



BOMA Greater Minneapolis

Beginning Our Second Century of Advocacy and Education for Commercial Real Estate

April 2006

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Greater Minneapolis BOMA

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Join us for BOMA's Annual Meeting! Economic Development Benefits of Major League Sports



Zygi Wilf is a very successful real estate developer and attorney, but is better known in this part of the country as owner of the Minnesota Vikings and proponent of building a \$1.5 billion sports and entertainment complex in Blaine. Mr. Wilf will share his vision for the multi-use stadium development, his prediction

of anticipated economic benefits to the region, and of course, his strategy for building a championship team and the prospects for next season.

An artist's rendering of the proposed Northern Lights entertainment complex in Blaine.



This meeting will also include our annual elections.

Thursday, April 20, 2006

11:30 a.m. sign-in and networking

12:00 noon lunch & program

Location Windows on Minnesota, 50th floor of IDS Center

1 CEU pending approval

Cost: \$34.00 (\$28.50 if you register by noon on Monday, April 17.) Nonmembers: \$42.00.

Register using your Visa, MasterCard, or American Express online at www.bomampls.org or by sending email to events@bomampls.org. Cancellations must be received 24 hours in advance. Substitutions always honored.

Your Dues At Work

BOMA Minnesota Coalition Sets Legislative Agenda

Preserving property tax reform gains, improving transportation funding including passage of a constitutional amendment dedicating 100% of motor vehicle sales tax to transportation, . . .

(Continued on page 5.)

Changes Sought in Tax Appeal "60 day rule"

Current State law requires that owners of income-producing property who appeal their property taxes must, within 60 days of filing the appeal, furnish to the Assessor certain income and expense information on the property.

(Continued on page 5.)

Downtown Security '06

Based on the successful results of the Downtown Security Collaborative last summer, BOMA and the Downtown Council . . .

(Continued on page 6.)

Save the Dates!



August 7
Golf Tournament

August 24
Lawn Bowling



President's Message

By **Kevin Fossum RPA**

The 101st year of Greater Minneapolis BOMA has certainly been a good one. Locally BOMA has taken part in the creation of the downtown security collaborative, Minneapolis SafeZone, and

preserving property tax reform; nationally we were successful in obtaining a renewal of the Terrorism Risk Insurance Act, releasing a new BOMA-SIOR Floor Measurement Standard for Industrial Buildings; and personally I have had the opportunity to meet even more wonderful members of our local real estate community. I am very honored to have been entrusted with representing our local chapter both within our community and at the national level.

As I approach the end of my term as President of Greater Minneapolis BOMA, I would like to show my gratitude to those who have made this experience so rewarding. I continue to be amazed at the number of individuals who contribute to the success of our association. Within our own backyard we have BOMA members who are experts in many disciplines and have given their time and shared their expertise locally and nationally. Our ten different committees are all chaired by our peers who continue to raise the bar to new heights for our organization. At every level BOMA is becoming more recognized for our contributions within the business community and the charities it supports.

As we continue to diligently pursue our 2006 priority issues, we have a great team of board and executive committee members who will lead us into our 102nd year as an association. I would like to thank Matt Karl, Scott Emmack and Brian Burg, whose terms on the board will end this April, for their contributions to the organization.

Our Executive Director, Kent Warden, continues to do an excellent job representing BOMA on numerous issues that affect us. Kent has impressed me with the number of contacts he has at the city, county and state level. Last but not least, I would like to recognize the BOMA staff, Sheila Miller and Kristine Juarez, for their hard work and commitment. Many of the administrative advancements recently implemented have been made possible by their creativity and dedication.

Again, thank you for the opportunity to serve as this year's Greater Minneapolis BOMA President!

Deb Aldrich, Dan Riley, Duane Maenke, & Meghan Huber



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Legislative Update

By Douglas M. Carnival

McGrann Shea Anderson Carnival Straughn & Lamb, Chartered

The 2006 Legislative Session got off to a fast start. Eminent domain and transportation funding took front and center.

Eminent Domain

Bills attempting to reform the eminent domain statutes in Minnesota have been on a fast track since the legislature began. The legislation sponsored by Rep. Jeff Johnson (Republican-Plymouth) and Senator Tom Bakk (DFL-Cook) have become the principal vehicles for this reform. Both bills have been heard in numerous committees in both the House and Senate and modified along the way. The League of Minnesota Cities (LMC) has taken the lead in attempting to develop language which moderates some of the provisions of the Johnson/Bakk bill. As they have progressed through the system, agreements have been reached on numerous points. The LMC has recognized that use of eminent domain for purely economic development purposes should be limited in Minnesota. As a result, the LMC has proposed removing this

power from local governments. Further, local governments have recognized that if a business is displaced by eminent domain it should be compensated for the loss of any going concern value of that business in addition to the value of the real estate which may have been taken. These major concessions by the local government community have helped move the parties toward consensus. Further, the various parties have begun to develop consensus about the definition of blight. This, of course, is a centerpiece of the reform proposal. Although the bill's authors recognize the use of eminent domain to reduce blight was necessary, they have defined what conditions constituted blight very narrowly. The LMC, on the other hand, had advocated a much broader definition so that takings might occur in more cases. After many hours of negotiations, it appears that both sides have come to agreement on a middle ground on this issue and consensus may have been reached.

(Continued on next page.)

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Legislative Update (Continued from page 3)

The Senate version of the bill has gone to the floor of the Senate for debate, while the House version still needs to be heard in both the Agriculture and Transportation committees before it can be debated on the House floor. We anticipate that the House and Senate versions of the bill will be reconciled in conference committee and a compromise piece of legislation will be presented to the Governor for his signature.

Transportation

While eminent domain has been in the spotlight in the first few weeks of the 2006 legislative session, the constitutional amendment which will appear on the ballot this November dedicating 100% of the motor vehicle sale tax (MVST) for transportation uses has been simmering in the background. The ambiguity which exists in the language passed by last year's legislative session about the appropriate split between roads and bridges versus transit remains. Many non-metropolitan Minnesotans have expressed their opposition to the proposed amendment in its current form since it does not guarantee a specific percentage for road construction. At this

time, negotiations are under way to determine whether or not it would be advantageous to change the language of the constitutional amendment on the ballot. There is hope that consensus can be reached in which either the ballot language can be modified to encourage all voters to support it or solve the split between roads and transit with statutory language, rather than in the text of the constitutional amendment. It is the hope of all involved that a solution can be reached so that a united effort can be mounted to help relieve the inadequate funding for transportation that we have experienced for many years.

Other Issues

Debate continues in both Houses on the size and shape of a major Bonding Bill to be passed this year. It will likely exceed the Governor's proposed bill, and is expected to include some funding for Northstar Commuter Rail and further Central Corridor studies. Other bills have also been introduced that we will continue to monitor and provide input on including those dealing with construction code adoption and enforcement, and measures aimed at providing property tax relief primarily to residential and small business properties.

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TOBY Awards

The Office Buildings of the Year!

BOMA congratulates our members who have won "The Office Building of the Year" (TOBY) awards in their divisions at the regional level (Midwest Northern Region) and will be advancing to the BOMA International competition! The TOBY Award recognizes excellence in office building management and operations. Good luck to you all!



In the category of **Government Building**, the regional winner is the **Hennepin County Government Center**. Gary Grufman and Paul Shultz accepted the award on behalf of the County.



In the category of **Renovated Building**, the regional winner is the **33 South Sixth Street Tower**, managed by **Brookfield Properties (US) LLC**. Erin Hamey, Ted Zweg, Jan Murphy, Jim Bender and Tim Stefans accepted the award.



In the category of **Under 100,000 Square Feet**, the regional winner is **River Parkway Place**, managed by **Ryan Companies US, Inc.** Rob Dufresne, Ken Stacken, and Shelley Bruns accepted the award.

Your Dues At Work

Greater Minneapolis BOMA intercedes daily on behalf of our members on a variety of legislative, regulatory, and policy issues at the state and local level. Here are a few of the recent and ongoing efforts waged on your behalf.

BOMA MN Coalition Establishes Legislative Agenda

(Continued from page 1) . . . and working toward more favorable State policy toward leasing space in privately owned buildings are among the priorities established by the BOMA Minnesota Coalition at their meeting in early March. The Coalition, comprised of representatives from Minneapolis, St. Paul, Rochester, Duluth, Mankato, and St. Cloud, met to hear a briefing on the 2006 legislative outlook by BOMA's lobbyists and then to discuss its legislative priorities for the session. Along with taxes and state lease issues, the group also determined that we should monitor and provide input on other issues that arise in the areas of eminent domain reform, construction code mandates, reliability of electric distribution networks, fire sprinkler retrofit, mold issues, homeland security measures and workplace smoking bans.

BOMA's guest at the meeting was Minnesota Commissioner of Administration Dana Badgerow who provided an overview of her agency's real estate policies, bonding requests for building activities and long range planning for facility requirements. In her capacity as Chair of the Governor's Drive to Excellence program, she also provided an update on the progress of that initiative aimed at streamlining delivery of services throughout state government and reducing costs.

Changes Sought in "60 day rule" for Tax Appeals

(Continued from page 1) We recently became aware of a number of instances where the Assessor determined that the information submitted was not complete, and the Court dismissed the case. Given the ambiguous language in statute as to what is required and the unique circumstances associated with each property, we felt the penalty of dismissing the case on this basis is too harsh. We also found inconsistencies as to how different cities and counties determine requirements and communicate them to petitioners in the case.

In response, BOMA has met with a group of tax attorneys from several firms along with the Assessors of Hennepin County, Minneapolis, and Bloomington to determine a process to assure more equity and consistency across jurisdictions in defining requirements under the rule and providing opportunity to furnish additional data if necessary.


(Continued on page 6.)

Your Dues at Work

(Continued from page 5) We are also considering whether the best avenue to address the problem is to amend state law, set up more detailed "administrative rules" to govern compliance or merely work with the Assessors to develop a formal "best practices" approach that could provide more flexibility in adapting to unusual circumstances and that the Courts would consider as disputes arise concerning interpretation. In the interim, BOMA has joined in filing an Amicus Brief supporting a re-hearing of a case before the Minnesota Supreme Court where a Tax Court had dismissed a case (Kmart Corp. vs. Stearns County) on those grounds.

Downtown Security Initiatives Underway for Summer '06

(Continued from page 1) . . . recently met with the Minneapolis Police Chief, Hennepin County Sheriff and Metro Transit Police Chief to discuss strategy for assuring adequate security through the summer ahead when evening activity generally picks up. We were pleased to learn that the First Precinct will have an additional four full time officers assigned at that time and Hennepin County Sheriff's Office and Metro Transit each have authorized furnishing two officers. In addition, the collaboration between police and private security guards continues to produce positive results in deterring crime, improving communication when incidents occur and obtaining prosecution of offenders. Some additional overtime policing *is* determined to be required, but rather than the "fair share" assessments of buildings BOMA assisted in putting in place last year, officials intend to seek corporate foundation grants to meet the needs for this summer. The recommended long term solution is to provide maximum police personnel through regular budgets of the three agencies and supplement with a security budget within a proposed downtown special services district starting in 2007.



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Disaster Restoration

*The weather will become violent,
humans will make mistakes,
and stuff happens.*

The disaster restoration business has been developed around these three tested and proven adages. At some point in your relationship with a property, one or all of these truisms may cause you to seek assistance to save your building and restore it to its previous condition. Successful recovery is most likely with an action plan and preparation to quickly address each and every detail following a disaster.

In the event of a fire there will probably be more damage caused by the water used to extinguish the fire and the secondary damage caused by the fire department, than by the fire itself. And even if the fire is quickly extinguished there will be soot everywhere. The building and contents will need to be professionally cleaned to remove the soot, which means hand wiping everything. In addition, the building may need to be smoke bombed and HEPA machines with charcoal filters will be required to remove the odor.

Broken water pipes and storm damage are common causes of water damage. In a matter of minutes, a first class building can change from an attractive location for tenants to a disaster area.



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Further complicating matters, water damage may be both vertical and horizontal in the building and the source may be hard to detect because water flows in all directions. If the loss is on an upper floor, this is a good chance that at least two floors below will also be damaged.

A water loss requires immediate response to minimize damage, salvage property and prevent mold. Specialized water extraction equipment will be necessary to quickly remove the water. The nature of the building and location of the loss may require removal of carpet, pad and sheetrock (both walls and ceiling) to optimize drying conditions. Usually the effected areas are full of furniture, files and computer equipment, which will need to be moved and lifted off the floor. Documents in file cabinets may need to be freeze dried to properly remove the water. Noisy air movers and dehumidifiers will be required for an extensive period of time making it very difficult to work or live in the areas.

Every property owner/manager must have a clear understanding of the types of emergencies that could occur, and every property should have its own emergency management plan, which should include:

- Procedures for reporting emergencies, including after hours contact information for tenants.
- Location and shutoff procedures for utilities and fire suppression systems. Also, make sure someone is able to reset the fire suppression system.
- Contact information for key government agencies and utility companies.
- Building floor plans.
- Location and access to vital records of the tenants.
- A list of the hazardous materials and their locations on the property.
- Hot and cold sites for computer systems.

Remember to record everything with photos or video prior to cleanup and ensure the integrity of the photos prior to discarding anything. The documentation will be useful and may be necessary for documenting the damage for insurance claims. Finally, be prepared to assist your tenants in relocating (hopefully to another floor or another building that you own). They need to get their lives and businesses back on track while you spend the next few months restoring your building.

The author, Mark Larson, is an owner and Vice President of Clean Response.

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My Superintendents Meeting

Learn About LEED®

The “Leadership in Energy and Environmental Design” rating system developed by the United States Green Building Council (USGBC) is a voluntary, consensus-based national standard for green building design. Our speaker, Jim Keller, a Principal with Gausman & Moore, is also the Vice Chair of the local chapter of the USGBC. He’ll tell us more about the implementation of LEED and provide some local examples of buildings incorporating LEED design.

Wednesday, May 3, 2006

11:30 a.m. sign-in and networking, 12:00 lunch & program

Location Windows on Minnesota, 50th floor of IDS Center

1 CEU pending approval

Cost \$34.00 (\$28.50 if you register by noon on Monday, May 1.) Nonmembers: \$42.00.

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April

-
- 5 Superintendents Association Meeting
 - 13 Board of Directors Meeting
 - 20 General Meeting/ANNUAL Mtg.

May

-
- 3 Superintendents Association Meeting
 - 11 Board of Directors Meeting
 - 15 GOLF Tournament is RESCHEDULED to August 7
 - 17 Medical Buildings Special Interest Group Meeting
 - 18 Combined General & Suburban Meeting/BREAKFAST!
 - 29 Memorial Day – BOMA office closed.

Operations Reminders

This month’s reminders were contributed by Todd Tillisch with ACI Asphalt Contractors, Bill Schouviller with Grubb & Ellis, John Quellhorst with Wexford Financial, and George Myers with CBRE.



- Turn on outside water, fill irrigation system, test and adjust.
- Inspect landscaping for winter kill; fertilize lawn & shrubs.
- Inspect parking lots for potholes and cracks; schedule sweeping, repairs and striping.
- Check outside lighting and signage.
- Check condensers for cleanliness.