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news

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July 2006

Feature **Mixed-Use Projects: How Do They Work?**

by Peter Berrie, Faegre & Benson LLP

Mixed-use projects continue to spring up throughout the Twin Cities and greater Minnesota. They fascinate city planners and many developers (although maybe not all retailers) as demonstrated at the March MSCA meeting, which focused on mixed-use projects, and the recent ICSC convention in Las Vegas, where a developer panel forecast that mixed-use projects would increasingly become more attractive as development options. This article will briefly

describe what a mixed-use project is, how they are created when the different use components have different owners, and what provisions developers and retailers should look for when considering a mixed-use project, whether as an owner or tenant.

What is a Mixed-Use Project?

Many mixed-use projects are buildings with ground-floor retail and residential units above.

Mixed-Use Projects on page 2

S n a p s h o t **Park Place Promenade**

Location: Intersection of Zane Ave. & Hwy. 610 in Brooklyn Park

Month/Year Opened: Summer of 2007

Owner: PPP1, LLC

Managing Agent: H.J. Development, Inc.

Center Manager: Angela Hanson,
Property Manager

Leasing Agent: Chris Moe, H.J.
Development, Inc. (952) 476-9400

Architect: RSP Architects

Construction Contractor: Benson-Orth
Associates

GLA: 61,000 sf

Number of Stores: Approximately 35

Anchor Tenants: Cub Foods, Caribou Coffee, Chan's Chinese Restaurant, Great Clips, Ike's Wine & Spirits, Jimmy John's & Totally Tan

Market Area Served: North Brooklyn Park, Champlain, Osseo



Construction Style: Mixed-use retail

Additional Facts/Narrative: Park Place Promenade is an upscale, 60-acre development offering excellent retail opportunities. Phase I is currently under construction and consists of 61,000 sf of retail space anchored by Cub Foods. Projected occupancy is this summer. Competitive lease rates and TI's are available. Pad sites are also available for sale or ground lease.

MIXED-USE PROJECTS *continued*

But these “vertical” mixes are not the only examples. As Len Pratt described at the MSCA March meeting, Silver Lake Village, a redevelopment of Apache Plaza, is an example of a “horizontal” mixed-use project, featuring shops, restaurants, residential apartments and condominiums, office space and public amenities. Mixed-use projects encourage people to live, work, shop and be entertained within walkable distances. This article will focus on “vertical” mixed-use projects because these are the most challenging.

How are Mixed-Use Projects Created?

In traditional shopping centers or even horizontal mixed-use projects, separate ownership parcels are created by a traditional plat. For vertical mixed-use projects, the property can be divided by creating a condominium where each of the different uses is a separate “unit” in the condo. Or the building can be “vertically subdivided” with a three-dimensional plat (or registered land survey), which creates three-dimensional parcels. (Imagine invisible boxes on top of each other). The following explains these two alternatives.

Condo. One way to divide ownership of the ground-floor retail from the residential is to create a two-unit condo, with the retail space being one unit and the residential being the other. (This method is not recommended). But if the residential property will be condos anyway (instead of rental apartments), a more practical method would include the retail space as a unit *within* the otherwise residential condominium. The condo declaration would specify the rights and obligations of the retail units and residential units. As explained below, the retail unit must have special rights to protect it from changes desired by the residential units (who could otherwise always out-vote the retail units). Without these protections, a retailer’s investment could be wiped out if the residents voted to prohibit any retail within the condo.

Vertical Plat / Registered Land Survey. The project may also be divided vertically using either a “vertical plat” for abstract property or a registered land survey (RLS)

for Torrens. A vertical plat or RLS splits the property on a three dimensional basis. In either case, because the vertical subdivision does not have the benefit of the condominium statutes, rights and obligations between the vertical parcels need to be created in a declaration or easement agreement that will create easements for support, utilities and access, and address maintenance and insurance issues.

Considerations. Whether to use a condo or vertical subdivision for mixed-use projects depends on many considerations including the relative size of the retail and residential components, timing, the anticipated difficulty in obtaining governmental approvals, financing, desirability of involvement with the residential association and transaction costs.

Special Protections for Retail Units in a Residential Condo

As stated above, if the retail space is part of a larger residential condominium it is essential that the condo declaration include special protections for the retailer. Below are some of the key protections.

Signage. Because signage is crucial for retail users, the condo declaration must include signage easements. In a condo, the exterior of the building is typically a “common element” owned jointly by all unit owners, so one can not assume the retailer has the right to place signs on the exterior of the retail space.

Maintenance. Retailers need certain areas (e.g. storefront, parking field, adjacent sidewalks) maintained in a first-class condition. The residents may be content with a lower standard, especially when their monthly assessments go down! The condo declaration must assure the retailer that sensitive areas will be maintained to the retailer’s standards.

Exclusive Amenities. Does the condominium include amenities intended solely for the residents, such as a rooftop deck, courtyard area, community room, fitness center? If so, expenses for these amenities should be allocated solely to the residents.

Parking. Does the retail unit require exclusive parking rights for its customers and employees? If so, during which hours? How will exclusive parking be enforced?

Uses (Permitted and Prohibited). The condo declaration probably restricts the use

of the retail units. (Residents might enjoy the idea of a restaurant so close to home, but may be less enamored with the concomitant noise and smells.) To protect the retailer and avoid potential confrontations with the residents, the declaration should also list uses that are specifically permitted.

Board Representation. Minnesota law provides, in effect, that the retailer could be assured board representation if so desired. Regardless, a retailer needs to consider whether they want to attend monthly association meetings (or must attend to protect their interests if not otherwise protected by the declaration itself).

Amendments. The condo declaration must expressly state that provisions specifically benefiting the retail unit cannot be amended without the retailer’s consent.

Vertical Subdivisions - Special Considerations for the Reciprocal Easement Agreement

If the developer decides to use a vertical plat or RLS to separate the retail portions of the building from the residential, then an easement agreement is required. The following is a list of special considerations in a mixed-use project.

Easements. The agreement must include easements found in traditional shopping centers, such as signage, access, utilities, and common amenities. In addition, a support easement is needed because one person’s building rests on another person’s. Also, the attorneys and architects need to consider carefully how the building functions to determine where one space needs rights through the other space—for example, the retailer may need rooftop access or the residents may need access through emergency exits or stairs located within the retail space. View corridors are also important in mixed-use projects but not just so customers have views “in” to the retailers, but so that residents have views “out” of their units.

Parking. The mixed uses create opportunities for synergy because peak demand for the different uses occurs at different times. Accordingly, parking is often shared. If so, will use of the shared parking be on a “first-come, first-served” basis, or will certain spots be designated as

Mixed-Use Projects on page 11

Program Recap - Fabulous France Avenue - The Future of the Greater Southdale Trade Area

by Christopher Naumann, KKE Architects Inc.

Who: Edina Mayor James Hovland
Edina City Manager Gordon Hughes

What: Edina Development and Masterplan

When: Wednesday, June 7

Where: Sheraton Bloomington Hotel

Synopsis: Moderator John Tramm introduced guests Gordon Hughes and James Hovland to the MSCA gathering. Gordon Hughes presented plans and development strategies that include the area south of Highway 62 and north of Interstate 494 between York and France Avenues. The corridor represents four sections; the first along Highway 62 is considered a health-care zone, followed to the south by the Southdale Shopping Center district, adjacent to a general retail and commercial district (which includes Galleria, Yorktown Plaza, and numerous other centers and stores), and book-ended on the south by the Centennial Lakes mixed-use development.

According to Hughes, Edina has adopted a plan that directs development along a bisecting "promenade-like" corridor between France and York. It would begin at Southdale, and connect Centennial Lakes to the south. This corridor would tie current development proposals into a more centralized scheme. It would also include transit hubs for ties to future transit facilities and development nodes.

James Hovland explained how the nature of Edina planning and leadership is shifting from suburban bedroom community thinking to more of an urban core style of thinking. Through the

process of balancing higher density projects, adding a higher level of pedestrian quality, and incorporating transit hubs and other urban amenities, Edina is hoping to allow new development without significantly impacting the quality of life for Edina residents.



June presenters:

John Tramm, *Griffin Companies*
James B. Hovland, *Mayor of Edina, City of Edina*
Gordon Hughes, *City Manager, City of Edina*

Some projects that were previewed included:

69th/York, Galleria expansion; Westin Hotel/Condo, 7 stories of 225 rooms of hotel, 11 stories of 82 condominiums, ramp parking
"The District"; Former AMC Theater Site near Centennial Lakes, mixed-use 17 stories and 88 units of condominiums

7000 York; Target renovation, existing Target Greatland to be redeveloped as a SuperTarget concept with unique store design facing the "Promenade"

June Professional Showcase

ADB Construction Company has been specializing in all aspects of concrete and masonry along with site demolition and light excavation since 1970. They have provided removal and replacement of sidewalks and other site concrete around the public areas on many busy shopping centers, retail buildings and office buildings with minimal disruption to customers and clients.



Photo includes: Steve Schahn and Barry Blazevic



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Member Profiles New Members

Jennie Zafft



Title: Marketing Director

Company: Opus Northwest – The Shoppes at Arbor Lakes

Family: Husband, Lance

Hobbies: Reading, Antiquing, Cooking

Secret Talent: Playing the bassoon

MSCS Involvement: Community Enhancement Committee

Jeff Wurst



Title: Development Manager

Company: Chesapeake Companies

Family: Wife of 12 years – Dawn; Children - Emily and Eric

Dream Job: National Park Ranger

Favorite Song: ‘Love Shack’ by the B-52’s

Person He Admires: Neil Armstrong

Candidates for the Member Profile section are selected at random and always include one member who serves on an MSCA committee. A member will not be profiled more than once.

Proposed Change Will Require More Unisex Restrooms

Guest Author: Paula Mariucci Harter,

Accessible Environments, Inc.

Minnesota will be adopting the International Building Code (IBC) as early as the beginning of 2007. This could potentially cost developers and building owners significantly in building costs and the loss of rentable sf. Other states that use the IBC have already been affected.

The 2003 and now the proposed 2006 IBC requires a unisex restroom in “A” (assembly) and “M” (mercantile) occupancies when there are a total of six or more toilet fixtures (Section 1108.2.1). Currently, the Minnesota Building Code requires a unisex restroom in these facilities when there are more than 1,000 occupants.

This will have the biggest impact on “A” occupancies. It is possible that if you have a nightclub that has an occupancy capacity of 240, you will have three toilet fixtures for the women and two toilet fixtures and one urinal for the men. Under the proposed change, a unisex restroom will also need to be installed.

Any person may petition the adoption, amendment or repeal of any rule. A form for a petition is on the state web site:

www.doli.state.mn.us/bc_rules ■

MSCA would like to welcome our new members:

Leonard Gandel, Gaughan Properties

Brenda Wilcox, Sterling State Bank

Ben Krsnak, Hempel Properties

Brent Jacobson, Hempel Properties

Joe Muniz, KBKG Cost Segregation

July Member News

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

American Engineering Testing Wins Award

American Engineering Testing has been named the 2006 Firm of the Year by the American Council of Engineering Companies of Minnesota (ACEC/MN). The award is presented annually to one member firm in recognition of significant contributions to the consulting engineering profession and the advancement of ACEC/MN.

Moe Hired

H.J. Development recently hired Chris Moe as a Leasing Associate. He will be responsible for leasing retail space throughout the Twin Cities at all H.J. Development properties.

2006 Event 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, August 2 – Shopping Center Focus

Tuesday, September 19 – MSCA/ICSC Program, Minneapolis Southwest Marriott

Tuesday, October 3 – MSCA/MREJ Program

Wednesday, November 1 – Retail Report

Tuesday, December 5 – STARR_{SM} Awards, Golden Valley Country Club

Rising Star Team Barbers

by Ross Dahlin, Itasca Funding Group, Inc.

The Pittsburgh Steelers' "Steel Curtain" defense of the 1970s and a barbershop don't seem to be related subjects. But that is exactly what inspired Larry Lambert, nephew of Steeler great Jack Lambert, to open up Team Barbers two years ago in Lakeville. The sports themed barbershop is attracting a diverse clientele, including professional athletes that live in the south suburbs. Sports themed barbershops and those geared toward men have been opening up all over the country in recent years. The successful concept of combining retail and entertainment is one driving force behind the expansion of the "sports barber" concept.

Team Barbers now has three locations, the original Lakeville store plus Savage and Crystal. "The biggest challenge to opening new stores is finding qualified people to

manage them," according to Manager Amanda Janke of the Crystal location. Team Barbers is looking to expand wherever they can find a qualified person to run the shop. Each location is unique, reflecting the managers tastes and the targeted demographic.

In addition to a quality, affordable hair cut, making sure customers are comfortable and entertained is the driving force behind Team Barbers. Sitting area features include plush leather couches and loveseats with big screen TV's and sports memorabilia adorning the walls. The location in Savage offers bleacher type seating, hardwood floors, and a basketball hoop. The concept is attracting people of both sexes across the spectrum of marital and economic groups as well as their children.

Cutting, coloring, and waxing are services Team Barbers offers. They carry hair care products from Paul Mitchell, Nioxin and American Crew. The unique concept of Team Barbers does not compete directly with the large chain barbershops such as Great Clips and Fantastic Sam's, although Ms. Janke acknowledges that many of her clients formerly frequented those franchises. "Sports Zone Barbers" is a competing concept and currently has a location off I-35 in Lakeville. They also offer tanning beds, a putting green, a dartboard, X-Box for the kids, public Internet access and "Hot Spot" for lap top computers.

Look for Team Barbers to continue to add amenities and locations. Who ever thought getting a haircut could be so much fun! ■

Consumer Debt

by Deb Carlson,
Northstar Partners

Have you seen that commercial where a man brags about his country club membership, handsome home and luxury car, only to say "How do I do it? I'm in debt up to my eyeballs!"

Unfortunately he's not alone: consumer debt is at record levels in the United States. The Federal Reserve reports that U.S. consumers took on an extra \$10.6 billion in debt in April for a total of \$2.17 trillion. This has doubled from \$1.3 trillion since only 1998. It is climbing faster than personal incomes. Combine this record debt with consumer savings rates continuing to fall (-1.6% as of June 2006), and the result is all-time high levels of personal bankruptcies.

The big question is how will this affect consumer spending; i.e. will retailers begin to lose sales and profits if a record high level of debt limits consumer's available cash for purchases? It is a subject of great debate. Sun Won Sohn, chief economist at Wells Fargo here in Minneapolis says, "We don't have a lot of wiggle room. It's not

Marketplace Minnesota

- **Itasca Funding Group, Inc.** arranged non-recourse permanent financing in the amount of \$6.45 million for a ten-year term and a 30-year amortization on Maple Grove Square. Maple Grove Square is a 33,944 sf eight-tenant retail center anchored by a 23,754 sf Goodwill Store.
- Minneapolis-based **Master** recently represented the buyer in the \$1.45 million acquisition of the former American Importing Co. Inc. building at 2112 Broadway St. N.E. in Minneapolis. Four tenants have already signed on for an exciting new commercial real estate project that will bring "creative industrial space" to a vacant building in Northeast Minneapolis.

- **Lowes** currently has three more stores under construction in the Twin Cities in Rogers, Maple Grove and Shakopee.

- **Plymouth Creek (Lot 5)** is 100% leased with new retailers: Dunn Bros Coffee with 1,800 sf, including a drive-thru and outdoor patio, and Umbria La Cucina with 3,159 sf, including an

outdoor seating area and ANGELO del UMBRIA, a division of Umbria Pizzeria, an off-sale wine and Italian accoutrements store.

- **Robert Muir Company** has signed thirteen leases so far this year for five of the company's ten Minnesota shopping centers.

● **Hempel Properties** broke ground on Rockridge Center, a 125,800 sf neighborhood retail center in Plymouth at the northwest corner of the intersection of Highway 169 and Rockford Road just off of Nathan Lane.

- **Westwood** has signed a lease agreement for a new office located in Arden Hills.

Members are encouraged to use this column as their platform for local industry announcements; sharing customer, tenant and landlord news; new retail developments and listings; or stores opening/closing in the marketplace. Email your releases and announcements to Stacey Bonine at sbonine@msca-online.com. We will print as many as space allows.



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Golf Committee

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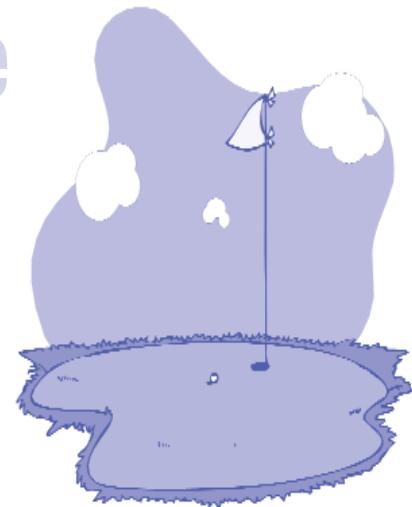
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Chad Meyhoff, *Kraus-Anderson Construction*
Bruce Bahmeyer, *Master: Engineering, Real Estate & Construction*
Mark Domino, *Kraus-Anderson Construction*

The Golf Committee was quite busy this spring preparing for 15th annual MSCA Golf Tournament. It was held at Majestic Oaks Golf Club located in Ham Lake. It was a sold out event with 288 golfers and it was perfect weather this year!

The committee works diligently to sell hole sponsorships, find a lunch and beverage sponsor, and procure items for the online and silent auction. Not to be forgotten is the favorite – “buy a key for your chance at great grand prizes”. All proceeds from the tournament benefit The Caring Tree. This year, we raised an all time high of over \$21,500! Thanks so much to our sponsors who help make the new school year one of anticipation and enthusiasm



for the students in-need. Please visit www.caringtree.org to see what a wonderful organization we help support. Contact the MSCA office at (952) 888-3491 if you are interested in joining the committee for 2007!

Online Auction Raises \$4,080 for The Caring Tree!

The third Caring Tree online auction, in conjunction with the MSCA Golf Tournament, successfully raised \$4,080. Special thanks to Top Web Solutions for donating staff time to create and host the online auction!

Congratulations to the following Online Auction Winners!

Connie Wasley – ipod Nano, donated by LandAmerica Commercial Services

Kelly Slawson – Ariens Snowblower, donated by Twin City Outdoor Services, Inc.

Mick Thorsland – One Night Stay and Buffet at Treasure Island, donated by Treasure Island Resort & Casino

Darcy Winter – Chanhassen Dinner Theatres, donated by Chanhassen Dinner Theatres

Eric Tuck – Wild Tickets, donated by Reliance Development Company, LLP

Margaret Jordan – Personal Flight for Two People, donated by Keith Ulstad

George O'Brien – Twins Tickets donated by United Properties

Jan Goossens – 169 Piece Mechanic's Tool Set, donated by PCL Construction Services, Inc.

Matthew Mock – Family Four-Pack of Tickets to Stages Theatre, donated by Stages Theatre Company

Trish Cowle – 4 Saints Tickets and Dinner for 4, donated by Aspen Waste Systems, Inc.

Don Natenstedt – Dinner and Game Play at GameWorks, donated by GameWorks

Sara Stafford – Got Greens, donated by Margaret Jordan

Nikki Aden – MN Idol, donated by Minnesota Orchestra

Martha Capps – Twins Tickets, donated by Brookfield Properties Corporation

Laura Gill – Twins Tickets, donated by RSP Architects

Whitney Peyton – Site Sign, donated by Big Ink Display Graphics

Kirk Ballard – 30 GB ipod, donated by Robert Muir Company

Vincent Driessen – Golf at Highland National, donated by Pinehurst Bank

Joe Nunez – Tony Oliva Bobblehead, donated by Hays Companies

Lisa Diehl – Storganize Golf Certificate, donated by Storganize

Margaret Jordan – Family Portrait, donated by Kvasnik Photography & Frames

Jim Knutson – Wild Life Print, donated by HTG Architects

Jim Rock – Multi-Function TV/Radio/Lantern, donated by Dakota Electric

Lora Grgich – Undercounter Refrigerator, donated by Warners' Stellian

Sara Stafford – Grand Lodge Water Park of America, donated by Adolfson & Peterson Construction

Betty Ewens – Brave New Workshop Package, donated by Brave New Institute

Nikki Aden – Wild Tickets, donated by Great Clips, Inc.

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Natina James, KKE Architects, Inc.
Chris Hussman, Aspen Waste Systems, Inc.
Nikki Aden, Faegre & Benson LLP
Skip Nienhaus, City of Burnsville
Michelle LaGue, Northstar Partners/Cushman & Wakefield
Luann Sawochka, Rochon Corporation
Chad Meyhoff, Kraus-Anderson Construction
Jen Helm, United Properties
Tricia Pitchford, United Properties
Mark Domino, Kraus-Anderson Construction
Emily Voss, United Properties
Shelley Klaessy, Brooks Mall Properties
Deb Carlson, Northstar Partners/Cushman & Wakefield
Sara Stafford, LandAmerica Commercial Services
Tom Moran, Olson General Contractors, Inc.
Bill Flanary, The Flanary Group, Inc.
Laura Moore, Park Midwest Commercial Real Estate
Stefanie Meyer, United Properties
Jesseka Zellmer, Upland Real Estate Group, Inc.
David Stradtman, Reliance Development Company, LLP
Eric Tuck, RSM McGladrey, Inc.
Tom Madsen, Benson-Orth Associates, Inc.

WINNERS

Overall – Gold Course

1st place – Reiny Grasmick, Nancy Frykman, Karl Yeager, Shane Barnes
2nd place – Nick Reynolds, Kristi Riley, Amy Senn, Peter McEnery
Proximity – Todd Karlan
Longest Putt – Tony Pasko and Eric Beazley (tie)
Longest Drive (Women) – Nancy Frykman
Longest Drive (Men) – Paul Tucci

Overall – Platinum Course

1st place – Tom Palmquist, Matt Alexander, Hans Rasmussen, Jason Spielman
2nd place – Paul Bauer, Mark Hotzler, Bob Grootwassink, Jay Wiltrot
Proximity – John Gould
Longest Putt – Rick Schroeder
Longest Drive (Men) – Rob Youngquist
Longest Drive (Women) – Beth Simenstad

Golf Tournament Recap

We had beautiful, sunny day for the 15th Annual Golf Tournament held on June 19th. 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. 68 companies sponsored holes, 28 of which hosted raffle drawings or handed out beverages, food or goodie bags to passing golfers.

The Key Raffle was successful this year raising \$1,820 for a chance to win one of the three grand prizes: a one-week stay at a condo at The Mountainside at SilverCreek in Colorado donated by Kraus-Anderson Companies, a Mosquito Magnet donated by Opus Northwest LLC and an electric fireplace donated by Evans Marketing. The lucky winners: **Todd Lorenz** won the condo in Colorado, **Tom Heuer** won the Mosquito Magnet and **David Stradtman** won the electric fireplace. David Stradtman, 2006 Caring Tree President, thanked the crowd for their ongoing support for The Caring Tree and auctioned off his electric fireplace to **Tom Martin**.

All together, the putting contest, key raffle, silent auction, online auction and hole sponsor raffles raised a total of over **\$21,500** for The Caring Tree!

Everyone who took part in this event should be proud to know 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!

SKINS WINNERS

Gold Course

11A - Bob Lucius, John Danen, Bud Erickson, Mark Vargo
17B - Jenifer Kent, John Pazahanick, John Brady, John Howard

Platinum Course

9B - Tom Palmquist, Matt Alexander, Hans Rasmussen, Jason Spielman



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!



Sponsor Winners

Thank you to the following golf hole sponsors that hosted events:

Barna, Guzy & Steffen hosted an event that gave away \$100 in cash. Winners:

Tom Boegeman, Kelly Osowski

Horizon Roofing hosted an event that gave away a golf gift set, BBQ set and a Target gift card and donated \$306 to The Caring Tree. Winners: **Paul Sevenich, Jay Feider, Jen Helm**

Sherman Associates hosted an event that gave away a radio control boat.

Winner: **Jeff Hysjulien**

LandAmerica Commercial Services hosted an event that gave away an ipod shuffle and donated \$160 to The Caring Tree.

Winner: **John Gould**

Landform hosted an event that gave away an ipod nano and donated \$435 to The Caring Tree. Winner: **Dan Lofgren**

Braden Construction hosted an event that gave away a putter and a gift certificate.

Winner: **Kent Larson**

Master: Engineering, Real Estate & Construction hosted an event that gave away 2 golf bags. Winner: **Carl Brandt, Debra Mahoney**

Westwood Professional Services, Inc. hosted an event that gave away a custom made golf club. Winner: **Betty Ewens**

Suntide Commercial Realty, Inc. hosted

Survivor Ball and gave away 4 gift certificates and donated \$500 to The Caring Tree. Winners: **Paul Bauer, Mark Hotzler, Bob Grootwassink, Jay Wiltrot**

Associated Financial Group hosted an event and gave away a gift certificate and golf balls and donated \$200 to The Caring Tree. Winners: **Paul Ragozzino, Brandon Anderson**

KKE Architects, Inc. hosted an event and gave away 2 ipods and donated \$1,000 to The Caring Tree. Winners: **Mike O'Brien, Burt Guinee**

Great Clips, Inc. hosted an event and gave away haircare product. Winners: **Kim Meyer, Tom Martin, Jill Rasmussen, Rob Youngquist**

United Properties hosted an event and gave away 2 bikes and donated \$940 to The Caring Tree. Winners: **Jeff Wallis, John Hanks**

InSite Commercial Real Estate hosted an event and donated \$100 to The Caring Tree.

LandAmerica 1031 Exchange Co. hosted an event and donated \$165 to The Caring Tree.

The Flanary Group, Inc. hosted the putting contest and donated \$790 to The Caring Tree.

Mikden/Shady Roost hosted an event and donated \$501 to The Caring Tree.

Additional company contributors to MSCA contest events:

Associated Financial Group
Gen-Con Construction



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Visit www.wrightpartnership.org or call 763.477.3086 for more details or to register.

Thank you to all MSCA golfers and volunteers for your help and dedication to the 15th Annual Golf Tournament.

It was 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



Top Ten Trends

The U.S. Bureau of Labor Statistics comes out with the latest Top Ten Trends annually. Here is this year's list:

Spending on men's suits & women's dresses has plummeted.

Beer drinking is down; wine drinking is up.

Americans are spending a growing share of their entertainment dollar at home, on cable or satellite TV service, and the like.

Spending on freshly prepared foods has skyrocketed, illustrating the growing need for convenience among busy families.

Out-of-pocket spending on health insurance climbed 19 percent between 2000 & 2003. In 2003, health insurance

spending in the United States was 22% greater than spending on electricity.

Average household spending on most home furnishings & supplies fell.

Spending on cell phone service more than doubled between 2000 & 2003.

As baby boomers become empty-nesters, household spending on children is falling while spending on pets is rising.

Couples without children at home spend the largest share of money at full-service restaurants.

The average US household spent more on new trucks than on new cars, used cars or used trucks, but with gasoline prices at record levels, this is expected to change.

Market Update 2006 ICSC Spring Convention Recap May 21 – 24, 2006 / Las Vegas, Nevada



by Terry R. Smith, TRS Commercial Real Estate, Inc.

With over 46,000 real estate professionals in attendance from 60 countries, the largest ICSC Convention gathering to date kicked off on Sunday, May 21st, 2006 in Las Vegas, NV. The official opening session featured guest speaker William Jefferson Clinton, 42nd President of the United States. The President gave his viewpoint on world affairs, fund raising activities, the twin threats of global warming and our energy crisis and an observation that helping countries peacefully goes a lot further toward peace, understanding and co-existence than war and violence.

Indonesia was given as an example of a Muslim country grateful to the US because of our help after the Asian tsunami's devastation. Former President Clinton said our industry has a large part to play in confronting some of the problems facing the world. The former President suggested that prospering is about much more than signing deals and attracting shoppers, asserting that the industry has a bigger part in confronting some of the problems facing the world.

The Trade Exposition and Public Sector Showcase opened with booths, services, offerings of demographics, aerial photography and informational services along with construction information, shopping center equipment, marketing and service companies.

Sunday evening a sold out Benefit Dinner for the ICSC Educational Foundation was held at the Hard Rock Hotel & Casino with guest speaker Jay Leno. Activities on Sunday concluded with a networking reception hosted by the Next Generation – ICSC's Educational, Networking and Mentoring program for retail real estate professionals within the shopping center industry.

Monday's activities started out with a Women in Real Estate Breakfast, presenting a viewpoint on women in retail real estate today, the opening of the Leasing Mall with hundreds of booths, and a Town Meeting featuring the Mayors of Major U.S. Cities for a discussion on the challenges and opportunities for retail real estate development in America's cities.

Luncheon keynote speaker, casino mogul Steve Wynn, President & CEO of Wynn Resorts, spoke of applying history, education, wisdom, spirit and human nature to the deals that helped him develop his successful hotels and casinos along the Las Vegas strip over the last 20 years. He said in the process that led to his Wynn Resort, "the key was to start with a big idea, a great idea, so if you are 70% successful, you still have something."

Tuesday's activities included lunch guest speaker Phil Simms, TV sportscaster and

NFL Legend, who spoke of stores and insights from his fifteen-year career with the Super Bowl-winning New York Giants and included his insights on leadership, perseverance and teamwork.

The 4th Annual Hot Retailer Awards unveiled the trendsetters of the retail world. This year's recipients that were honored for being the most innovative mall tenants of the year were Citi Trends, Justice Just for Girls, Massage Envy, Muttropolis and Teavana.

Concurrent sessions on making retail successful in Mixed-Use Developments and Lifestyle Centers – past, present and future, provided insight into these new development trends.

Wednesday included Leasing Mall activities featuring a model showing the two phase expansion of the Las Vegas Convention Center that will add an additional one million square feet of space by 2009. Space will be added for workshops, public sector cities showcasing their developments and development companies concluding their meetings with retailers.

ICSC Membership now exceeds 62,000 members and is considered the premier shopping center organization in the world. Next year will undoubtedly be BIGGER and BETTER! ■

CONSUMER DEBT *continued*

going to kill us, it's just going to slow the rise in consumer spending." Standard & Poor's Chief Economist David A. Wyss says "The real question is can consumers keep it up, given that they're already spending all they have?"

The answer appears to be – spending won't be what it has been. Total U.S. sales are growing, but far more slowly than recent years. Rising interest rates are already beginning to bite into spending. The percentage of disposable income that U.S.

households pay out to service mortgage and consumer debt is up to 13.32% at the end of the 3rd quarter of 2005. Impending inflation, led by energy prices, may also dampen spending.

Savvy retailers will find a way to survive – and still grow – by cost-cutting strategies, including smaller inventories, lower payroll costs by using part-time workers, finding innovative ways to stock distinctive merchandise, with a brand of value and higher-quality private label lines, fewer bricks & mortar locations and more emphasis on e-retailing. ■

Search Me

Happy birthday, America!

Before watching fireworks on July 4th, log on to www.archives.gov/national_archives_experience/charters/declaration.html to view the original Declaration of Independence, signed 2,230 years ago.

Great News!

MSCA is now 706 members strong.

Thank you to all of you for referring new members and helping us grow!

MIXED-USE PROJECTS *continued*

exclusive for the retailer during certain times? Will there be a need to control access to the parking through access cards or otherwise?

Lighting. This typically non-controversial issue can be problematic in mixed-use projects. Retailers want a certain level of lighting during operating hours. Residents may worry that the lighting is too bright or on too long. Careful planning usually resolves these potentially conflicting concerns.

Maintenance. As with any reciprocal easement agreement, maintenance of common areas and elements needs to be addressed. As stated above, retailers may have very different maintenance standards than residents. How the common area maintenance costs are divided can also pose challenges because the different uses will have different intensities of use.

Insurance and Casualty. In a mixed-use project, insurance can pose unique issues if both parties wish to maintain their own property insurance. (For example, if one

party such as a governmental entity wants to self-insure). The entire building should be covered by one property insurance policy with shared premium costs. If one party wishes to self-insure, it can negotiate with the insurance provider for reduced premiums, which reductions should insure solely to that party. In addition, the parties need to consider mandatory obligations to rebuild if there is a casualty.

Governance. The easement agreement should address how major decisions are made. If there are multiple parties, an association could be considered or the agreement could establish a weighted voting procedure.

Opportunities to participate in mixed-use projects will continue increasing throughout Minnesota for the foreseeable future. These projects provide environments for synergistic vitality but can also create conflicts between the different uses. How these projects are created and documented can have a dramatic effect on whether the owners and retailers are ultimately successful. Good fences may make good neighbors, but mixed-use projects require a little more creativity and planning. ■

Bookmark

Pick a book from the New York Times bestseller list to read at the beach this summer:

Hardcover Fiction

1. *The Husband*, by Dean Koontz
2. *Beach Road*, by James Patterson & Peter de Jonge
3. *At Risk*, by Patricia Cornwell
4. *The Book of the Dead*, by Douglas Preston & Lincoln Child
5. *The Cold Moon*, by Jeffery Deaver

Hardcover Nonfiction

1. *Dispatches from the Edge*, by Anderson Cooper
2. *Marley & Me*, by John Grogan
3. *Wisdom of our Fathers*, by Tim Russert
4. *The World is Flat*, by Thomas L. Friedman
5. *Mayflower*, by Nathaniel Philbrick

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