



500 Fourth Ave. NE  
Austin, MN 55912-3773

[www.ci.austin.mn.us](http://www.ci.austin.mn.us)

507-437-9940  
Fax: 507-434-7197

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**AGENDA - AMENDED**  
**PORT AUTHORITY**  
**WEDNESDAY, APRIL 28, 2021**  
**CITY HALL – COUNCIL CHAMBERS**  
**4:30 PM**

1. Roll Call.
2. Approval of minutes of the April 5, 2021 special meeting.
3. Draft audit presentation (Tom Dankert).
4. Mayo land donation in Creekside Business Park. (Craig Clark).
5. Approve sprinkler loan agreement with HPW LLC for downtown former Austin State Bank building (Taggert Medgaarden).
6. Nu-Tek 1<sup>st</sup> Amendment to Contrcat for Private Redevelopment (Craig Clark).
7. Closed meeting pursuant to Minn Statute § 13D.05, subd. 3( c) to develop or consider offers or counteroffers for the purchase or sale of real or personal property. The property to be considered are parcel numbers 34.521.0100 and 34.521.0120.
8. Executive Director Report. (Craig Clark).
9. Any other business.
10. Adjourn.





Item # 6

100 Tower Drive P (920) 356-1255  
Beaver Dam, WI 53916 F (920) 356-1270

## LETTER OF TRANSMITTAL

**Date:** 4/22/2021

**From:** Amanda Gorsuch

**Company:** Craig Clark  
**Attention:** City of Austin  
**Address:** 500 4<sup>th</sup> Avenue NE  
Austin, MN 55912

<b>Sent Via:</b>	U.S. Mail	US Mail Certified	X UPS: 2 day
	Hand Delivery	E-mail	Fax

<b>Forwarding:</b>		
Site-specific Plans	Shell Plans	Contract
Project Manual	Copy of Letter	Project Information
Approved Proposal	Change Order	Submittal No. _____
Bid Package	Specifications	X Other: Loan Documents
X For Review and Approval	For Your Records	For Bidding
For Your Use	For Corrections	As Requested

**Remarks:**

Enclosed is the first amendment to contract for private development for JCW Development. Please send me back a fully executed version.

Thank you,

Amanda Gorsuch  
JCW Development LLC  
920-356-1255  
agorsuch@jcwdev.net

Item # 9

## **FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT**

THIS FIRST AMENDMENT TO CONTRACT FOR PRIVATE DEVELOPMENT (this "First Amendment") is made and entered into this 28th day of April, 2021, by and between The Austin Port Authority, (the "Port"), a public corporation under the laws of the State of Minnesota, having its principal offices at 500 4th Avenue NE, Austin, Minnesota 55912, and JCW Development LLC, a Wisconsin limited liability company, having its principal office located at 100 Tower Drive, Beaver Dam, Wisconsin 53916-9178, together with its successors and assigns (the "Developer"). All capitalized terms not otherwise expressly defined herein shall have the same meanings as provided in the Development Contract (as defined in the recitals below).

### **WITNESSETH:**

WHEREAS, the Port and Developer are parties to that certain Contract for Private Development dated effective March 21, 2021 ("Development Contract");

WHEREAS, the Developer requires an extension of the outside Closing date as contemplated by the Development Contract;

WHEREAS, the Port and Developer desire to amend the Development Contract as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual promises set forth herein and other good and valuable consideration, the Port and Developer agree to the following:

1. The second sentence of Section 3.6(a) of the Development Contract is hereby deleted in its entirety and replaced with the following sentence:

"The Closing date shall be on or reasonably following the date on which the conditions precedent described in Section 3.2 are met, but is anticipated to occur no later than June 1, 2021, or such other date upon which the parties mutually agree."

2. This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3. Except as expressly stated herein, the Development Contract shall remain in full force and effect. If there is any conflict between the Development Contract and the terms of this First Amendment, the terms of this First Amendment shall control.

4. This First Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document with the same effect as if all parties had signed the same original. Furthermore, the undersigned agree that transmission of this First Amendment by telecopy or via e-mail in a "PDF" format shall be deemed transmission of the original First Amendment for all purposes.



IN WITNESS WHEREOF, this First Amendment has been executed by the Port and Developer as of the date set forth above.

[Signature Page Follows]



IN WITNESS WHEREOF, the Port has caused this First Amendment to be duly executed in its name and behalf and its seal to be hereunto duly affixed and Developer has caused this First Amendment to be duly executed on or as of the date first above written.

THE AUSTIN PORT AUTHORITY

JCW DEVELOPMENT LLC

By: \_\_\_\_\_  
Jerry McCarthy, Its President

By: Westra Living Trust Dated December 1,  
2015, Its Member

By: \_\_\_\_\_  
Tom Dankert, Its Secretary

By: \_\_\_\_\_  
Benjamin D. Westra, Trustee

STATE OF MINNESOTA

SS.

COUNTY OF MOWER

The foregoing was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2021, by Jerry McCarthy and Tom Dankert, the President and Secretary of The Austin Port Authority, a public corporation under the laws of the State of Minnesota, on behalf of The Austin Port Authority.

(SEAL)

\_\_\_\_\_  
Notary Public

STATE OF WISCONSIN

SS.

COUNTY OF Dodge

The foregoing was acknowledged before me this 22nd day of April, 2021, by Benjamin D. Westra, Trustee of the Westra Living Trust Dated December 1, 2015, Member of of JCW Development LLC, a limited liability company under the laws of the State of Wisconsin, on behalf of JCW Development LLC.



\_\_\_\_\_  
Notary Public my commission expires 1-28-24



## Denita Schreier

---

**From:** Charlsen, Adam <Adam.Charlsen@huschblackwell.com>  
**Sent:** Wednesday, April 21, 2021 8:27 AM  
**To:** Denita Schreier  
**Cc:** Johnston, Valerie  
**Subject:** Austin Development Agreement  
**Attachments:** 4828-0499-1462.1 First Amendment to Contract for Private Development JCW Austin Port Auth 4.20.21.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Denita,

Can you have Ben sign/notarize the attached and deliver the original to Craig Clark? He will need it before next week's Port meeting. Both Craigs (Clark and Byram) both told me last night that the amendment will be approved. Call or email with questions.

Adam

**Adam Charlsen**  
**Office Managing Partner**

**HUSCH BLACKWELL LLP**  
13330 California Street,  
Suite 200  
Omaha, NE 68154  
Direct: 402.964.5013  
Fax: 402.964.5050  
[Adam.Charlsen@huschblackwell.com](mailto:Adam.Charlsen@huschblackwell.com)  
[huschblackwell.com](http://huschblackwell.com)  
[View Bio](#) | [View VCard](#)

Husch Blackwell has been named a Tier 1 law firm in the United States for Real Estate by U.S. News – Best Lawyers® for the Ninth Edition of "Best Law Firms"

### **Husch Blackwell COVID-19 Toolkit**

Husch Blackwell has launched a COVID-19 response team providing insight to businesses as they address challenges related to the coronavirus outbreak. Content and programming to assist clients across multiple areas of operations can be found on our website via our [Coronavirus toolkit](#).



Item #7

City of Austin  
Craig Clark,  
City Administrator



500 Fourth Avenue N.E.  
Austin, Minnesota 55912-3773  
Phone: 507-437-9941  
[craige@ci.austin.mn.us](mailto:craige@ci.austin.mn.us)  
[www.ci.austin.mn.us](http://www.ci.austin.mn.us)

**TO: President and Port Board Members**

**FROM: Craig D. Clark, Administrator**

**RE: Consideration for Port Authority acquisition of the former Shopko property**

**DATE: April 23, 2021**

As the Shopko building has sat vacant since May of 2019, thoughts on what might be repurposed for the store have been circulating. Retail expansions are still strained in this time of pandemic.

Discussions have continued with Slaby and Associates, the company which redeveloped the former HyVee site, on what might be feasible with the Shopko building. We also have discussed possibilities with the HyVee owned movie theatre and additional store fronts to the west end of the Shopko building.

With the return of new release movies coming back in June and implications of new release movies being available on HBO being addressed, a prospective theatre buyer has been identified and expressed interest. The pandemic has been obviously extremely difficult on this business type but I still feel like Austin can support a movie theatre at some point in the future.

As part of our ongoing discussions, we have come to learn that Hormel Foods has an interest in locating a day care in an open building in the 18<sup>th</sup> Avenue business district. This not only accomplishes their need but also fills an empty building and helps support the auxiliary businesses in this corridor. I am very thankful for their interest beyond their own object of advancing a day care.

As a result of this conversation with Hormel, we suggested the back space of the Shopko building (see Exhibit 1 last page) with utilization of the Port Authority owned parking lot behind Shopko (this was a part of the HyVee transfer). This becomes a critical piece to support the reuse of the Shopko space, in that subdividing the 90,476 sq. ft. building creates a dead space in the back as retailers want frontage to the retail consumers and the building becomes very long and unusable if divided too much. This actually works well for the day care because it is a “destination facility” in that people will find where this facility is located to utilize the service

7th May

and that provides more safety by having the drop off in a lower traffic area which is more secluded than other options. This also is positioned well to utilize an outdoor space to support their child care needs with a play area which can be accomplished with the Port owned parking lot to the immediate south of the building (1.05 acres). The day care would be operated by Bright Horizons and for Hormel employees. The cost for the day care will be off-set by Hormel Foods, so at this time the primary users would be limited to their employees. This would however free up other day care spots and obviously support Hormel's efforts to recruit employees to Austin and represents a real need in the community. I would anticipate a pro rata cost to the day care space without any discount. At present this is indicated as 20,000 sq. ft.

The other concepts for utilization of the major square footage have included concepts of a trampoline park and bowling center. I've included the information from one franchise called Launch (Exhibit 2).

We will discuss more on these two options at the meeting. Victor Baeten with Slaby and Associates will join us to provide further context to our discussions.

The most recent development is that Raider Hill, who purchased approximately 80 Shopko buildings out of bankruptcy, has moved to work with Ten-X to put up for auction their remaining properties they have yet to liquidate. Austin is one of these properties and the listing is included in your packet (Exhibit 3).

This brings us to the Port Authority and Slaby and Associates proposal. They propose the following outline and is generally based on the former HyVee reuse (Exhibit 4). Working with their general contracting arm and parent company, KSW Construction would perform the demolition and buildout of the building. Slaby and Associates through Victor Baeten has the relationships within the industry that can make the transition of the Shopko building possible with new use options. There is where the potential role for the Port Authority would come into play, holding the property and ultimately offer some discount to make reuse possible. This discount essentially acts as incentive for them to market our property.

The plan would break square footages off to condominium pieces for the day care and eventually other portions of the building. The general framework of what Slaby and Associates would expect would be a part of the undeveloped spaces. This sets general operating parameters and allows the Port Authority to control who would be the eventual tenants. This is of key consideration in protecting our other retail development in this corridor. This was a careful consideration with the old HyVee reuse and being selective with Marshalls as our desired anchor project that ended up precipitating the Hobby Lobby and Ashley furniture as the owners have shared they only moved forward as the result of the new HyVee and the reuse by Marshalls.

This brings us to the consideration of the Port Authority and if you see a role for the Port to play to assist the day care and selected reuse of the Shopko building. If so, what parameters do you feel I should employ to bid on the property?

You should also know that our proposed funding source are proceeds from the \$2.87 million funding the City of Austin will receive from the American Recovery Act. We are expecting a



first payment of \$1.435 million in the near term and the balance 12 months following the first payment. This would be subject to City Council approval and of course after exploring further U.S. Dept. of Treasury guidance. There is a provision in the legislation that allows for “economic recovery” and the day care and supporting our business climate would appear to meet this threshold. In addition, the new round of funding has been sold as being more flexible than what was a part of the Coronavirus Aid, Relief and Economic Security Act (CARES). It also appears likely to have the option to utilize the funds in the same manner we did with the first round of CARES funding so we should have some options. While we’re not yet 100% sure, and we don’t take anything for granted when dealing with the federal government, this has provided an attractive option to bring resources to accomplish the goal of acquisition of the Shopko building if the Port so authorizes and Council concurs.

In discussions with Slaby, understanding the parcel has been on the market for two years, there is open retail space in the Younkers and Pizza Ranch buildings, limited retailers expanding at present and significant Port Authority advantage of not paying property taxes, I feel our best option would be to proceed with the auction. The minimum bid is \$500,000 and this would provide us a significant advantage for reuse on the lease rates we and thereby Slaby can offer to attract future retailers as the market improves or interested parties step forward to make the concept options of a new bowling center and trampoline park a possibility.

If the Port Authority places a higher premium on controlling what moves forward in this Shopko building, we do have the option to put an offer forward at any time in advance of the auction closing date of May 19<sup>th</sup>. Bidding opens on May 17<sup>th</sup>. As a point of reference, Target, with a similar 90,000 square foot building, sold for \$1.3 million.

There are also risks and obligations which would come along with purchase. We would have to heat the building to maintain fire protection and it is subject to the City’s vacant property ordinance. Snow removal would be a requirement as well, as this is within a well-traveled corridor.

I look forward to discussing this with you further. Please don’t hesitate to contact me should you have any questions.

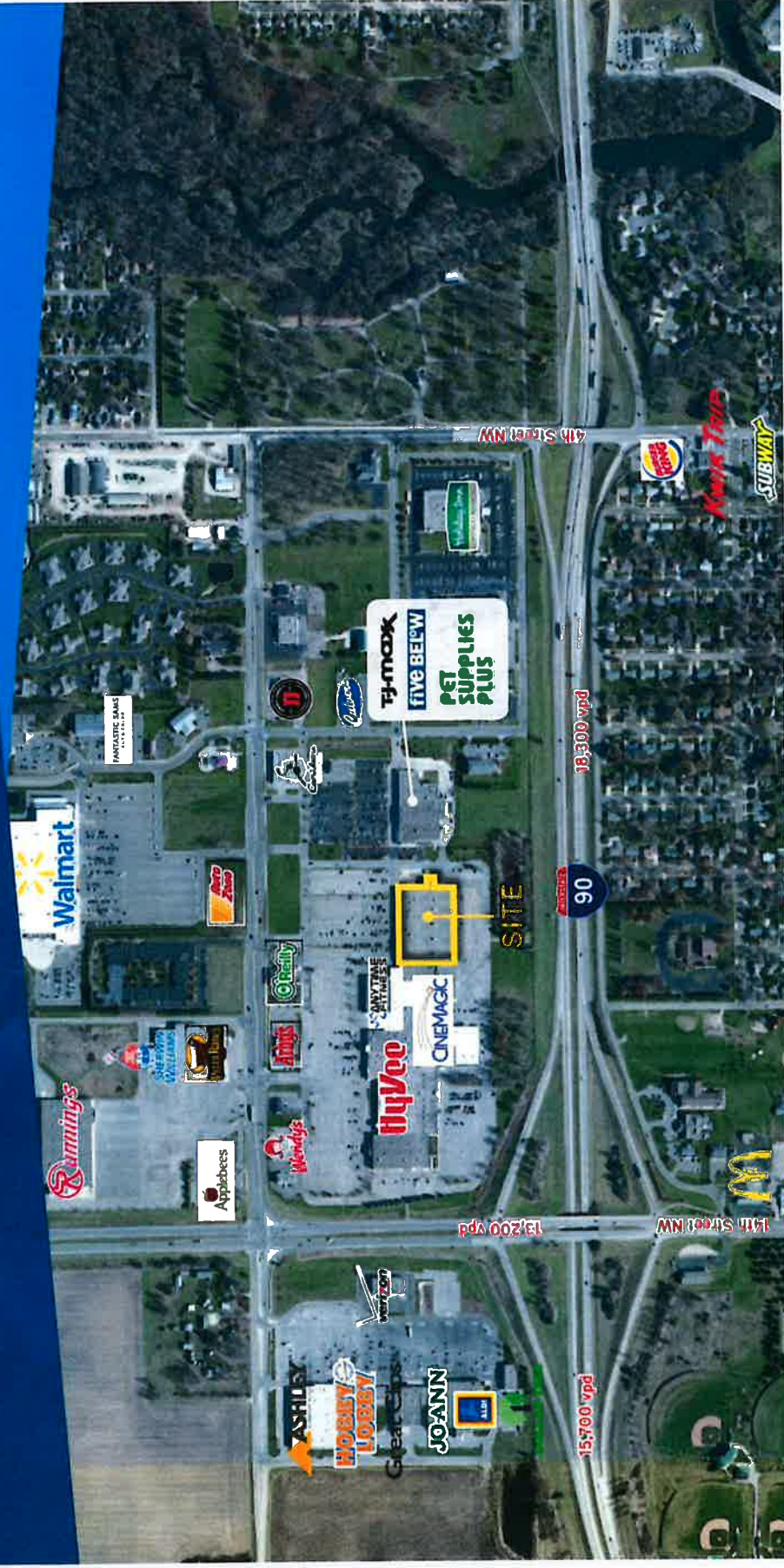
**Board direction is requested to establish what parameters you’d like for any possible acquisition of the Shopko property, donation of the Port owned parking lot and terms of the Slaby agreement.**



# **Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN**

## Former Shopko | Austin

1209 18th Ave NW | Austin, MN 55912



**SLABY & ASSOCIATES**  
COMMERCIAL REAL ESTATE  
BROKERAGE

*Victor R. Baeten*

Vice President  
1100 John P. Livesey Blvd.  
Verona, WI 53593  
Mobile: (920) 621-1493  
Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)

Exhibit #1

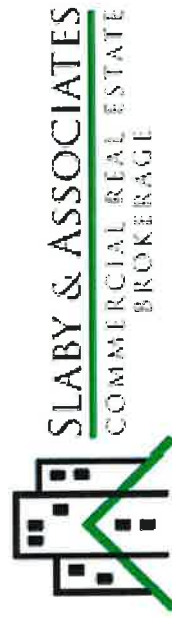
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# Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN



*Victor R. Baeten*

Vice President  
1100 John P. Livesey Blvd.  
Verona, WI 53593  
Mobile: (920) 621-1493  
Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)





# **Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN**

## **Former Oak Park Mall**



*Victor R. Baeten*

Vice President  
1100 John P. Livesey Blvd.  
Verona, WI 53593  
Mobile: (920) 621-1493  
Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)



## **Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN**



The main bulk of the Oak Park Mall will be torn down to make way for the new Hy-Vee store.



Both the Cinemagic 7 theater and Younkers buildings will be separate from the new Hy-Vee. Younkers will be a stand alone building and Cinemagic will be separate up to Shopko



*Victor R. Baeten*

Vice President

1100 John P. Livesey Blvd.

Verona, WI 53593

Mobile: (920) 621-1493

Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)



## **Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN**

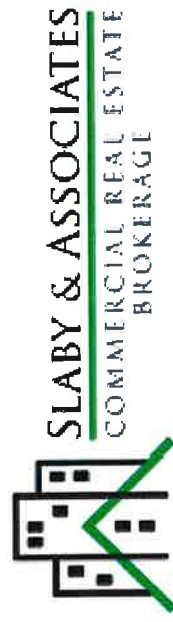


*Victor R. Baeten*

Vice President  
1100 John P. Livesey Blvd.  
Verona, WI 53593  
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# **Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN**



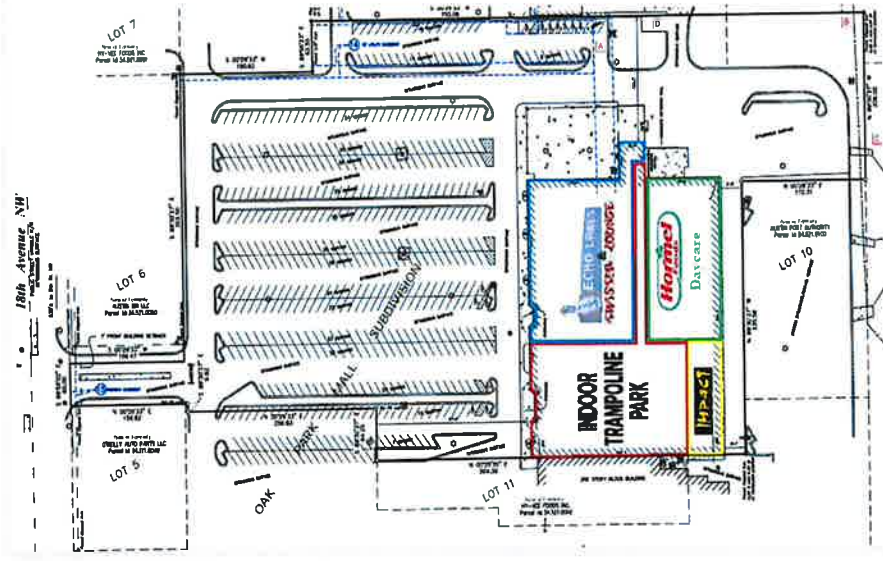
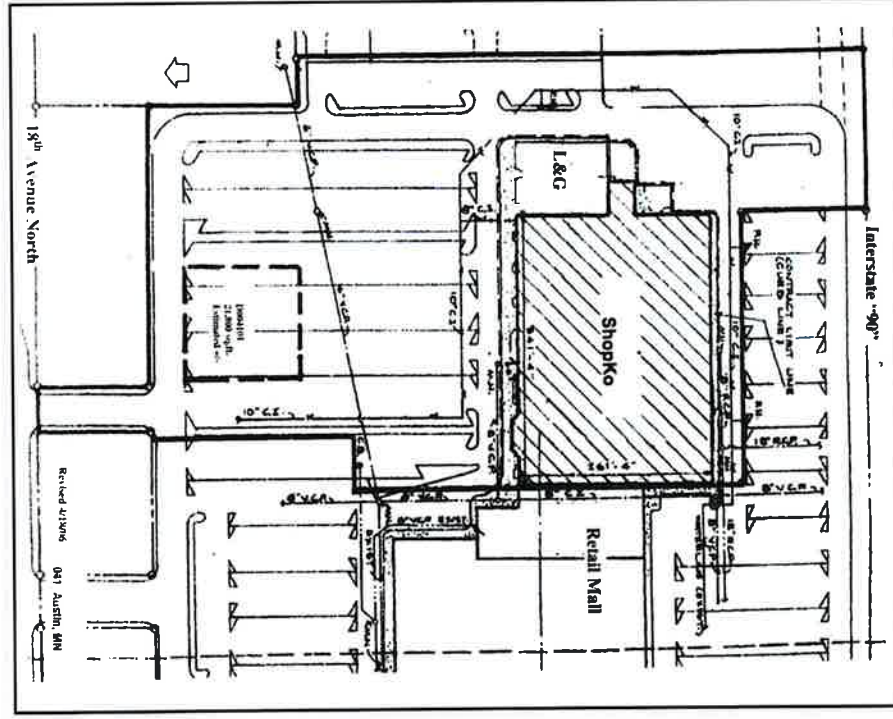
*Victor R. Baeten*

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Verona, WI 53593  
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Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)



# Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN

## Site Plan & Proposed Breakdown



*Victor R. Baeten*

Vice President  
1100 John P. Livesey Blvd.  
Verona, WI 53593  
Mobile: (920) 621-1493  
Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)



# Former Shopko Redevelopment – 1209 18<sup>th</sup> Ave NW, Austin, MN



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Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)







## Confidential Information Memorandum

November 2020

# Who is Launch?



**Launch Entertainment** is an innovative leader in the family entertainment industry

*What started as a trampoline park model has evolved into entertainment for the whole family*

We utilize our creativity and high energy to develop new, exciting industry-leading attractions and innovation at our locations

***Our company and culture are singularly focused and obsessed with creating an insane customer experience***



# Leader in a Rapidly Growing Industry with Multiple Growth Avenues

## OPEN LOCATIONS

1. Warwick, RI
2. Hartford, CT
3. Norwood, MA
4. Newark, DE
5. Watertown, MA
6. Methuen, MA
7. Asheville, NC
8. Columbus, GA
9. Columbia, MD
10. Deptford, NJ
11. Jackson, MS
12. Herndon, VA
13. Linden, NJ
14. Prattville, AL
15. West Nyack, NY
16. Cumming, GA
17. Doral (Miami), FL
18. Queens, NY
19. Richmond, VA
20. Lansing, MI
21. Delran, NJ
22. Rockville, MD
23. Westland, MI
24. Novi, MI
25. Sterling Heights, MI
26. Troy, MI
27. Ann Arbor, MI
28. PG County, MD
29. Gurney, IL
30. Framingham, MA
31. Grand Rapids, MI
32. Dawsonville, GA
33. West Palm, FL

## READY TO OPEN

34. Orlando, FL

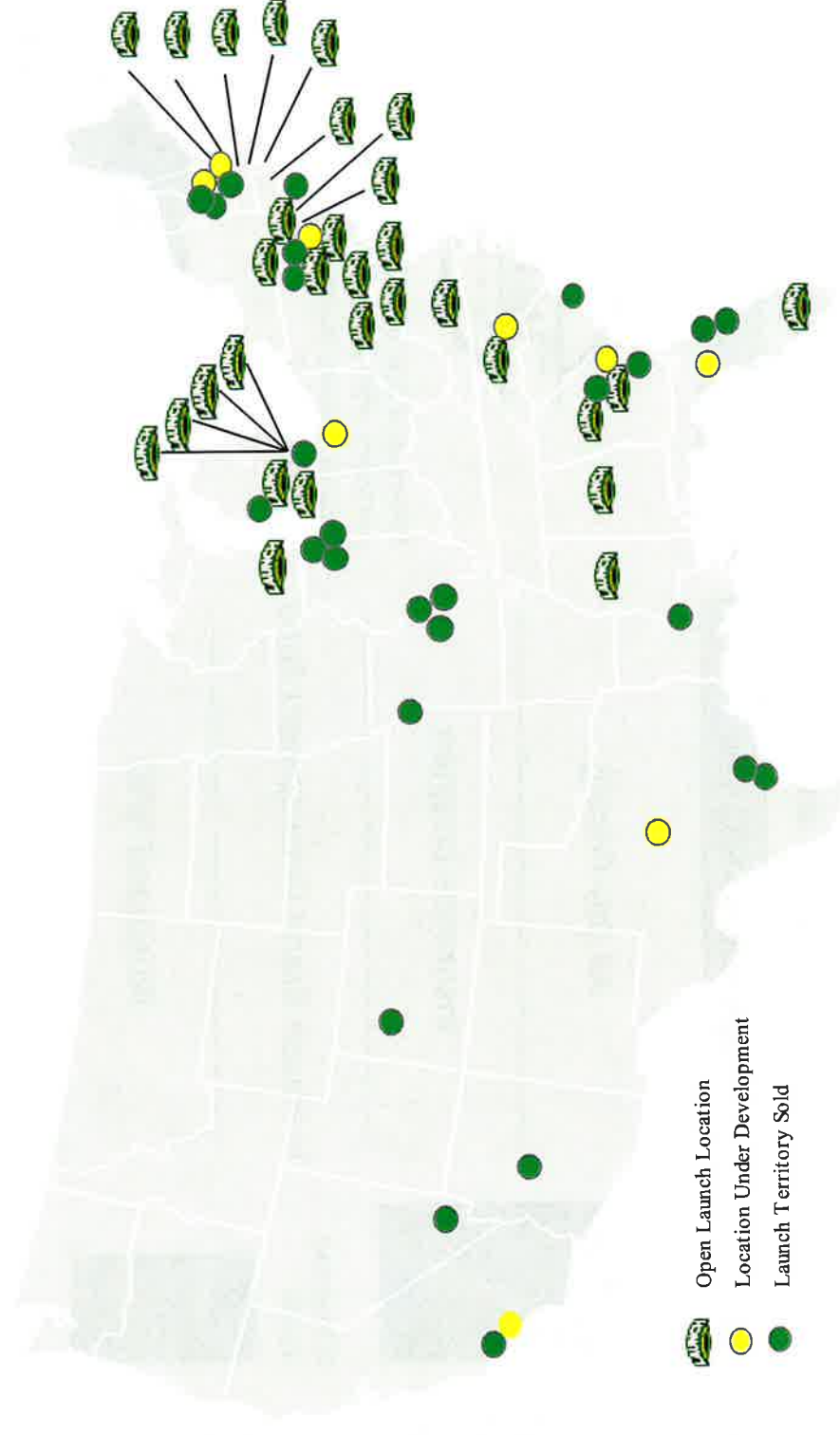
## UNDER DEVELOPMENT




35. East Brunswick, NJ
36. Toledo, OH
37. Woburn, MA
38. Springfield, OH
39. Atlanta, GA
40. Roanoke, TX
41. Irvine, CA
42. Charlotte, NC
43. Pittsburgh, PA
44. Leominster, MA

## TERRITORIES SOLD

45. Bergen, NJ Multi-2
46. Bergen, NJ Multi-3
47. Bergen, NJ Multi-4
48. MA Multi-3
49. MA Multi-4
50. MA Multi-5
51. NYC Multi-2
52. NYC Multi-3
53. NYC Multi-4
54. NYC Multi-5
55. St. Louis Multi-1
56. St. Louis Multi-2
57. St. Louis Multi-3
58. Las Vegas, NV
59. Denver, CO
60. Houston, TX - 1
61. Houston, TX - 2
62. Baton Rouge, LA
63. Marietta, GA
64. Boynton Beach, FL
65. Mechanicsburg, PA
66. Kansas City, MO
67. Alexandria, VA
68. Phoenix, AZ
69. Chicago, IL - 2
70. Chicago, IL - 3
71. Portsmouth, NH
72. Los Angeles, CA
73. Nashua, NH
74. Taylor, MI

*33 locations in operations, 44 (inclusive of under development), and  
75+ locations (inclusive of 30+ additional territories sold and seeking real estate)*



-  Open Launch Location
-  Location Under Development
-  Launch Territory Sold

# Industry-Leading Track Record of Innovation

*Launch's team is proud of our industry-leading creativity and track record of innovation across our diversified attraction mix, operational efficiency and integrating food & drink*

## Diversified Attractions

Laser Tag



Bowling



Fitness



Virtual Reality



Gamify Entire Park



Climbing Walls



Dodgeball



Arcade



Ropes Course



## Operational Efficiency

All Day Pricing

Insurance program

In-House Brand Development Fund

Wristband RFID

Self check-in

Socks rebates

## Food & Drink



*Integrated bar offering for franchise partners with branding, graphics, visuals, menu, business plan, equipment list*



*Launched KRAVE - high-quality, immersive dining experience with custom make-your-own pizzas, salads and sundaes*

# Industry-Leading Track Record of Innovation (Cont'd)

Launch “Generation 3” Park – *First-of-its-Kind in the Industry*  
*Bringing Creativity and Innovation to Family Entertainment*

Trampoline /  
Action Park



Bowling

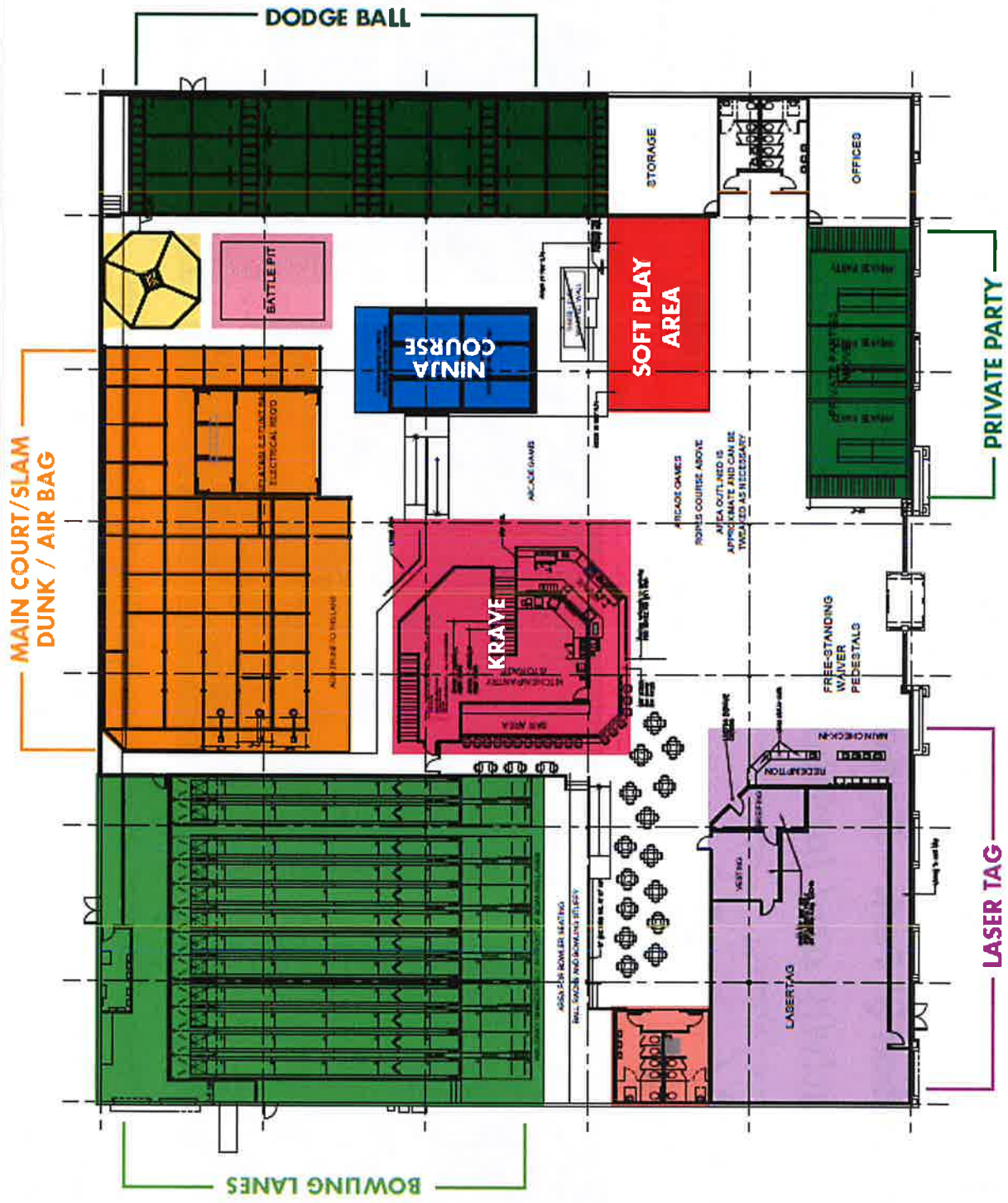


Family Entertainment  
Center



- We are launching a “first-of-its-kind” entertainment facility for the entire family
  - No current franchise offers this breadth of attractions for all audiences
  - Trampoline parks and adventure parks exist throughout the United States
- Wide range of attractions catering to all audiences - from toddlers, children, teenagers, and adults
  - At Launch, the entire family will stay entertained for hours

# Typical Launch Park Layout



# Family Entertainment Center with Diversified Attraction Mix

Trampolines



Enjoy jumping around with friends and family on Launch's trampoline courts.

Launch Lanes



From corporate events to kid's birthdays, Launch Lanes is a state of the art bowling facility within Launch Entertainment. Launch Lanes features: 12 lanes, access to Bar Hops, Launch arcade, giant projection screens and so much more.

XP Arena



Our signature attraction featuring a complex area with obstacles of varying difficulty designed to test strategy, speed, agility, awareness and bravery. Use an RFID wristband to collect points via sensors and use throughout Launch at our redemption arcade or at KRAVE

# Family Entertainment Center with Diversified Attraction Mix

Meltdown



Get ready to duck in Meltdown, the exciting attraction that makes you feel like a contestant on a gameshow! This attraction makes you jump over or duck rotating arms that swing toward you.

KRAVE



Whether it's handmade pizza or one of our fresh salads, our food is all custom made from scratch with fresh ingredients, right in front of your eyes.

Ropes Course & Zipline



Our ropes courses are ranked by difficulty and you will have to climb, balance, reach and pull your way through a variety of obstacles that provide a new challenge at every turn. Make sure to end the course on the zipline!

# Family Entertainment Center with Diversified Attraction Mix

Challenger Course



Challenge yourself to scale across our ninja course! Our exciting course has a variety of obstacles that cater to all skill levels and provide a new physical challenge at every turn. Test your strength on the spider wall or the high flying trapeze.

Eliminator



The Eliminator is our version of the Salmon Ladder, a structure with one movable rung that the Ninja Warrior carries with him (or her) as he ascends—like a pull-up where you bring the bar with you.

Warped Wall



Challenge your speed, strength, agility, and jumping ability on the warped wall and be the next ninja warrior.

# Family Entertainment Center with Diversified Attraction Mix

Cliffhanger



Don't hang around at home when you could be hanging around on our indoor mountain rock climbing wall! Challenge yourself or race your friends and family to the top of the Cliffhanger. We have climbing options for all abilities at Launch.

Fury: A Laser Tag Experience



Put those gaming skills to the ultimate test at Fury: A Laser Tag Experience. Our state-of-the-art arena is an escape from reality where players can put their gaming skills to the test in a real life battle.

Stunt Tower



If you dare, leap 10ft or 20ft from our stunt tower. Land on a high-performance airbag designed to cushion your fall.

# Family Entertainment Center with Diversified Attraction Mix

Dodgeball



Challenge your friends to a game of action packed dodgeball. See if you can be the last person standing, but don't let the ball hit you! Also team up with your friends to join our dodgeball tournaments!

Battle Pit



Challenge your friends to joust on our battle beam or bosu balls and then test your balancing skills on our slackline, where one misstep lands you in the foam pit!

Launch Pad



What better way to learn new tricks than to land on a soft air bag, just like professional stuntmen use! This attraction is fun for kids and adults.

# Family Entertainment Center with Diversified Attraction Mix

Indoor Playground



Our indoor playground is perfect for small children to safely swing, slide, climb, and explore in a fun world that is made for their size.

Breakout - Laser Maze



Test your secret agent skills. Breakout is the ultimate maze where you have to slide, duck, and crawl through laser beams to make it to the other side. But don't let one touch you, or your undercover identity could be blown!

Slam Dunk



Slam dunk! Bring your basketball game to new heights at the slam dunk trampoline basketball court. Our dunk lanes are the place to practice your trick shots and become your team's MVP.

# Family Entertainment Center with Diversified Attraction Mix

Arcade



The fun never ends at Launch! Play some of the most popular games around in our arcade! Win tickets and redeem them for awesome prizes!

Bar Hops



"Bar Hops", our in-house bar concept, was designed to compliment Launch Lanes and expand the targeted age group. We will serve beer from local breweries, as well as wine and spirits.

Omni Virtual Reality



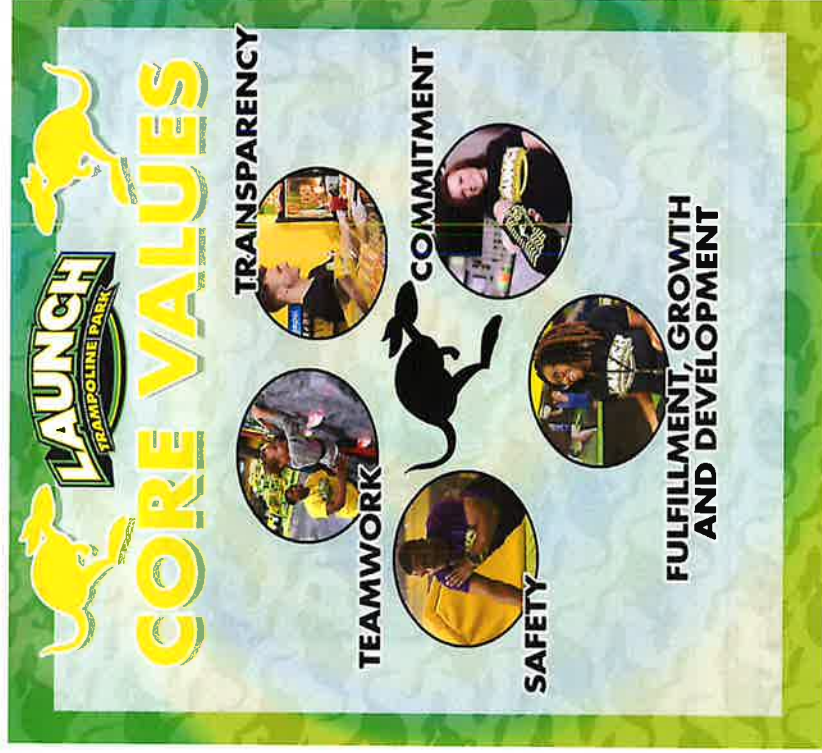
Escape reality and venture into a virtual world in Paradox. This next level system will transplant you into a life-like world and will test your mind and skills.





# Launch Culture

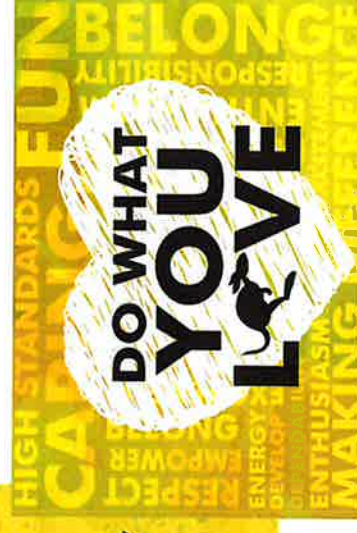
- We believe it takes a team to provide the best experiences; every position and every team-member is valued
- We treat our customers like long lost friends we are excited to see!
- Be a great neighbor and give back to the community



*The opportunity  
is not to discover  
the perfect company  
for ourselves...*



*The opportunity  
is to build  
the perfect company  
for each other*



# WHERE MEMORIES ARE CREATED



Exhibit 3

## RETAIL

## FORMER SHOPKO - AUSTIN, MN

[Properties](#) [Login/Sign Up](#)

State, City, Zip, Address or ID

💰 **Transaction Fee:**  
[Learn More](#)



# PROPERTY INFORMATION

Asset Type: Property

Primary Property Type: Retail

Rentable (Sq. Ft.): 90,461

Year Built: 1983

Occupancy: 0%

Occupancy as of Date: 04/02/2021

Lot Size (Acres): 9.5

Parking Count: 450

±90,461 SF former ShopKo retail property in desirable demographic area in Austin, MN

Value-add investment opportunity well below replacement cost

Great visibility and access from 18th Avenue NW

**ONLINE AUCTION**  
**May 17 - May 19, 2021**

**BIDDING STARTS IN**  
**24d 01h:49m**

**STARTING BID**  
**\$500,000**



Contact Us

DUE DILIGENCE DOCUMENTS

REGISTER TO BID

Tom Palmquist

Buildings	1
Floors	1
Assessor 's Parcel Number	345210120
Lot Size (Acres)	9.5
Property ID	1000014492
Starting Bid	\$500,000
Parking Count	450
Rentable (Sq. Ft.)	90,461
Traffic Count	7,557
Signage	Pylon
Tenancy	Single

## Detailed Description

Property tours are available by appointment ONLY. Please contact Tom Palmquist to schedule at [tom.palmquist@colliers.com](mailto:tom.palmquist@colliers.com) or 952-381-5538.

The offering is a ±90,461 SF former ShopKo retail property in desirable demographic area in Austin, MN.

[Click here to view the virtual tour](#)

[Click here to view the drone footage.](#)

This is a unique value-add investment opportunity well below replacement cost. The asset has great visibility and access from 18th Avenue NW and is surrounded by notable retailers such as Aldi, Dollar Tree, Marshalls, and Caribou Coffee just to name a few. Traffic counts reach 8,400 CPD on 18th Avenue NW and 18,300 VPD on I-90. Additionally, the asset has strong demographics within a 20 minute drive with 37,339 residents and an average household income of \$73,331.

Austin is ideally situated along Interstate 90 and U.S. Highway 218 in southeast Minnesota. Austin is: 20 minutes from Interstate 35, 45 miles from Rochester and less than 100 miles from downtown Minneapolis. Rochester International Airport offers daily flights to Minneapolis, Chi The Austin workforce is robust, due to the commitment from the city. Riverland Co. a growing part of the Minnesota State College/University system, has its main campus in Austin. Training and degree programs to the support needs of local industry are bolstered by the Austin Assurance Scholarship program which ensures a two-year degree or training certification at no cost to local high school graduates. Agricultural and Food Science program cluster at Riverland prepares students to step into quality, high demand local jobs.



Contact Us



Colliers  
MN Lic #734703  
(952)-897-7739

SEND EMAIL



Min Hoang  
Ten-X  
Asset Manager  
(949)-672-3683

SEND EMAIL

AUCTIONEER LICENSE  
Ten-X Joshua Jacob RE Brkr 40468270

PROPERTY ID  
1000014492

EVENT ITEM  
2021-May-17

INVESTMENT  
OPPORTUNITY

LOCATION  
INFORMATION

MARKET  
INFORMATION

DOCUMENT  
VAULT

Property Information

±90,461 SF former ShopKo retail property in desirable demographic area in Austin, MN

Value-add investment opportunity well below replacement cost

Great visibility and access from 18th Avenue NW

Traffic counts reach 8,400 CPD on 18th Avenue NW and 18,300 VPD on I-90

Surrounded by notable retailers such as Aldi, Dollar Tree, Marshalls, and Caribou Coffee

Strong demographics within a 20 minute drive with 37,339 residents and an average household income of \$73,331



Contact Us

Primary Property Type	Retail
Occupancy	0%
Occupancy as of Date	04/02/2021
Type of Ownership	Fee Simple
Year Built	1983

Craig & Others,

First and foremost, I appreciate all the conversations to improve the overall former mall area in Austin, MN. There have been some significant hurdles on everyone's part to get a brand-new Hy-Vee and the six new users (Marshalls, Five Below, Pet Supplies Plus, Shoe Sensation, T-Mobile & Qdoba) and two existing businesses (Maurice's & Great Clips) to Austin, MN.

As you know, I personally have spoken to hundreds of retailers and restaurant users regarding Austin, MN, and I will continue to have those conversations if we have a project to work on. In addition, we are working with a new user that the area will love. We hope we can announce something in the next few months regarding them.

As for the former ShopKo in Austin, MN. Per our many conversations, our group cannot purchase it outright to work on a redevelopment. The property taxes alone would cripple us financially. In the spirit of partnership, I would like to propose the below as we did something similar for the former Hy-Vee building.

- Port Authority purchases the ShopKo building from current ownership.
  - Ten X Commercial Auction in May
- Port Authority enters into a Development Agreement with our group for the Former ShopKo.
- Development Agreement has similar terms as to the Development Agreement we had with the Port Authority for the former Hy-Vee Building.
- Since the Former ShopKo is 90,000 plus SF and the Former Hy-Vee was approximately 57,250 SF we would like to explore the ability to purchase parts of the ShopKo building in Phases for redevelopment.
  - This would allow us to start the redevelopment of the building without having it majority leased, which was the large hurdle for the former HyVee building.
- The Port Authority and our group would work towards prorating the building for a sale using a condo sale situation for the building.
- The Port Authority would continue to own the rest of the building while our group would still have it under a continued Development Agreement still working to secure other tenants.
- Our group would be able to start the redevelopment with a successful Phase 1 of the building with the Hormel Daycare.
  - Phase 1 with the Hormel Daycare will be prorated and sold to us based on the actual purchase price the Port Authority buys the building for.
    - For example, if the building is purchased for \$10.00 psf by the Port Authority we will pay \$10 psf for the Phase 1 part with the Hormel Daycare.

Beyond Phase 1, it comes down to numbers and making it work. The former Hy-Vee building project was over a half a million over budget on the construction alone. We paid \$400K for that building. My partners and I had to become creative in financing avenues with our lender for that project to hit the key dates for the tenants. Since then, construction pricing has only gone up.

Thus, this gets me to the price we can pay for the ShopKo building. It would be impossible to say 100% what we can certainly pay, for it all depends on the final users and their costs to build them out and make sense of the deal overall. However, after speaking to Dean Slaby and Doug Slaby, my partners, we

#4

Exhibit

want to be honorable. Since we purchased the 57,250 SF Former Hy-Vee for \$400K, which was just shy of \$7 psf for the building, we would like to propose \$7.00 psf of whatever portion of the building is purchased in the various phases of the ShopKo redevelopment. If for some reason the \$7.00 psf number does not work for the "right" users to fill the vacancy we hope the Port Authority would be open to exploring how to accommodate us to help bridge the gap financially at that time.

Phase 1 with the Hormel Daycare would be sold the actual per square foot cost the Port Authority purchases the building for on Ten X Commercial, but the following Phase(s) of the redevelopment would be at \$7.00 psf. If for some reason the Port Authority does purchase the building for less than \$7.00 psf we would ask for the per square foot sale price match our per square foot sale price. For example, if the building were purchased for \$500,000 and the building is 90,476 SF that would be \$5.53 per square foot in price. Future Phases would be sold for that \$5.53 per square foot price. However, if they building is purchased for \$1,000,000 that would equate to \$11.05 per square foot for Phase 1 for the Hormel Daycare project. Future Phase(s) would be at \$7.00 per square foot.

I know all the above seems complex, but between our attorney and the city's attorney I am confident that we can draft the appropriate language to simplify it. At this time, I know I've personally put more into trying to redevelopment this building than the currently ownership has. I am always tracking which concepts are growing both regionally and nationally. I have and will continue to provide introductions for concepts missing in Austin, MN and the surrounding areas. However, we need to obtain full control of the Former ShopKo building prior to presenting proposals to the various users including the Hormel Daycare.

I'm open to discuss the above if any clarification is needed. It is a preliminary outline that I hope can turn into another productive partnership between the Port Authority and our group. I look forward to discussing more with the Port and City on Wednesday, April 28<sup>th</sup>.

Thank you greatly,

*Victor R. Baeten*

Vice President



**SLABY & ASSOCIATES**  
COMMERCIAL REAL ESTATE  
BROKERAGE

1100 John P. Livesey Blvd.

Verona, WI 53593

Mobile: (920) 621-1493

Email: [VictorB@slabyandassociates.com](mailto:VictorB@slabyandassociates.com)

