein**

Master: Engineering, Real Estate & Construction hosted an event that gave away 2 - \$75 gift cards to Majestic Oaks. Winners: **Hans Rasmussen, Lisa Diehl**

Nova Consulting Group hosted an event that gave away a \$150 Target gift card. Winner: **Ryan Rother**

Outdoor Environments, Inc. hosted an event that gave away a putter. Winner: **Doug Sailor**

Sherman Associates, Inc. hosted an event that gave away a small boat. Winner: **Kevin Kroleyzk**

Stewart National Title Services hosted an event that gave away a golf club. Winner: **Kevin Braun**

Flanary and Skillen Advisors hosted the putting contest and donated \$630 to The Caring Tree.

TOLD Development Company hosted an event and gave away a driver. Winner: **Kim Meyer**

United Properties hosted an event and gave away 2 bikes and donated \$855 to The Caring Tree. Winners: **Paul Sevenich, Matt Alexander**

Westwood Professional Services, Inc. hosted an event and gave away 2 remote control trucks and a custom-made golf club.

Wright County Economic Partnership hosted an event and donated a Rockwoods Grill gift certificate. Winner: **Jim Larson**

## THANK YOU

Thanks to the following people and companies, because more than \$5,000 was raised through the silent auction at the golf tournament, they each donated \$5,000, generating an additional **\$25,000** to our final auction proceeds! We would like to extend a huge thank you and appreciation for their continued Caring Tree support...

**Doran Companies**  
**Reliance Development Company**  
**Ryan Companies**  
**Weis Builders**  
**Mr. Whitney E. Peyton**

Thank you to all MSCA golfers and volunteers for your help and dedication to the 16th Annual Golf Tournament.

After the rain, it turned out to be a warm, sunny day and with everyone's support, we managed to have fun, raise funds for a great cause, network and play 18 holes of golf!

Karla and Stacey  
 MSCA Staff



## SKINS WINNERS

### Gold Course

8A - Derek Nelson, Blair Taylor, Wanda Biteler, Catherine Nielson  
 16B - Jeff Hysjulien, Mike Bistodeau, Greg Hayes, Mark Jatzgo  
 15B - Tom Madsen, Mike Monson, Curt Johnson, Craig Fink

### Platinum Course

8A - Paul Schroeder, Dick Koppy, Steve Broyer, Steve Harri  
 5B - Hans Rasmussen, Matt Alexander, Tom Palmquist, John Danen  
 11A - Tedd Schuster, Rick Straun, Kevin Welsch, Andy Reid

The Caring Tree would like to extend a huge thank you to 5 teams who donated their skins winnings to The Caring Tree to help assist Minnesota K-12 students in-need with back-to-school supplies.

## WINNERS

### Overall — Gold Course

1st place – Paul Sevenich, Al Hines, Larry Calhoun, John Haydon  
 2nd place – Tom Madsen, Mike Monson, Curt Johnson, Craig Fink  
 Proximity – Dan Paulson  
 Longest Putt – Todd Anderson  
 Longest Drive (Women) – Leah Truax  
 Longest Drive (Men) – Scott Michaelis

### Overall — Platinum Course

1st place – Tom Palmquist, Matt Alexander, Hans Rasmussen, John Danen  
 2nd place – Paul Schroeder, Dick Koppy, Steve Broyer, Scott Harri  
 Proximity – Bud Erickson  
 Longest Putt – Luann Sawochka  
 Longest Drive (Men) – Scott Crawford  
 Longest Drive (Women) – Sara Stafford

## AUCTION AND PRIZE DONORS

## Special Thanks



ACI Asphalt Contractors, Inc.  
Acme Comedy Company  
Airtech Inc.  
Architectural Consortium LLC  
Archiver's  
Aspen Waste Systems Inc.  
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Mike Sims  
Minnesota Horse and  
Hunt Club  
Minnesota Orchestra  
Minnesota Twins  
Mothersauces  
Myth  
The Oceanaire Seafood Room  
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Opus Northwest LLC  
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Services, Inc.  
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Porterhouse Steaks & Seafood  
Premier Banks  
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Simonson's Salon & Day Spa  
Skip Nienhaus  
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Spalon Montage  
Stages Theatre Co.  
Stahl Construction  
Storganize  
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## ONLINE AUCTION RAISES \$5,096 FOR THE CARING TREE!

The fourth Caring Tree online auction, in conjunction with the MSCA Golf Tournament, successfully raised **\$5,096**.

### Congratulations to the following Online Auction Winners!

**Christopher Hussman** – Triple Espresso Tickets, donated by Triple Espresso

**Danny Garcia-Velez** – Twins Tickets, donated by RSP Architects

**David Stradtman** – Spalon Montage Express Retreat Gift Certificate, donated by Spalon Montage

**Debra Bursing** – Twins Tickets, donated by United Properties

**Douglas Jaeger** – Landscaping Package, donated by Village Green Landscapes

**Elizabeth Ewens** – Scrapbooking Tote, donated by Archiver's

**George O'Brien** – Brookdale Center Gift Card and Hopscotch Grill & GameWorks Gift Certificates, donated by Brookdale Center and GameWorks

**Holly Rome** – Snowblower, donated by Twin City Outdoor Services, Inc.

**James Rock** – Mechanics Tool Set, Belt and Levels, donated by PCL Construction Services, Inc.

**Jenifer Kent** – Dinner for Four at Ike's Restaurant, donated by HMS Host

**Jennifer Wolf** – Discount at Cragun's Resort, donated by Cragun's Resort & Legacy Courses

**Joan Schlecht** – Vikings Tickets, donated by Whit Peyton

**Julie Wolleat** – Scrapbooking Tote and Festival Foods Gift Card, donated by Archiver's and United Properties – Retail Development

**Karla Keller Torp** – Video Camera, donated by Opus Northwest LLC

**Ken Vinje** – Wild Mountain Adventure Passes, donated by Wild Mountain

**Laura Gill** – Photo Session, donated by Kvasnik Photography & Frames, Inc.

**Matt McGinn** – Saints Tickets, donated by Aspen Waste Systems, Inc.

**Matthew Parten** – Flight for Two and Acme Comedy Club Tickets, donated by Keith Ulstad and Acme Comedy Club

**Michael Czarnik** – Car Detailing and Storganize Gift Certificate, donated by Solomon Real Estate Group, Inc. and Storganize

**Michael Houge** – Twins Tickets, donated by RSM McGladrey

**Renay Leone** – Tree to Plant, donated by Holtz Garden Center

**Rhonda Peare** – Twins Tickets and Pheasant Hunt, donated by Liesch Associates, Inc. and Minnesota Horse and Hunt Club

**Rich Byrne** – Chuck & Don's Gift Card and Twins Tickets, donated by Chuck & Don's Pet Food Outlet and Minnesota Twins

**Sara Stafford** – Golf at Highland National Golf Course, donated by Pinehurst Bank

**Shellie Rowe** – Myth Performance and Treasure Island Package, donated by Myth and Treasure Island Resort & Casino

**Susan Lind** – Police Ride Along, donated by Ramsey County Sheriff's Department

**Terry Siede** – Twins Tickets, donated by Kraus-Anderson Construction Company

**Tom Baker** – Music and More Package, donated by Minnesota Orchestra and The Oceanaire Seafood Room

**Tom Heuer** – Best Buy Gift Card, Wild Tickets and iPod, donated by Solomon Real Estate Group, Inc., Premier Banks and Robert Muir Company

Special thanks to NorthLANs Alliance for donating staff time to create and host the online auction!

NorthLANs Alliance is a full service Internet Hosting Provider, offering web site development and programming services. We are able to assist in a wide range of services from basic support all the way up to full design and creation of interactive e-commerce sites, capable of credit card transactions, database journaling and encrypted security.

At NorthLANs Alliance, we understand Internet technologies and use our experience to make it easy for you to establish your business on the Internet. For additional information see us at [www.WeWebHost.com](http://www.WeWebHost.com)



## VOLUNTEERS - WE COULDN'T HAVE DONE IT WITHOUT YOU!!

**Jase Stumph**, RJ Marco Construction Inc.  
**Brad Kaplan**, United Properties  
**Andy Marchant**, Village Green Landscapes, Inc.  
**Natina James**, KKE Architects, Inc.  
**Chris Hussman**, Aspen Waste Systems, Inc.  
**Gregg Gehrke**, U.S. Bank  
**Emily Voss**, United Properties  
**Mike O'Brien**, Loucks Associates  
**Jesseka Zellmer**, Park Midwest Commercial Real Estate  
**Robin Melcher**, United Properties  
**Laura Gill**, Christianson & Company  
**Eric Tuck**, RSM McGladrey  
**Patrick Daly**, Park Midwest Commercial Real Estate  
**Mary Kalka**, RSP Architects  
**Chad Meyhoff**, Kraus-Anderson Companies  
**Matt Alexander**, Kraus-Anderson Companies  
**Shelley Klaessy**, Brooks Mall Properties  
**Tom Moran**, Doran Companies  
**Brenda Thomas**, Doran Companies  
**Bill Flanary**, Flanary & Skillen Advisors  
**Nikki Aden**, Target Corporation  
**Deb Carlson**, Northstar Partners  
**Stefanie Meyer**, United Properties  
**David Daly**, United Properties  
**Mike Sims**, United Properties  
**Bruce Carlson**, United Properties  
**Peter Armbrust**, United Properties

## WRIGHT COUNTY ECONOMIC DEVELOPMENT PARTNERSHIP

### 2007 GOLF SCRAMBLE

**September 5, 2007, 11:30 am**  
 Riverwood National Golf Course  
 Otsego MN

Register at [www.wrightpartnership.org](http://www.wrightpartnership.org)  
 \$110 player; \$350 foursome  
 Sponsorships being sought!!

## GOLF

# Tournament Recap

We started off with a rainy start, but it turned into a beautiful, sunny day for the 16th Annual Golf Tournament held on June 18th. This year was our best tournament to date with 288 people golfing and networking with other MSCA members and their clients to raise funds for a great cause. The Caring Tree, founded by MSCA in 1993, promotes educational success for Minnesota's K-12 students in-need by ensuring that they have the appropriate school supplies.

The Golf and Community Enhancement Committees put a lot of time and effort into preparations for the event and auction items. In addition, many volunteers offered their time to help make the event a success. **Park Midwest Commercial Real Estate** sponsored the boxed lunches and **Messerli & Kramer** sponsored the lunch beverages. 67 companies sponsored holes, 31 of which hosted raffle drawings or handed out beverages, food or goodie bags to passing golfers.

The Grand Prizes were successful this year raising \$7,380 for a chance to win one of the three grand prizes: a one-week stay at a Florida vacation home donated by RJ Marco Construction Inc., a bottle of Dom Perignon donated by Architectural Consortium LLC and a Nike Ignite putter donated by the Wilds Golf Club. The lucky winners: **Kristi Rankin** won the week stay in Florida, **Tom Roberts** won the bottle of Dom Perignon and **Jill Ehrhart** won the putter. Mike Sims, 2007 Caring Tree President, thanked the crowd for their ongoing support for The Caring Tree and provided us with the exciting announcement that if we raised \$5,000 in the silent auction, there were five companies/people that would each match the \$5,000, generating an additional \$25,000 to our final silent auction proceeds! We did exceed the \$5,000, therefore, we would like to extend a huge thank you to the following matching donors: **Whitney Peyton, Doran Companies, Reliance Development Company, Ryan Companies and Weis Builders, Inc.**

All together, the putting contest, grand prize keys, silent auction, silent auction

company/people matches, online auction and hole sponsor raffles raised a total of over **\$53,000** for The Caring Tree! With The Caring Tree's partnerships assisting to leverage financial donations, these proceeds can help send nearly 3,000 Minnesota children back to school with new school supplies!

Everyone who took part in this event should be proud that their generosity benefited a worthy cause. We all look forward to next year's event being even more successful.

A special thank you goes out to all the committee members and volunteers who gave their time and expertise in making this great event possible. A job well done!



### The Caring Tree...

The Caring Tree promotes educational success for Minnesota's K-12 students in-need by ensuring that they have the appropriate school supplies. In Minnesota, there are over 121,000 children who live at or below the poverty level that cannot afford basic necessities. The Caring Tree believes that no child should ever have to experience the humiliation of not having school supplies due to financial challenges. On the behalf of children throughout the state, The Caring Tree thanks you for supporting our cause!





## WELCOME

# New Members

**Jennifer Johnson**, McCaren Designs Inc.  
**John Pihaly**, BIG INK Display Graphics  
**Douglas Jandro**, Oppidan, Inc.

## Program Committee

The MSCA Program Committee is busily wrapping up the 2007 calendar year and making plans for more great programs in 2008. It is the goal of the committee to present programs that have broad-based appeal, reflecting the diversity of the MSCA membership. To that end, we welcome your input! What retail trend, area, development, or headline speaker would you like to know more about? Your idea could be the next MSCA program. Please contact co-chairs Paula Mueller at [pmueller@glimcher.com](mailto:pmueller@glimcher.com), or John Tramm at [jtramm@griffincos.com](mailto:jtramm@griffincos.com); we'd love to hear from you! Until then, enjoy our upcoming programs on development along the 610 Corridor, the joint ICSC/MSCA program, the Retail Report, and the STARR<sup>SM</sup> Awards. Thank you for your continuing support of the MSCA monthly programs - we'll see you next month!

## GOOD READS

# Bookmark

The many books of Dr. Edward M. Hallowell; a self-help guru for professionals.

### ***Crazy Busy: Overstretched, Overbooked, and about to Snap!***

Do you think you are Crazy Busy? Dr. Edward M. Hallowell probably already thinks you are. His book, *Crazy Busy* was recently published in paperback and continues the exploration on the theme that our full-tilt, high-speed habits are promoting a socially based attention deficit disorder throughout our culture.

### ***Overloaded Circuits: Why Smart People Underperform***

Dr. Hallowell examines the characteristics of the human brain and how the hyperkinetic environments of our professional workplaces tax our natural ability to process information. Simple strategies are offered to increase productivity, relieve stress, and accomplish more.

### ***Connect: 12 Vital Ties That Open Your Heart, Lengthen Your Life, and Deepen Your Soul***

Dr. Edward M. Hallowell explores the basics that act as a foundation to the quality of life all human beings strive to achieve. By boiling things down to fundamentals, he devises twelve simple connections to our human state that insure a strong basis for building our own self-awareness and fulfillment.

Contact Deb Carlson at [dcarlson@northstarparkers.net](mailto:dcarlson@northstarparkers.net) or Christopher Naumann at [cnaumann@kke.com](mailto:cnaumann@kke.com) with your reading recommendation.

## MSCA

# Member Profiles

## ROSS DAHLIN



**Company:** Itasca Funding Group, Inc.

**Primary Career Focus:** Commercial Mortgage Banking

**Family:** Recently married to my wonderful wife, Melissa

**Hobbies:** Fishing, Skiing, Gardening

**Dream Job:** Writer for National Geographic

**Favorite Food:** Grilled stream trout over a campfire

**MSCA Involvement:** Newsletter Committee

## KATIE PROVENCHER



**Company:** United Properties

**Education:** Bachelor of Science in International Business from Minnesota State University, Mankato

**Family:** Husband, Lonnie and dog, Bella

**Very First Job:** I worked for the City of Litchfield Street Department at age 16,

making me the first female to be employed by the department. This resulted in bathroom doors finally being installed. Thank you Litchfield!

**Secret Talent:** I am a master of making balloon animals but no, I will not do birthday parties

**MSCA Involvement:** Sponsorship Committee

## 2007

# Events Schedule

Our monthly program meeting date is the first Wednesday of every month. All meetings will be held at 8:00 a.m. (registration at 7:30 a.m.) at the Sheraton Bloomington Hotel unless otherwise noted or publicized before the program. Program topics and location are subject to change.

**Wednesday, July 11** – Hospitality/Food Industry

**Wednesday, August 1** – Development, Doubletree Hotel Minneapolis Park Place

**Tuesday, September 11** – MSCA/ICSC Program, Minneapolis Convention Center

**Wednesday, October 3** – Headline Speaker, Doubletree Hotel Minneapolis Park Place

**Wednesday, November 7** – Retail Report, Doubletree Hotel Minneapolis Park Place

**Tuesday, December 4** – Year End Ceremonies / STARR<sup>SM</sup> Awards / Holiday Party, Golden Valley Country Club

## BOWLING AND SPACE ALIENS® GRILL & BAR: TRENDS IN ENTERTAINMENT AND RETAIL

## Program Recap

by Peter Berrie, Faegre & Benson LLP

**Who:** Hans Rasmussen, Opus Northwest LLC; Michael Dolski, Brunswick Bowling; Peter Dugan, CB Richard Ellis

**What:** Trends in Entertainment and Retail, highlighting bowling and Space Aliens® Grill & Bar

**When:** Wednesday, June 6

**Where:** Sheraton Bloomington Hotel

**Synopsis:** Three industry representatives gave their perspectives on trends in the entertainment and retail market. Michael Dolski from Brunswick Bowling explained how bowling has evolved recently to capture a new market. Hans Rasmussen from Opus Northwest LLC gave a developer's perspective on entertainment and retail trends, highlighting the inclusion of more entertainment-oriented retail such as Dave and Buster's® and larger movie theaters and hotels with water parks. Peter Dugan of CB Richard Ellis highlighted the theme-restaurant trend with Space Aliens® Grill & Bar.

The June 6 program began with a rousing Vegas-like performance by an all-too realistic Elvis impersonator and ended with a visit from an 8' tall Roswell-type alien.

Between the bizarre bookends, Mr. Dolski demonstrated how the bowling industry



**June presenters:** Left to right

Bruce Carlson, *United Properties*,  
Hans Rasmussen, *Opus Northwest LLC*,  
Michael Dolski, *Brunswick Bowling*,  
Peter Dugan, *CB Richard Ellis*

has evolved beyond the traditional bowling alley of the 1960s. The trend since 2000 is towards the "family entertainment center," which can accommodate kids' parties, corporate events, cosmic bowling®, as well as traditional league play. These centers generally feature arcade games and an upgraded food offering. A more recent trend is the "bar & bowling" concept featuring retailers like Pinstripes, Lucky Strike, 10 Pin, and Splittsville to name a few. Both trends have helped the industry attract occasional bowlers, with overall participation up 17% since 1987 according to Mr. Dolski.

Space Aliens® Grill & Bar was described as "eatertainment," *i.e.* a restaurant where

the experience is the attraction. Space Aliens® features alien sculptures throughout and 30' high domed ceilings with artists' renderings of outer space. Space Aliens® targets families with kids by including interactive arcade games, and male and female adults with a separate "Bar from Mars"™ area that includes a big screen TV and happy hours.

Mr. Rasmussen emphasized that all theme restaurants must have good food to be successful. As Mr. Dugan stated, people come for the "WOW" but come back for the food.

Another trend observed by Mr. Rasmussen is the increasing size of movie theaters. There are fewer movie theaters but the number of screens per theater is increasing. This trend should continue as the movie industry continues to consolidate. The same trend exists for the bowling industry, which has fewer bowling centers nationwide but more lanes per center.

The main theme was that consumers are looking for full-entertainment experiences; places where they can relax, eat a good meal, interact, and be entertained. Thriving in this market requires a multi-faceted approach that appeals to a wide audience and creates a differentiating experience. ■

## Web Sites

Companies providing mapping technology for retail site selection:

Buxton Co.	<a href="http://www.buxtonco.com">www.buxtonco.com</a>
Claritas Inc.	<a href="http://www.claritas.com">www.claritas.com</a>
CoStar Group, Inc.	<a href="http://www.costar.com">www.costar.com</a>
ESRI	<a href="http://www.esri.com">www.esri.com</a>
geoValue	<a href="http://www.geovue.com">www.geovue.com</a>
MapInfo	<a href="http://www.mapinfo.com">www.mapinfo.com</a>
SRC LLC	<a href="http://www.extendthereach.com">www.extendthereach.com</a>

## JUNE

## Professional Showcase



Brent Anderson, *Old Republic Title*

With 100 years of solid financial strength, deep technical expertise and superb service, Old Republic Title has proven itself to be a leader in the commercial real estate community. Whether a single site or complex multi-state transaction, we have the resources to see your project through to a timely, successful closing. Thank you to member Brent Anderson for sponsoring June's professional showcase.

by Eric Beazley, Loucks Associates

**A**n old idea refined into something cool and trendy accurately describes the new movie theater eatery concepts coming soon to theaters near you. Various stigmas and reputations are attached to dine-in cinemas of the past, such as watching B-class movies with less-than-ideal sound and picture quality while surrounded by noisy children, sitting in an uncomfortable chair and eating and drinking glorified bar food and beer. What *was* a great idea didn't develop into the concept it was meant to be, as dine-in movie theaters of the past have essentially become a BETA test for future success stories.

Learning from past experiences, dine-in cinemas have evolved into a new movie-theater eatery concept that caters to adults seeking quality restaurant food and A-class movies. This new concept taps into a totally different market segment from teenagers and younger children who have been traditionally known as the core movie-going demographic. One reason for the demographic change is that operational issues such as settling the check or refilling drinks during the film have been resolved and no longer cause unwanted disturbances to movie goers.

One main issue with previous dine-in cinema concepts was the inability to attract first-run movies, as distributors for major studios are primarily interested in whether their product will be shown in the best environment possible. Given the lack of comfort, size of screen, sound quality and other concerns exhibited in the past, these small cinemas were unable to attract A-class movies.

But the movie industry needs to draw more people back into the movie theaters, as both attendance and ticket sales have been declining over the past four of five years<sup>1</sup>. Much of this decline has been attributed to people over the age of 18 looking for locations other than the traditional movie theater to watch movie. Over the past decade, adults have shown an increased tendency to stay at home when watching a movie. During this time, traditional movie theaters have evolved into teenager

hangouts and a place for parents to bring their younger children for entertainment. This atmosphere has made movie viewing for adults unattractive. Adding to this trend is the excellent quality of home theater systems available on the market today.

On the other hand, home theater technologies can be very expensive, and many people would prefer not to spend time cooking dinner during valuable weekends just to watch a movie. The new movie-theater eatery concept addresses this opportunity by targeting adults with household incomes well above the national average. One way to describe this new concept is to visualize the experience. Imagine walking into a comfortable, well-appointed lobby, being greeted by a host, and smelling the aromas of dinner being prepared in the kitchen. The food is likely not gourmet, but more like a mid-range casual dining restaurant. There are no unruly children or teenagers in the theater/restaurant, as no one under the age of 18 is allowed without a parent. After being directed to the theater/dining room showing the first-run movie of your choice, you are seated at a table in a comfortable reclining seat with an unobstructed view of the screen. Your server takes your drink orders, which range from a full bar menu to non-alcoholic beverages, and describes the daily specials. A full menu complete with appetizers, salads, soups, entrees and desserts is presented and your dining experience begins. You enjoy your meal, and while you are taking coffee and dessert the lights dim and the movie begins. The state-of-the-art theater is equipped with digital picture on a wall-to-wall screen and a digital surround sound system to ensure every aspect of the film is enjoyed.

Typically, the new movie eateries range from 20,000 sf to 40,000 sf<sup>2</sup> and offer a significant benefit to developers by requiring significantly fewer parking spaces than traditional movie theaters. On the downside, the buildings are expensive to construct (compared to traditional movie theaters), because to be successful the theaters must appeal to the targeted high-

end clientele. Some amenities that would add value to the adult movie-goers' experience at these new theater eateries include: free popcorn, executive seating, quick-serve areas for latecomers and technology to minimize disruptions during the showing such as check paying, beverage refills, etc.

A few companies that have entered this market to date are Cinebarre by Regal, Studio Movie Grill based in Dallas and Movie Tavern also based in Dallas. Locations include areas such as Virginia, Texas and North Carolina, among others. However, the new movie eatery concept has viable expansion opportunities nationwide and may begin popping up in other areas soon. As a matter of interest, Midway Company's City Centre development in Houston features, among others, a Lifetime Fitness, which is headquartered in Eden Prairie, MN; a Studio Movie Grill as the anchor, and a RA Sushi<sup>3</sup>.

<sup>1</sup> Misonzhnik, Elaine, "Movie Eateries" Provide an Upscale Remake to Sagging Cinemas, Retail Traffic, April 12, 2007.

<sup>2</sup> Misonzhnik, Elaine, "Movie Eateries" Provide an Upscale Remake to Sagging Cinemas, Retail Traffic, April 12, 2007.

<sup>3</sup> Wollam, Allison, City Centre signs first round of high-profile retail tenants, Houston Business Journal, November 10, 2006.

## TECHNOLOGY



Have you ever wanted to retrieve an MSCA article after you've tossed the newsletter? Now you can with our newsletter searchable archive! As an MSCA member you are able to access our past and current newsletters in PDF format. You can go to the MSCA home page under "resources," click on "newsletters," and enter the year you wish to browse or enter a name or search term you wish to search. You can then refine your search and sort the options by relevance or date. You will be able to view the newsletter or save it to your computer. For questions, please contact Cindy MacDonald at (952) 948-9408.



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