



CITY OF GRAND RAPIDS

Meeting Agenda Full Detail

City Council

Monday, April 8, 2013

4:00 PM

Conference Room 2B

CLOSED MEETING

CALL TO ORDER: Pursuant to due notice and call thereof a Closed Meeting of the Grand Rapids City Council will be held on Monday, April 8, 2013 at 4:00 p.m. in Conference Room 2B, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL

1. [13-0190](#) Discuss the offer to sell City property, specifically PINS #91-420-1510 and 91-420-1520, pursuant to MN Stat. 13D.05, Subd. 3(c).

ADJOURNMENT

Attest: Tom Pagel, City Administrator



Memorandum:

DATE: April 5, 2013
TO: Mayor Adams and City Council Members
FROM: Rob Mattei, Community Development Director
Cc: Tom Pagel, City Administrator
RE: April 8, 2012 Closed Session Regarding Unsolicited Purchase Offer on 91-420-1510 & 1520

Background

Recently, I was contacted by a local independent realtor, Gary Hassel of Grand Rapids Properties, who was representing a development group looking for a 1 to 1 ½ acre site in the commercial area near the intersection of TH2 and TH38. The following day, March 20, Mr. Hassel inquired whether the City would be potentially interested in selling the property north of the Ogles Marketplace Foods at the northwest corner of the intersection of 5th St. N. and 4th Ave. W. My response was that the sale of this property hadn't previously been contemplated, but that the City would be interested reviewing and considering a proposal.

This 0.98 (\$42,900 sf) property, which includes two adjoining tax parcels, was purchased by the City in 1991 for the total price of \$170,777, including the existing structure (Virden Office). As a result of the development of the Blandin No. 6 Paper Machine, the City, at that time, had received a grant from the Federal Economic Development Administration for infrastructure improvements downtown, one of which involved the removal of the office building and construction of the parking lot now located on the subject property. At the time the City purchased the property and constructed the parking lot, it was known that the underlying organic soils were present. I made Mr. Hassel aware that soil correction would likely be needed. Whether he passed that information on to the developer, I do not know at this point.

On March 21st, Mr. Hassel presented me with a draft purchase agreement from The Overland Group, of Birmingham, AL, with an offer of \$120,000 for purchase of the property. I told him that the City would likely need some time to conduct our own due diligence and that the City Council would have to give consideration to pursuing the sale of the property or to decline. Mr. Hassel, at that point, revealed to me that The Overland Group was representing a national retailer, Dollar General (see attachment).

Pricing

As you would expect, there are very few sales of vacant commercial property in this area of the City which can be used as a comparable to this offer, which equates to \$2.80/sf.

I did review an appraisal done for GREDA in 2007 when we purchased the corner parcel where the Lakes Area Credit Union is now located. This used some comparable sales along TH2 from 2001 and 2003 to arrive at a value of \$6.00/sf. I also reviewed a 2010 Pricing Analysis prepared by the Wellson Group for GREDA in their pricing of the Block 20/21 site at \$4.25/sf and the Block 5 site (Northland Recycling) at \$3.25/sf.

I also collected a sampling of assessed land values for 12 parcels in the immediate area. These assessed values ranged between \$2.44 and \$10.90/sf, with an average value of \$7.09/sf. The average assessed value of the subject property is \$12.06/sf. I asked the County Assessor's staff why the subject property was valued at this high figure and they said that the value hadn't been adjusted for its location and for its combined size, which would reduce it to \$8.10/sf.

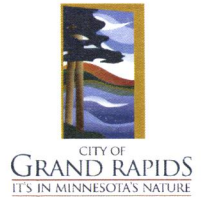
For some additional perspective, the sales of vacant commercial properties in the TH 169 south area were priced as follows: O'Reilly Auto Parts - \$9.88/sf, Deerwood Bank - \$7.46/sf, Maurice's/Dollartree - \$5.81/sf, Pinetree Plaza - \$7.18/sf.

Although the average assessed value in the area of the subject property is over \$7, from my experience with the valuing and sale of the GREDA property in the downtown, I don't think that is a realistic figure for the subject property. Additionally, it doesn't mesh with what is happening in the market for commercial property on the south TH169 corridor, the properties which have demanded the highest prices in Grand Rapids. In my opinion, the value is more likely in the range of \$4.00 - \$5.00/sf.

There are at least two approaches to consider, submit a counter proposal based upon this information or have a broker's price opinion prepared by a local appraiser for approximately \$500. The broker's price opinion would take approximately two weeks.

4th Ave. NW Property

Parcels: 91-420-1510 & 1520



Dollar General

From Wikipedia, the free encyclopedia

Dollar General Corp. is a U.S. chain of variety stores headquartered in Goodlettsville, Tennessee. As of January 2012, Dollar General operated over 10,000 stores^[1] in 40 U.S. states.^{[3][4]}

The stores were founded in 1939 by Cal Turner in Scottsville, Kentucky as J.L. Turner & Son, Inc. In 1968, the business changed its name to Dollar General Corporation. In 2007, the company was acquired by the private equity firm Kohlberg Kravis Roberts & Co. (KKR), which took the company public in 2009.^[5]

Dollar General stores are typically in small shopping plazas or strip malls in local neighborhoods.^[citation needed] The stores tend to locate in smaller communities than those where Walmart would go.^[1] The company acquired the 280 stores of the P.N. Hirsh Division of Interco, Inc. (now Furniture Brands International, Inc.) in 1983 and in 1985 added 206 stores and a warehouse from Eagle Family Discount Stores, also from Interco, Inc. In recent years, the chain has started constructing more stand-alone stores, typically in areas not served by another general-merchandise retailer. In some cases, stores are within a few city blocks of each other.

Dollar General offers both name brand and generic merchandise — including off-brand goods and closeouts of name-brand items — in the same store, often on the same shelf. Although it has the word "dollar" in the name, Dollar General is not a dollar store. Most of its products are priced at more than \$1.00. However, goods are usually sold at set price points of penny items and up to the range of 50 to 60 dollars, not counting phone cards and loadable store gift cards.

Dollar General Corporation



Save time. Save money. **Every day!**

Type	Public
Traded as	NYSE: DG (http://www.nyse.com/about/listed/lcddata.html?ticker=dg) S&P 500 Component
Industry	Discount, Variety store
Founded	1939
Headquarters	Goodlettsville, Tennessee, U.S.
Number of locations	10,000+ ^[1]
Key people	Richard W. Dreiling, CEO David M. Tehle, CFO
Products	Low cost items
Revenue	▲ \$ 14.8 billion (FY 2011) ^[2]
Operating income	▲ \$1.5 billion (FY 2011) ^[2]
Net income	▲ \$ 766.7 million (FY 2011) ^[2]
Total assets	▲ \$ 9.6 billion (FY 2011) ^[2]
Total equity	▲ \$ 4.6 billion (FY 2011) ^[2]
Employees	90,000 (March 2012) ^[2]
Website	DG.com (http://www.dg.com/) or / Dollar General.com (http://www.dollargeneral.com)

Dollar General often serves communities that are too small for Wal-Marts (although many locations are in relatively close driving distance to a Wal-Mart store). It competes in the dollar store format with national chains Family Dollar and Dollar Tree, regional chains such as Fred's in the southeast, and numerous independently owned stores.

Since the turn of the century, Dollar General has experimented with stores that carry a greater selection of grocery items. These stores (similar to the Wal-Mart Supercenter, but much smaller) operate under the name "Dollar General Market".



Dollar General store in Oscoda, Michigan

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History

The first Dollar General store opened in Scottsville, Kentucky, on June 1, 1955, the concept was that no item in the store would cost more than one dollar. The idea became a success, and other stores owned by J.L. Turner and his son Cal Turner were quickly converted. By 1957, annual sales of Dollar General's 29 stores were \$5 million. The Turners did not reach this level of success without obstacles. James Luther (J.L.) Turner's father died in an accident in 1902 when J.L. was only 11. J.L. had to quit school so he could work the family farm and help provide for his mother and siblings. He never completed his education. J.L. knew his limited education demanded that he become a quick study of the world around him. After two unsuccessful attempts at retailing, J.L. became a traveling dry goods salesman for a Nashville wholesale grocer. J.L. left the sales job after 10 years and settled his family in Scottsville, Kentucky. During the Depression, he began buying and liquidating bankrupt general stores. J.L.'s only child, Cal Turner, Sr., accompanied his father to these closeouts at a young age, gaining valuable business knowledge and skills.

In October 1939, J.L. and Cal opened J.L. Turner and Son Wholesale with an initial investment of \$5,000 each. Wholesaling quickly gave way to retailing – J.L.'s third and final attempt at retailing. The switch to retailing resulted in annual sales above \$2 million by the early 1950s.

J.L. died in 1964. Four years later, the company he co-founded went public as Dollar General Corporation, posting annual sales of more than \$40 million and net income in excess of \$1.5 million. In 1977, Cal Turner, Jr., who joined the company in 1965 as the third generation Turner, succeeded his father as president of Dollar General. Cal Jr. led the company until his retirement in 2002. Under his leadership, the company grew to more than 6,000 stores and \$6 billion in sales.

Acquisition and spinoff

On July 6, 2007, all shares of Dollar General stock were acquired by private equity investors for \$22 per share. An investment group consisting of affiliates of Kohlberg Kravis Roberts (KKR), GS Capital Partners (an affiliate of Goldman Sachs), Citigroup Private Equity and other co-investors completed an acquisition of Dollar General Corporation for a total enterprise value of \$7.3 billion.^[6]

As a part of the transition to a privately held company, Dollar General assessed each location at the end of its lease against a model known as "EZ Stores". This assessment included evaluating whether the location had a loading dock, garbage dumpsters, adequate parking, and acceptable profitability. Stores that did not pass this evaluation were relocated or closed. Over 400 stores were closed as part of this initiative.^[7]

In August 2009, the company announced it will file for an initial public offering, turning the company, again, into a publicly traded corporation.^[8] Although the timing of the Initial Public Offering (IPO) was not announced by Dollar General or KKR, Dollar General filed on August 20, 2009 for an initial offering of up to \$750 Million^[9] The return of Dollar General to public ownership has been estimated to deliver up to a 30% increase in value to KKR over the two-year period it will have been private, making it a rare gem in KKR's current portfolio.

Motorsports connection

For several years, Dollar General has had a connection with motorsports, particularly in NASCAR. The company is currently a primary sponsor for the Joe Gibbs Racing team (NASCAR) and will sponsor Brian Vickers, in the Nationwide Series in 2013. Dollar General is the primary sponsor for Matt Kenseth starting in 2013.^[10] Dollar General and Turner (formerly Braun Racing) have been partnered together since 2008, with the team previously sponsoring cars for Frank Cicci Racing and Kevin Harvick Incorporated. In 2010, Dollar General sponsored some races in the Camping World Truck Series for Kyle Busch Motorsports with Kyle Busch in the number 18 Toyota Tundra and is the title sponsor for Nationwide Series races held in Concord, North Carolina every fall and Joliet, IL every summer.

Dollar General is also active in the IZOD IndyCar Series since 2008, serving as the primary sponsor for owner/driver Sarah Fisher's Sarah Fisher Racing team. In 2010, both Sarah Fisher and Graham Rahal drove part-time for the team finishing 9th at the Honda Grand Prix of St. Petersburg. Sarah also lead the field at the Peak Antifreeze & Motor Oil Indy 300 at Chicagoland Speedway. In 2011, Dollar General will continue to sponsor Sarah Fisher Racing, the team will still be part-time but Ed Carpenter will be driving the car for 9 races this season starting at the 2011 Indianapolis 500.

DG Brand

Dollar General created its acronym, the letters "DG" as a brand for "inexpensive" household products sold through the Dollar General stores. DG is also the company's NYSE ticker symbol. In 2010, Dollar General was able to outbid the famous Italian Fashion House Dolce and Gabbana that sells very expensive fashion products under another "DG" label in the acquisition of the "DG" symbol as the Internet address. The domain "DG.com" was purchased in a private sale from EMC Corporation, the successor to the defunct Data General computer manufacturer in June 2010, making Dollar General the 107th large company in the world to own their initials as a 2-letter Internet address. The DG symbol is used by the company for a variety of in-house products like DG Home,^[11] DG Baby,^[12] DG Health and DG Body.

In March 2010, Dollar General announced that it would become the exclusive distributor for Rexall products. Rexall vitamins and supplements had already started appearing at Dollar General stores with a full line of Rexall products followed by Fall 2010.^[13]

Expansion plans

On January 3, 2011, Dollar General announced plans to add 625 new stores in the 35 states where the chain already has stores plus Connecticut, Nevada and New Hampshire, and to hire 6,000 employees.^[3] The company also planned to improve or move 550 existing stores.^[1]

References

- [^] ^{*a b c d*} "Dollar stores among the new retail powerhouses" (http://www.news-record.com/content/2012/01/26/article/dollar_stores_among_the_new_retail_powerhouses) . *News & Record*. 2012-01-26. Retrieved 2012-02-02.
- [^] ^{*a b c d e f*} "Dollar General Corporation 2011 Annual Report, Form 10-K, Filing Date March 22, 2012" (<http://pdf.secdatabase.com/2844/0001047469-12-003084.pdf>) . secdatabase.com. Retrieved June 13, 2012.
- [^] ^{*a b*} "Dollar General to open 625 new stores" (http://www.news-record.com/content/2011/01/03/article/dollar_general_to_open_625_new_stores) . *News & Record*. Associated Press. 2011-01-03. Retrieved 2011-01-03.
- [^] *Store Locations Map* (<http://www2.dollargeneral.com/About-Us/pages/store-locations-map.aspx>) , Dollar General, retrieved 2013-02-21
- [^] "Dollar General being acquired for \$6.87B by equity firm" (<http://tennessean.com/apps/pbcs.dll/article?AID=/20070312/BUSINESS01/70312016>) . *The Tennessean*. 2007-03-12. Retrieved 2007-03-12.
- [^] Dollar General (<http://www.shareholder.com/dollar/index.cfm>)
- [^] Susan Elzey (2007-07-19). "Location part of store closing" (http://www.registerbee.com/servlet/Satellite?pagename=DRB%2FMSGArticle%2FDORB_BasicArticle&c=MGArticle&cid=1173352055222) . Retrieved August 13, 2007.
- [^] Dollar General Files for an I.P.O. (<http://dealbook.blogs.nytimes.com/2009/08/20/dollar-general-files-for-an-ipo/>)
- [^] Dollar General Files for \$750 MM IPO (<http://www.westtownrealty.com/articles/5>)
- [^] "Vickers to run for Nationwide title with JGR" (<http://sports.yahoo.com/news/vickers-run-nationwide-title-jgr-012745351--nascar.html>) . Yahoo! Sports. 2012-11-07. Retrieved 2012-11-07.
- [^] - DG home, a Dollar General Brand for cleaning products (<http://www.dollargeneral.com/dgbrands/Pages/DGHome.aspx?category=dghome>)
- [^] - DB Baby, a Dollar General Brand for Baby Products (<http://www.dollargeneral.com/dgbrands/Pages/dgbaby.aspx?category=baby>)

13. ^ <http://mybrand.com/2010/03/25/rexall-private-brands-come-to-dollar-general/>

External links

- [Dollar General Website \(http://www.dollargeneral.com\)](http://www.dollargeneral.com)

Retrieved from "http://en.wikipedia.org/w/index.php?title=Dollar_General&oldid=547935336"

Categories: [Companies listed on the New York Stock Exchange](#) | [Companies established in 1939](#)

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