

City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Work Session
Tuesday March 27, 2012
6:30 pm or Immediately Following City Council Work Session
Lake Itasca Room, 7550 Sunwood Drive NW

1. **Call to Order**
2. **Topics for Discussion**
 1. Consider Requests from Solomon Group Regarding Sunwood Realignment Project
3. **Executive Director's Report**
4. **Commissioner Input**
5. **Adjournment**

Meeting Date: 03/27/2012**Submitted For:** Heidi Nelson**By:** Heidi Nelson, Administrative Services

Information**Title:**

Consider Requests from Solomon Group Regarding Sunwood Realignment Project

Background:

The Development Management Team has been meeting with representatives of the Solomon Real Estate Group and Mid-America Real Estate - Minnesota (owners and leasing representatives, respectively, of the grocery-anchored retail center at the corner of Armstrong Boulevard and existing Sunwood Drive) regarding the pending Sunwood Realignment project. A number of issues have been discussed, including access off Armstrong Boulevard at the existing Sunwood alignment, additional signage in and around their site, preservation of a sight-line to the existing retail buildings, and a grocery exclusive on lands owned by the HRA.

Representatives from Solomon and Mid-America will be present for the work session to discuss these requests with the HRA.

Attached to this case is the Grocery Exclusive request letter; an email summarizing Solomon's requests is included in the observation section. Consideration of an exclusive for grocery uses as proposed by Solomon would have a considerable impact on the marketability of the retail land on the west side of the project. While the threshold for area proposed would allow grocery sales in The COR for smaller users as well as a large format retailer, it would preclude a "super" large format retailer on the HRA property. While the development team recognizes the commitment Coborns has made to the project and the community, the HRA should consider the long term impacts of such a restriction, and the possibility that Coborns may not be the grocery user for the entire duration of such an agreement - typically 20-30 years.

Also worthy of consideration, but not addressed in Solomon's request, is the issue of consideration for an agreement of this type. Typically, if an exclusive agreement is granted it is in exchange for some consideration, either monetary or otherwise. Consideration may come in the form of a beneficial deal point in a purchase agreement such as the gas restrictions previously discussed. In this case, the development team believes the request is based in the desire to maintain the viability of an existing business that has remained committed to project. The HRA should consider whether this is adequate consideration, and If the HRA parcels are going to be encumbered in the manner proposed, there should be some discussion as to who ultimately holds such a restriction - the property owner or the tenant in question.

Notification:**Observations:***Email from Steve Johnson, Solomon.**February 23, 2012**Heidi,*

After our last meeting with you and Darren, and discussing the current construction with some of our tenants, I feel what is best for all parties is to bring closure and certainty to our Tenants. Although I feel strongly about the rt-in access off of Armstrong, I think it best to drop that as an option and pursue the grocery size limitation, additional area on our pad, the visibility corridor we discussed and signage. Please let me know if you want to get together

and lay out a plan to accommodate these requests so you may approach City Council as soon as practical and we can give our Tenants certainty on the project.

I appreciate all of your efforts to date, and look forward to your earliest reply.

Thanks, Steve

*Steve Johnson
Solomon Real Estate Group
stevejohnson@solomomre.com
direct: (952) 852-2339*

Recommendation:

Consider requests from Solomon and provide feedback to the Development Management Team.

Funding Source:

Current work covered by Development Management contract.

Council Action:

Consider requests from Solomon and provide feedback to the Development Management Team.

Attachments

Grocery Exclusive Letter

Form Review

Inbox	Reviewed By	Date
Darren Lazan	Darren Lazan	03/22/2012 11:58 AM
Heidi Nelson (Originator)	JoAnn Shaw	03/22/2012 01:59 PM
Form Started By: Heidi Nelson		Started On: 03/21/2012 03:40 PM
	Final Approval Date: 03/22/2012	



SOLOMON
REAL ESTATE
GROUP

"Where Wisdom and Opportunity Meet"

November 30, 2011

Ms. Heidi Nelson
Executive Director
The COR of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

Re: Request for a grocery exclusive and/or restriction on the vacant land within the COR.

Dear Ms. Nelson:

As the original and long-time owners of the Coborn's-anchored shopping center known as Northstar Marketplace we have been loyal and committed to the growth and success of the Ramsey Town Center (now The COR), and we remain so to this day and into the future. The recent developments and proposed opportunities within the area are very exciting and offer great potential for all.

As you know, we have been in discussions with the City as it relates to the new Armstrong Boulevard Interchange and the impacts it will have on our shopping center property. Of course, all things equal, we would prefer to have our entry and primary point of access left unchanged. However, we understand the need for this change and support the City of Ramsey's efforts to work with us and other impacted parties in the downtown area, and to try and minimize the effects it will have on our properties and tenants.

We believe we share a common desire to see our properties and tenants remain healthy and active through the changes that may incur in the future (including infrastructure changes and the newly proposed development activity within The COR). We understand that change is inevitable and important for the continued growth of The COR and support your efforts. However, with these changes, some challenges or concerns to arise that we hope can be proactively addressed with the City.

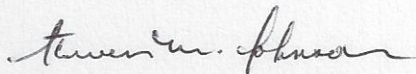
As I'm sure you can fully appreciate, our shopping center is largely dependent upon the success of our one main anchor tenant – that being Coborn's. As Coborn's remains successful and healthy, our other tenants, and thus, the entire shopping center property can remain healthy and successful. In order to insure this on-going success, we respectfully request that the City of Ramsey agree to place a deed restriction on the

available commercial property within The COR that would limit any future user to having no more than 20,000 square feet dedicated to the sale of grocery-related items. This size limit would not preclude a Target with their P-Fresh concept, or a specialty grocery store concept such as Trader Joe's or Aldi's, but would prohibit a full-line grocery store competitor to Coborn's. We feel this exclusive is absolutely necessary in order to protect the long-term success of Coborn's and our entire shopping center property.

We have all been through a lot since the very beginning and as an ownership group we are pleased with the direction the City has taken toward promoting and growing the area, and with your on-going commitment to excellence. We remain loyal to the Ramsey Town Center and will continue to promote it to all. We would appreciate your sincere consideration of this important request so that we can continue to work together toward the promotion and success of the area going forward.

If you have any questions, please do not hesitate to contact me. I look forward to talking with you soon on this request. Thanks for your consideration and support.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Johnson".

Steve Johnson
Partner
Sophia-Ramsey, LLC