



March 2006

Don't forget to attend the
BOMA Resource Fair
on Wednesday, March 8!

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Greater Minneapolis BOMA

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BOMA Greater Minneapolis

Providing Advocacy and Education for Commercial Real Estate Professionals

March General Meeting

Lessons Learned from Katrina

A lot of commercial property owners and managers learned lessons the hard way when Katrina blasted into New Orleans. Come see and hear first-hand experiences from people who were there in the aftermath helping to piece businesses back together. Our speakers will be Mark Larson, co-owner, Joe Nederoski, President, and Sheanne Albright, Vice President, all from BOMA member company, Clean Response. They will talk about the realities that forced property owners, managers, staff and local officials to revise or replace their emergency management and business continuity plans.



Thursday, March 16, 2006

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

12:00 noon lunch & program

Windows on Minnesota

50th floor of IDS Center

1 CEU pending approval

Cost: \$34.00 (\$28.50 if you register by noon on Monday, March 13.) Nonmembers: \$42.00.

Register using your Visa/MasterCard/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.

March Suburban Meeting

High Performance Real Estate

It's a proven fact that poorly performing buildings make poorly performing spaces to work, learn and live. High performance buildings provide for higher net operating income by having lower operating and maintenance costs. Long term, high performance buildings can lead to higher investment returns. Our speaker, Joel Schurke, founding partner and Principal of Intep, LLC, will tell us about performance-based approaches to building design, construction and operation that result in better buildings for owners and occupants. He will include local examples of remodeling and new construction.



Wednesday, March 29, 2006

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

12:00 noon lunch & program

Golden Valley Country Club, 7001 Golden Valley Road

1 CEU pending approval

Cost: \$34.00 (\$28.50 if you register by noon on Monday, March 27.)

Nonmembers: \$42.00.

Register using your Visa/MasterCard/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.



President's Message

By **Kevin Fossum RPA**

Welcome to all new BOMA members! We recently had the pleasure of hosting a new membership luncheon where many new BOMA members were welcomed to our association and familiarized with our work, our strategic plan, and the

objectives of each of the committees within our organization. During the last quarter we have had 27 new members join BOMA! This strong growth in membership is our best asset in the advancement of real estate issues. It is great to see so many new individuals join our organization.

All BOMA members will have three prominent upcoming opportunities to use and *become* BOMA resources. On March 8th BOMA will host our second annual Resource Fair. We have sold out the exhibit booths and expect a great variety of resources to be available to our members in this convenient locale. This is a great networking opportunity for you and your staff members.

The search to fill three open Board of Directors positions for this year has begun. If you have an interest in the development of board policies that govern our organization you can become part of the leadership team that is responsible for guiding the future of Greater Minneapolis BOMA. For further information on the job responsibilities or to nominate yourself or a colleague please contact Sheila Miller, our Member Services Director or Steve Herron the Chair of the Nominating Committee.

Your chance to effect change on a state level comes into play this year at the Annual Business Day at the Capitol on April 6th. BOMA is again one of the co-sponsors of this event as the real estate industry has a vested interest in the 2006 legislative agenda. When the legislature convenes on March 1st our priority issues for 2006 are:

- Transportation Funding
- Property Tax
- Stadium Issues
- Eminent Domain

I am always impressed by the level of innovation that I witness among our leadership teams. I see our members as excellent examples of active participating citizens who help to shape the political and social environment of the real estate industry in Minnesota.

"In a democracy, the individual enjoys not only the ultimate power but carries the ultimate responsibility."

Author: Norman Cousins

Experience Exchange Report 2006

March 20th is the deadline for participation in BOMA International's annual Experience Exchange Report (EER). BOMA Greater Minneapolis is urging all of our members to participate because the greater the number of participants, the more reliable the information will be for all of us in our market.

The EER is the most detailed and reputable source of its kind for detailed benchmark data on income and expenses for the office building industry.

Participants may submit their income and expense data through (1) an online form, (2) an emailed excel spreadsheet or (3) a mailed or faxed paper questionnaire. To access the online submission form, go to: <http://secure2.verisconsulting.com/BOMA/2006EER.asp>

Participants will receive discounted prices on the resulting 2006 EER book and the CD. They will also be included in a drawing for a complimentary registration to BOMA International's Annual Congress and the Office Building Show to be held in Dallas, Texas in June 2006.

BOMA Greater Minneapolis

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Call for Nominations to the Board of Directors

Elections to BOMA's Board of Directors will occur at our Annual Meeting on April 20th. Since our founding in 1904, Greater Minneapolis BOMA has grown and become increasingly effective because of the commitment of the professionals who serve on our Board and our committees.

The Nominating Committee of BOMA Greater Minneapolis has issued a Call for Nominations, seeking members who will carry on that tradition of commitment. We're seeking three members who are willing to commit their time and talent generously for three-year terms to advance the mission and goals of the Association.

For more information and a copy of the Board member position description, please visit BOMA's website at www.bomampls.org or contact Nominating Committee Chair Steve Herron (sherron@zellerrealty.com or 612-317-2905 or BOMA Executive Director Kent Warden, kw@bomampls.org or 612-338-8627).

Please respond before March 20, 2006.

Advocacy Briefs

By Kent Warden, RPA, Executive Director, Greater Minneapolis BOMA

BOMA Supports Electric Rate Case Intervention For the first time since 1993, Xcel Energy has filed for a general electricity rate increase with the Minnesota Public Utilities Commission (PUC). As a participating member of the Energy Users Coalition and the Minnesota Chamber of Commerce Energy Policy Committee, BOMA has consistently monitored utility rate issues on behalf of its members and is actively supporting the Minnesota Chamber's formal intervention in the Xcel rate case.

While we are pleased that Xcel is recognized consistently as one of the best managed electric utilities nationally and its rates appear competitive with most other areas, the stakes are large in assuring that any rate increase granted by the PUC has strong oversight and technical input by its major ratepayers, including BOMA members. Accordingly, we are contributing to the cost of retaining an engineering consultant and attorney with specific expertise in electric rate analysis. The three main areas that will be subject to scrutiny are the requested increase by \$168 million annually of expenses and investment to be factored into the rate, a requested return on investment of 11%, and assurance of equitable distribution of cost among user classifications including commercial, industrial and residential. *(Continued on page 4.)*



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Advocacy Briefs *(Continued from page 3)*

The rate increase requested by Xcel is approximately 8%, and when added to the cost of legislatively mandated re-powering of three metro area generating plants due to environmental concerns, the increase will exceed 10%. This does not take into account the increase in the cost of fuel and purchased power, which when taken with the rate increase and environmental riders, may increase electricity costs by 20% over 2005 levels. With that magnitude of impact on your buildings' bottom lines, we consider it our responsibility to take this action on your behalf and will assist in evaluating the findings of our technical advisors working on the rate case. Please let us know if you would like to be included in the direct distribution of detailed information concerning progress.

Rep Kelliher meets with BOMA Government Affairs Council

At its regular monthly meeting in March, BOMA's Government Affairs Council met with Representative Margaret Anderson Kelliher of Minneapolis whose district includes about half of downtown as well as the Kenwood and Lake of the Isles neighborhoods. Although elected as recently as 1998, she has distinguished herself as an emerging leader of the House DFL, recently elected as House Minority Leader "designate" to replace Rep. Matt Entenza if, as expected, he receives his party's support as candidate for Minnesota Attorney General. If the House, now controlled by a one seat Republican majority, moves to DFL majority after this year's elections, she likely would assume the position of Speaker.

Rep. Kelliher is clearly aligned with many of BOMA's legislative priorities including preservation of property tax reform, investing in transportation and resolving the sports stadium issues. She is committed to working on ways to reduce the contentious atmosphere and gridlock that has marked the last two legislative sessions.

BOMA Weighs in on Asbestos "FAIR" Act

BOMA has joined with a coalition of local and national business organizations to urge Congress to pass the Fairness in Asbestos Injury Resolution (FAIR) Act recently advanced to the floor of the U.S. Senate following approval in May 2005 by a bipartisan majority of 13 to 5 of the Senate Judiciary Committee. Extensive research has documented that the current system of dealing with asbestos related injuries through the courts has swamped the court system, wasted billions in attorney fees and frequently resulted in the bankruptcy of businesses drawn into litigation whether or not they were found at fault. Due to the volume of claims, truly

ill victims often must wait years for a court date and die without seeing a penny of compensation.

The FAIR Act proposes to set up a trust fund of \$140 billion, funded by industry and insurers, to handle compensation administratively according to predetermined guidelines based on diagnosed conditions. The result should be fair compensation delivered in a much faster way to those truly deserving. Letters were written on behalf of the BOMA Minnesota Coalition to Senators Coleman and Dayton urging their support. **Note: As this newsletter goes to press, we have learned that the bill failed to pass on the Senate floor but has been referred back to committee and an additional attempt may be made by proponents to revive it. Senator Coleman voted for, Dayton voted against the bill.**

Business Day at the Capitol Set for April 6

BOMA will once again join our business and real estate colleagues for a half day event that will include a 2006 Legislative Session update, issues briefings and a trip to the Capitol for small group meetings with Legislators that will be arranged in advance by BOMA. Event headquarters will be the Radisson Riverfront Hotel in St. Paul and bus transportation to and from the Capitol is provided. There will be two overlapping sessions from 7:30 a.m. to 1:30 p.m. or 9:30 a.m. to 3:30 p.m. on Thursday, April 6, with both groups meeting together for lunch at the Radisson. Cost for Day at the Capitol is \$50 payable to the Minnesota Chamber, sponsor of the event. Registration brochures will be emailed to members in March. They should be completed and returned directly to the Chamber, however, please indicate your affiliation with BOMA on the form and also call or email us to let us know of your plans to attend so we may include you in luncheon seating plans and appointments with legislators. We will apply for three hours of continuing education credit for attendees.



Legislative Update

By Douglas M. Carnival

McGrann Shea Anderson Carnival Straughn & Lamb, Chartered

The Legislature reconvenes its biennial session on March 6, 2006. The Minnesota constitution provides that the Legislature must complete its business by May 22 and adjourn. In this column I will briefly summarize some of the issues that we expect to see during the 2006 legislative session that effect BOMA.

Taxes

During a recent Senate Tax Committee hearing a variety of property tax issues were discussed. The committee chair noted that the rate of the statewide property tax continues to drop. The tax is a flat amount rather than a rate based tax, and it is his feeling that commercial-industrial property is not paying its fair share of the property tax burden. He also remarked that the limited market value program that is supposed to expire in 2010 is not effective in helping lower-valued homes keep their property taxes down. He pointed out recent studies which indicated that mid-range and higher value homes are receiving more benefit from the limited market program than lower-valued homes. As a result, he would favor different measures to provide property tax relief for Minnesotans with lower-valued homesteads instead of the limited market value program.

Senators Steve Murphy (DFL – Red Wing) and Dallas Sams (DFL – Staples) recently announced a new proposal which they intend to introduce in the 2006 session. Their bill would require that companies conducting business in Minnesota and outside the United States pay taxes on revenue generated in the United States. This is an effort to capture more tax revenue from foreign operating companies (FOCs). Senator Murphy cited the example of a mortgage company which offices in the Cayman Islands but does most of its business in Minnesota. The proposal would use roughly \$80 million generated by closing this so called corporate tax loophole and provide tax relief to commercial-industrial property. Senator Murphy estimates that property valued in the first tier, less than \$150,000, could see a 35% cut in property taxes, while property in the highest tier of \$1 million would see only a 4% drop in property taxes. This proposal has been received coolly by Republicans, who cite that since most commercial property exceeds \$150,000 in value, the proposal would not actually do as much as supporters claim.

(Continued on page 6.)



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Legislative Update *(Continued from page 5.)*

Eminent Domain

The Supreme Court decision in *Kelo v New London* has sparked an interest across the country in eminent domain reform. This will be one of the major issues that is considered in the 2006 session. Representative Jeff Johnson (R – Plymouth) and Senator Tom Bakk (DFL - Cook) will introduce legislation to prevent the use of eminent domain where a city acquires property and turns it over to other private interests for redevelopment. The bill restricts those takings to truly blighted property with tight definitions on the meaning of blight. It also makes other changes in the eminent domain provisions. This bill will need to be reviewed by many committees in the Legislature and may change substantially along the way. It is one that we will keep a close watch on as it moves through the system.

Transportation

Major efforts are underway to pass the constitutional amendment which will be on the ballot in November of 2006 dedicating 100% of the Motor Vehicle Excise Tax (MVST) for transportation purposes. A broad coalition of interests has been formed to support the constitutional amendment and BOMA is working closely with this group. Behind the scenes, there have been discussions with organizations representing non-Metropolitan Minnesota cities which have expressed their opposition to the amendment. The opposition centers around the language of the bill which is ambiguous with respect to how much money would be dedicated to roads versus transit. The intent of the amendment is to provide a 60 – 40 split with respect to roads versus transit, but the language does not tie down that ratio tightly. Compromise discussions are currently underway, and the latest solution being considered is passing a statute which would make that 60 – 40 split law along with dedicating 4% to rural transit. If this clarification can be agreed to, all parties may be able to get behind efforts to pass it in November.




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Medical Buildings Meeting

Indoor Air Quality

BOMA's Medical Buildings Special Interest Group invites you to join them for a presentation on Indoor Air Quality. Greg Olson, a Senior Industrial Hygienist with Braun Intertec Corporation, will talk about IAQ issues in medical facilities.

Sources of IAQ complaints include physical stressors, chemical contaminants, microbial contaminants, and HVAC systems. Olson will talk about how to investigate IAQ complaints through occupant interviews, tracking odors, air sampling and HVAC inspections. He'll also discuss prevention of IAQ problems and provide information about legal cases and trends.

Wednesday, March 15, 2006 7:30 – 9:00 a.m.

WHERE: 7700 France Avenue South in Edina.

COST: \$10.00 1.5 CEUs pending approval

REGISTER using your Visa/MasterCard/American Express online at www.bomampls.org or by sending email to Events@bomampls.org.

BOMA Education Classes

Electrical Preventive Maintenance Class

An effective Electrical Preventive Maintenance Program helps maintain equipment at peak operating efficiency, reduces equipment breakdown thereby reducing costs, and reduces electrical accidents. Come to this 90-minute BOMA Education class to learn more about how to implement an effective program. (** Rescheduled from February 7. **)

WHEN: Tuesday, March 7, 2006 7:30 AM sign in and continental breakfast, 8:00-9:30 program.

WHERE: St. Louis Park Recreation Center, 3700 Monterey Drive in St. Louis Park. (From Highway 100 go east on 36th Street West. The Rec Center is just past (east of) Target.)

COST: \$25.00 1.5 CEUs pending approval

REGISTER using your Visa/MasterCard/American Express online at www.bomampls.org or by sending email to Events@bomampls.org. Cancellations must be received 24 hours in advance.

Green Products Class

Green product development and application is quickly gaining momentum among building owners and managers. Joe Armitage, the corporate account manager for Ecolab's Professional Products Division, will give you a knowledge base of these products that will place you ahead of the curve with your building owners and tenants.

WHEN: Tuesday, April 11, 2006 7:30 AM sign in and continental breakfast, 8:00-9:30 program.

WHERE: St. Louis Park Recreation Center, 3700 Monterey Drive in St. Louis Park. (From Highway 100 go east on 36th Street West. The Rec Center is just past (east of) Target.)

COST: \$25.00 1.5 CEUs pending approval

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March

-
- 8 BOMA Resource Fair
 - 9 Board of Directors Meeting
 - 15 Medical Buildings Special Interest Group Meeting
 - 16 General Meeting
 - 29 Suburban Meeting

April

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

May

-
- 5 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

April Superintendents Meeting

OSHA Regulations

Join us to learn about OSHA issues facing building owners, managers, and superintendents. Our speaker will talk about hazard communication, asbestos, lead, ergonomics, indoor air quality, tools, machine guarding and lockout/tagout.

Wednesday, April 5, 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, April 3.) Nonmembers: \$42.00.

Register using your Visa/MasterCard/American Express online at www.bomampls.org or by sending email to Events@bomampls.org. Cancellations must be received 24 hours in advance.

Operations Reminders

This month's reminders were contributed by George Myers with CBRE, Bill Schouviller with Grubb & Ellis and John Quellhorst with Wexford Financial.

- Turn off all unnecessary heating devices
- Inspect sidewalks, curbs, and driveways for winter damage.
- Have window stage motors serviced.
- OSHA inspection of window wash stage.
- Have lightning system inspected.
- Contract for lawn maintenance.
- Generator monthly tests & exercise.
- Service all outside air systems.
- Clean roof drains on all levels.
- Read all sub meters.

