

What's the Fuss about EIFS?

by **Bob Barton, Property Manager, Kraus-Anderson Realty Company**

Much has been made in the media lately about the various problems homeowners are facing with regards to moisture intrusion in stucco and EIFS clad homes in the Twin Cities and across the nation. In this article, we are going to explore the origins of EIFS, its application in the commercial and residential construction market, its strengths, its weaknesses and the current source of concern.

What is EIFS?

EIFS is an acronym for Exterior Insulation and Finish Systems. The typical components include:

- 1) Insulation board, usually polystyrene or polyisocyanurate foam, secured to the exterior wall surface with a specially formulated adhesive and/or mechanical attachments.

What's the Fuss? continued on page 2



SHOPPING CENTER SNAPSHOT

Legacy Village at Apple Valley

Name of Center: Legacy Village at Apple Valley

Location: Galaxie & 153rd Street, SE of County Road 42 & Cedar Avenue in downtown Apple Valley, MN

Month/Year Opening: Pad sites for sale or build-to-suit available late Summer 2003

Owner/Architect: Hartford Group, Inc.

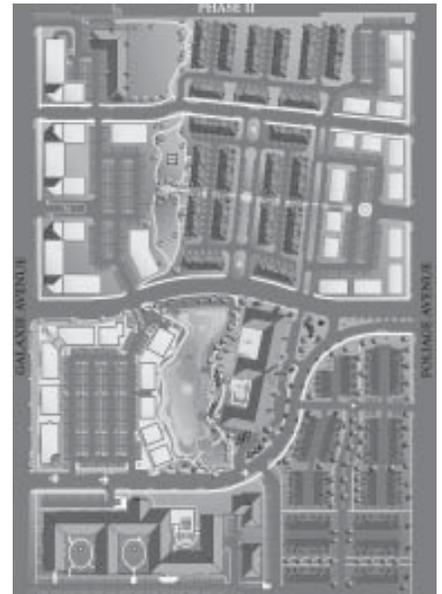
Leasing Agent: Hartford Group, Inc.
 Bill Lykken, 952-746-1212, wlykken@hartfordgrp.com
 Jim Grobe, 952-746-1216, jgrobe@hartfordgrp.com
 www.hartfordgrp.com

GLA: Pad-ready building sites available for retail (4,000-25,000 sf), office (8,000-75,000 sf), and restaurants (3,500-7,500 sf)

Market Area Served: Southeast metro market, including Apple Valley, Burnsville, Eagan, Farmington, Lakeville and Rosemount

Construction Style: Follows the design guidelines of the PUD

Additional Facts/Narrative: Legacy Village at Apple Valley proposes to be one of the most significant residential/commercial mixed-use developments in the Twin Cities metropolitan area. Over 52 acres in the heart of Apple Valley will be transformed into a pedestrian-friendly village comprised of various housing options and small-scale commercial uses. Over 2,000 people are projected to reside within walking distance of the commercial areas. Pad-ready sites, either for



sale or build-to-suit, will be available late summer 2003 within the first phase of the development. Opportunities for retail, office, and restaurant uses range from 3,500 to 75,000 square feet. Contact Bill Lykken at the Hartford Group for a complete packet on Legacy Village at Apple Valley.

WHAT'S THE FUSS? *continued from page 1*

- 2) A durable, water resistant base coat applied on top of the insulation.
- 3) A reinforced fiberglass mesh or screen embedded in the base coat for extra strength.
- 4) A durable and attractive finish coat that is colorfast and crack resistant, typically using acrylic co-polymer technology.

How was it developed?

EIFS was brought to the United States in the late 1960s from Europe where it had been developed after World War II as a way to repair war-ravaged buildings without tearing them down and rebuilding them. It was also discovered that EIFS performed extremely well as an insulating system for the facades of undamaged masonry buildings by cloaking the building exterior in insulation and keeping the entire wall structure at a more even temperature level.

Upon its introduction into the U.S. market, EIFS was primarily used only in commercial applications. By the mid-1980s, the residential market began to utilize the product. It is important to note that during this time there were no engineering changes made to allow for the differences between commercial masonry and steel construction and wood residential construction before the product's introduction to the market.

Commercial Applications

According to the Ducker Research Company's "1998 Analysis of Exterior Wall Systems: Nonresidential – Residential," approximately 322 million square feet of EIFS were installed in the United States in 1997, with approximately 216 million square feet used on commercial projects. How did EIFS become so popular? Ask an architect and they will tell you that the use of polystyrene foam as an insulating panel allows for design freedom not available with other siding materials. The polystyrene can be shaped into virtually any form, from cornices to crown moldings.

Additionally, as discovered in Europe, the use of polystyrene panels contributes to the energy efficiency of EIFS. This is especially important for buildings con-

structed prior to the energy crisis of the 1970s that are under insulated by today's standards. EIFS also has the very desirable characteristic of not requiring joints or seams on its outside surface, thereby allowing large monolithic wall areas to be created. Larger surfaces mean fewer areas where water and air can enter the cladding, resulting in improved weather resistance.

In the commercial market, EIFS has become the cladding of choice, particularly in renovation applications. Kraus-Anderson has made extensive use of the product in the renovation of 1970s and 1980s vintage exteriors for the very reasons listed above.

The vast, vast majority of problems with EIFS are found in the residential construction market.

Residential Applications

The reasons that make EIFS so popular in commercial applications are the same reasons that make it popular in residential applications. In a residential application, another important benefit is the effectiveness that EIFS have at stopping air infiltration. Since it is a seamless product, air infiltration is essentially non-existent. The hundreds of feet of joints and seams prevalent in other siding systems simply are eliminated.

Okay, so what's the problem?

The vast, vast majority of problems with EIFS are found in the residential construction market. If you recall, earlier in the article, we discussed the origin of EIFS in Europe and its use on masonry buildings. We also discussed how these construction techniques were not changed to adapt to the wood construction of the U.S. residential market.

Problems in the residential market center on moisture intrusion and are summarized in the following two points:

- 1) In the residential market, homes that are clad with EIFS have a very strong tendency to retain moisture between the sheathing of a home and the finish system. Since the system does not allow moisture to drain out like other systems,

the moisture can sit in contact with the sheathing for a prolonged period and cause rot. This is especially significant in areas with a humid climate, such as the southern and coastal U.S., where codes require builders to install a plastic vapor barrier between the house's insulation and the interior wall. It is at this point that the barrier traps moisture in the wall cavity. In the commercial market, the application of EIFS over masonry construction does not readily allow for penetration of water behind the masonry wall the EIFS is attached to, even when a caulk joint or window flashing system fails. Moisture typically has nowhere to go in these types of applications.

- 2) No structure can be made waterproof. All caulk joints will eventually fail and regardless of manufacturers' claims, no residential window is waterproof, only water-resistant. Any penetration of the

What's the Fuss? continued on page 3

Upcoming Events

MSCA programs will be held at 8 a.m. (registration at 7:30 a.m.) at the Radisson South Hotel unless otherwise indicated with an asterisk. Pre-registration ends at noon the day prior. Any registrations received after that will not be guaranteed pre-registration. Program topics are subject to change.



Wednesday, June 4
Industry Trends

Monday, June 16*
Annual Golf Event

Wednesday, July 9
Personal Development

Wednesday, August 6
Development

Wednesday, September 10* (Afternoon)
Retailer Panel

Wednesday, October 1* (Afternoon)
Mall Program
Holiday Inn Mpls Metrodome

Wednesday, November 5* (Afternoon)
Retail Report
Holiday Inn Mpls Metrodome

Tuesday, December 9* (Evening)
STARR Awards/Year End Ceremonies

WHAT'S THE FUSS?

continued from page 2

cladding system in a typical wooden residential application is a potential source of moisture intrusion.

What's the solution?

Now we've asked the multi-million dollar question. Given the spate of litigation surrounding the issue and the scope of the monetary settlements involved, the EIFS industry and building officials throughout the nation are re-examining building codes to see if the codes make sense with the new technologies involved in EIFS applications.

One proposal being put forth is, in warmer climates, to install the plastic vapor barrier just under the structure's outer siding, thereby not allowing moisture to penetrate into the stud cavity or accumulate on and come into contact with the sheathing. This is the exact opposite of the recommended practice in colder climates.

Another is adapting current EIFS technology to create a "drainable" EIFS. Drainable EIF systems consist of an extruded (XPS) or expanded polystyrene (EPS) or a polyisocyanurate foam glass fiberboard. An installer applies them with special mechanical fasteners or adhesives to a metal, plastic, or glass fiber mesh, creating a drainage plane. Alternatively, a grooved foam board can allow drainage. The mesh covers a weather-resistive barrier such as building paper or housewrap, which in turn covers the sheathing or substrate. OSB, plywood, and exterior-grade gypsum sheathing are the most common substrates. A base coat of a cement/polymer mixture covers the insulation board and provides a base for embedding a fiberglass mesh. A flexible, acrylic-modified finish coat in the desired color and texture is applied over the base coat.

Application of a special sealant and flashing are also required to provide watertight seals and to divert water from critical junctions between EIFS and building components.

Finally, commercial applications have outperformed residential applications, in terms of prevention of moisture intrusion, due to the way a commercial project is undertaken. In a typical project, a team

MSCA Member Profile

Paul Sevenich



Occupation: Commercial Real Estate Broker & Departmental Manager for portfolio of 53 company owned properties

Primary Career Focus: Retail property management, leasing & redevelopment

Company: Kraus-Anderson Realty Company

Title: Director of Leasing & Marketing

Hometown: St. Paul, Minnesota

Education: BA in Finance from University of St. Thomas – 1984; MBA in Finance from University of St. Thomas - 1992; CCIM designee since 1992

Family: Wife Wendy and sons Joey (9) and Andrew (8)

Hobbies: Golf, travel and Little League coach for baseball & soccer teams

Job History: 19 years mall management and leasing in five states including

Southdale, Burnsville Center and Riverplace locally. 10 years with General Growth & Center Companies, 4 years with CBL & Associates and 4 years with Kraus-Anderson

Very First Job: Minneapolis paper route in St. Paul's Highland Park

Dream Job: Golf Professional or Tropical Resort General Manager

Secret Talent: Coaching Little League soccer team to two straight league championships (but winning isn't important.)

Favorite Food: Ciao Bella's Walleye Milanese

MSCA Involvement: Current Board Member, Research Committee Co-chair, Technology Committee Member

involving an architect or engineer and general contractor work to create a design specification and contract documents that are followed precisely throughout the job. These specifications involve an application process for any EIFS applicator wishing to bid the project and typically require that a single subcontractor to contract for the project thereby ensuring a single point of responsibility for performance. Lastly, the typical commercial project contains a monitoring process whereby the architect reviews all product submittals to make sure that they meet the specifications and the general contractor is responsible for ensuring that all products are installed in accordance with the architect's drawings and specifications. Since this is typically not the scenario found in a residential project, there is greater opportunity for failure of the contractor to follow good

building practices or to adhere to the recommendations of EIFS manufacturers.

What does this all mean for the future?

In summary, like any evolving technology, EIFS are going through a series of growing pains. Application methods, materials and building codes across the country are evolving to deal with the problem of moisture intrusion and we can fully expect that EIFS will achieve the same success and acceptance in the residential market as it has in the commercial market. EIFS' unique ability to provide a continuous, unbroken layer of insulation, prevent air infiltration and allow for architectural design freedom explain the unprecedented growth in the use of EIFS over the past thirty years and ensure its continued demand in the future. ■

SIGN UP TODAY FOR MSCA's 12th Annual

Golf Tournament

June 16, 2003

Sponsorship opportunities available, call (952) 888-3491



Legislator Awareness

The MSCA Legislative committee exists to positively influence the laws and policies that affect our members through lobbying both on grassroots and professional avenues on behalf of the MSCA membership. Most MSCA members are aware that the Legislative Committee is actively involved in Business Day at the Capitol every spring. However, the Legislative Committee does much more than that, including property tax reform, creating opportunities to meet with legislators and monitoring proposed bills that involve the retail real estate industry.

This year's annual Breakfast with Champions and Business Day at the Capitol program in March featured Senate Tax Chair, State Senator Larry Pogemiller and House Tax Chair, State Representative Ron Abrams. Our speakers engaged in a lively debate on tax issues, the state's budget deficit and the role of business in the State's economy. After breakfast, a record number of participants attended Business Day at the Capitol to lobby their individual legislators on issues important to both the shopping center industry and to individual members themselves.

Our main focus has been property tax reform for shopping centers, which affects all

MSCA members (tenants, property managers, leasing representatives, shopping center owners and developers). The Legislative Committee compiles an annual property tax study comparing the tax rates for shopping centers in the Minneapolis/St. Paul area to other similar metro markets throughout the country, and is distributed to every legislator at the Capitol. The committee continues to follow-up with our elected officials to ensure that they understand our concerns. Real estate taxes on retail properties in the Twin Cities metro area are on average 129% to 239% higher per square foot than Milwaukee, Des Moines, Denver, Dallas, Indianapolis, Boston and Houston. This affects Minnesota's ability to attract new retailers, and ultimately these costs are passed on to the consumers.

We are introducing a new, grassroots effort in each district where MSCA members reside, to meet with legislators for coffee and express our individual and industry concerns. Many legislators may not be familiar with the shopping center industry or how many jobs and how much sales tax and other tax dollars we bring to local economies. It is our job to communicate and educate our elected



officials about our concerns with high taxes on retail properties and the positive effects of bringing new businesses and retailers to Minnesota. We encourage all MSCA members to get involved and attend their local Legislative Coffee meeting. Look for information on these meetings in the near future.

The Legislative Committee and our paid lobbyists, Rich Forschler and Sonnie Elliot, Faegre and Benson, are also involved in

Awareness continued next page

Legislative Committee

Co-Chairs:

Howard Paster, *Paster Enterprises*
Dick Ward, *Capps Companies, Inc.*

Committee:

Laurie Berkwitz, *Nash Finch Company*
Harold Brandt, *Brookfield Properties (US) LLC*

Trish Rein Cowle, *C.G. Rein Company*

Kelly Doran, *Robert Muir Company*

Sonnie Elliot, *Faegre & Benson LLP*

Richard Forschler, *Faegre & Benson, LLP*

Nancy Frykman, *Robert Muir Company*

Todd Johnson, *Colliers Towle Turley*

Martin Tucker

Mike Korsh, *Kraus-Anderson Companies*

Tim Lidstrom, *Lidstrom Commercial*

Realtors

Chad Macy, *Regis Corporation*

Joe Nunez, *Target Corporation*

Kathy Ostertag, *Robert Muir Company*

Tim Prinsen, *Welsh Companies, LLC*

Marcia Seligman, *Dunkley, Bennett, Christensen & Madigan, P.A.*

Brien Slawick, *Har-Mar, Inc.*

Rob Stolpestad, *Exeter Realty Company*

Keith Sturm, *Upland Real Estate Group*

Greg Suckow, *Park Midwest Commercial Real Estate*

Audie Tarpley, *Landcor Construction, Inc.*

Scott Thompson, *Construction 70, Inc.*

Mary Wawro, *Ryan Companies US, Inc.*

Joseph Weis, *Weis Builders, Inc.* ■

Transportation Utility Fee Defeated

A provision authorizing a Transportation Utility Fees in Senator Dean Johnson's (DFL- Willmar) Omnibus Transportation Bill has been defeated. This provision would have authorized cities to impose a "transportation utility fee" against land located within its boundaries" relative to reconstruction, facility upgrade, or maintenance of roads and infrastructure. In simple terms, this would have allowed cities to assess additional taxes on properties whose existing infrastructure & roads are upgraded, maintained, or reconstructed. The municipality would have the discretion to define different tax rates for different types of property based on the amount of trips that property generates.

The problem with this approach is that cities can use existing tools, such as the property tax and special assessments, to raise money for road and street needs. An additional tax based on an arbitrary calculation of trips generated to a property, places too much taxing authority in local municipalities. Furthermore, increasing the number of ways a city can collect taxes makes it more difficult for the citizen to see exactly what the costs of those services are. Taxes should be kept simple and easy to understand. Ultimately, a tax of this nature get passed on to the consumers through higher prices that retailers must charge to cover their higher expenses.

Fortunately, this portion of Senator Johnson's bill was removed before the bill passed in the Senate. However, this bill probably will appear again next year. We will continue to monitor this & similar bills at the Capitol and will keep membership informed.

Industry Tidbits

by **Tim Hilger**, Diversified Acquisitions, Inc.



If you have additional tidbits, please forward them to **Tim Hilger**, newsletter co-chair, at thilger@ix.netcom.com

- It is rumored that **McDonald's** will announce that they are considering selling their controlling stake in their Partner Brands division. This division consists of **Chipolte Mexican Grill, Boston Market and Donatos Pizzeria**. The sale is estimated to get approximately \$500 million. The funds would be used to focus on McDonald's core business. McDonald's also announced that they will remodel 1,000 restaurants in 2003 and Sherman Associates will develop the adjacent senior housing.
- **Abercrombie & Fitch** announced that in the coming year they will spend \$70-\$80 million on new store expansions. They will add 30 new Abercrombie & Fitch stores, 10

new **Abercrombie**, 70 new **Hollister** stores. An additional \$50-\$60 million will be spent on in-store technology upgrades. The funds will come from operations.

- It appears that a 143,000 sf **Wal-Mart** and a senior housing component will be built on the old vacant Kmart site near Wentworth Avenue and South Robert Street in West St. Paul. Wal-Mart will develop their own site
- **Rand McNally & Co.** has emerged from bankruptcy. It has written off \$250 million in debt in the process. The new company plans on re-establishing itself as a major player in map market including digital mapping information systems.

- **Kmart** reported that first quarter sales were greater than projected. Kmart estimates a positive \$51 million before EBITDA versus an earlier projected loss of \$133 million.

- **Office Depot** announced that it has made an offer to buy French office supplier **Guilbert SA** for \$872 million U.S. This purchase of one of Europe's largest office suppliers will allow Office Depot to dramatically grow its European business.
- Bankrupt retailer **Spiegel** intends to close all of its **Spiegel Outlet** and its **Newport Outlet** stores.

- According to a story in the St. Paul Pioneer Press the two leading suitors for the purchase of Fleming's Minnesota **Rainbow Food** stores are **Nash Finch** and **SuperValu**.

- **Spalding Sports Worldwide** is selling its basketball, football and other sporting equipment to focus solely on golf equipment. The sale of their non-golf products is estimated to sell for \$65 million. The buyer is rival manufacturer **Russell Corp.** Spalding's golf products include **Top-Flite, Ben Hogan** and **Strata** products. These golf products account for approximately 70% of Spalding's present sales.

- As read in *Chain Store Age*, **Kinko's** is increasing its projected annual use of "green" power by 37% to approximately 11.2 million kilowatt hours as part of an ongoing effort to integrate sustainable business practices into its operations. The chain says its new initiatives will help avert more than 3 million pounds of carbon-dioxide emissions.

- A study conducted by **37Signals** discovered that 72% of the top 25 e-retailers studied could not properly match misspelled search terms with the correct product. In addition, 68% didn't offer shoppers the opportunity to sort search results, such as allowing them to select merchandise by brand, price or availability.

- **ICSC** reports that lifestyle centers may not compete directly with regional malls. Lifestyle centers attract a more affluent shopper with a specific item in mind. Malls tend to attract more browsers and younger teen traffic that tend to shop longer on average (78 minutes) than shoppers at lifestyle centers (57 minutes).

Tidbits continued on page 7



AWARENESS *continued from page 4*

monitoring activity at the Capitol in St. Paul. During the current legislative session, several bills have been proposed that are detrimental to the shopping center industry. In the MN house, a bill was proposed that places a moratorium on all retail stores over 100,000 square feet in all cities in Minnesota until February 2005. While there was not enough support to pass this bill, author Representative John Lesch (DFL - St. Paul) states that he will pursue the bill next year.

Our biggest concern heading into this legislative session was an increase in Commercial Industrial Property Taxes (CI Tax). As you may remember, in 2001, the State passed tax reforms, which reduced the CI Tax rate. With the size of the existing budget deficit, our concern was that all previous reforms would be back on the table. Thus far, no threat exists to an increase in the CI Tax.

As you can see, the Legislative Committee is involved in many efforts on behalf of the entire MSCA membership. The costs to operate the Legislative Committee are separate and independent of the general fund, which pays to operate the remainder of MSCA. As a result, we rely on individual and corporate contributions to help pay for the costs to run the Legislative Committee. If you have not yet done so, please consider sending a financial contribution to the MSCA Legislative Fund. Monies raised will help pay for costs to put together the annual MSCA comparative tax study, sponsoring and program costs for Business Day at the Capitol and professional lobbying fees. If you would like more information about contributing or participating on the Legislative Committee, please contact Karla Keller Torp at (952) 888-3491. ■

What's Happening

New life for the old Sears building

The Lake Street Center, the former Sears building and historic city landmark, will be redeveloped. One of the building's first tenants—The Minneapolis Heart Institute Foundation (MHIF) have signed an Intent to Lease letter and the Minneapolis Community Development Agency (MCDA) will issue a Request for Proposals (RFP) seeking a lead developer for the project.

The Minnesota Cardiovascular Research Institute (MnCRI), LLC, a subsidiary of the MHIF, is a medical research lab specializing in cardiology, cardiovascular surgery and other disciplines working on product design and development. The MHIF is also interested in leasing space in the Sears complex for a pathology and imaging lab.

Hennepin County, another prospective tenant, is interested in locating a license service center and general office space in the Sears building. The MCDA is in discussions with retail tenants, government entities and other

tenants interested in moving to Lake Street, potentially occupying more than 200,000 sf. The goals of the Lake Street Center redevelopment proposal are: to save a historic city landmark; provide employment and business opportunities for neighborhood residents; improve the tax base and tax generating capacity of the city; provide access to the Midtown Greenway; and improve the aesthetic and economic vitality of the adjacent business district.

RLK-Kuusisto, Ltd. Adds Staff

RLK-Kuusisto is pleased to announce the following additions to their offices: (Minnetonka) Andy Berenberg, P.E., Senior Professional Engineer; Scott Faulkner, Senior Land Survey Technician; Tracee Crum, E.I.T., Project Engineer and (Twin Ports) Thonda Reinarz, Administrative Assistant/Project Manager Assistant.

Upland

Keith Sturm, Michael Houge and Deborah Vannelli of the Upland Real Estate Group,

Inc. recently sold two Jiffy Lube net-leased investment properties. The 4,300 sf Jiffy Lubes, located in Plymouth and Hastings, MN both sold for \$1.1 million. They also recently sold a 5,042 sf Hollywood Video net-leased investment property, located in New Brighton, Minnesota. The sale price was \$936 thousand.

Landform Teams with Reliance

Landform has teamed up with Reliance Development Company on the new Main Street Marketplace retail development in Blaine. Pending final approvals in process, construction will begin early summer on the 4.9-acre, mixed-use site at the intersection of Highways 242 and 65. Portfolio Design Services, Inc., is providing architectural services for the retail portion of Main Street Marketplace.

"This project required extensive coordination with public infrastructure improvements," according to Vicki VanDell, **Landform's** project manager. "We were able to maintain

What's Happening continued next page



Corporate Sponsor Focus



Brookfield Properties (US) LLC

Industry Focus: Success built on a solid foundation of strategic portfolio management, quality teamwork and customer service excellence, that sets us apart from the competition and positions us for continued growth.

Company Vision: To be a leader in the North American commercial real estate industry.

“MSCA is important to Brookfield because it creates long-lasting, valuable relationships and keeps us abreast of industry activity and changes.” - Brent Habeck

CSM Corporation

Industry Focus: Ground-up development of all retail types plus the purchase and repositioning of existing retail centers.

Company Vision: Development of real estate and relationships with a long-term perspective.

“MSCA is a great organization to help build lasting relationships.” - John Gelderman

WHAT'S HAPPENING

continued from page 6

an aesthetic, environmental approach in the design while accomplishing substantial visibility and safety at this high-traffic intersection. An attractive focal point was created at the southeast corner of the development by designing a pond that used natural wetland species to soften the landscape.”

Olson Selects Jigsaw

Jigsaw Unlimited announced that they have been engaged by New Hope-based Olson General Contractors, Inc. to provide the firm with corporate marketing, advertising and public relations services.

Kudos to KKE Architects

KKE received the following awards at The Business Journal's Best in Real Estate 2002:

- Café and Bar Lurcat (D'Amico and Partners) – Winner, Interior Renovation-Build Out Category
- The Shoppes at Arbor Lakes (Opus) – Winner, New Retail Category
- Andover Station (United Properties) – Finalist, New Retail Category

THANK YOU!

Jones Lang LaSalle

Industry Focus: Corporate Solutions, Investor Services, Investment Management and Capital Markets

Company Vision: To deliver exceptional strategic, fully integrated services and solutions for real estate owners, occupiers and investors worldwide.

“At present, the most significant presence of Jones Lang LaSalle in this market is in retail and commercial property management, functions of the company's Investor Services. As General Manager of Rosedale Center, one of the leading regional shopping centers in the Midwest, I count on MSCA to keep current with the trends, external influences and people that make a difference in our industry.”

- Rollin W. Hunsicker, CPM, CSM

Midwest Maintenance & Mechanical, Inc.

Industry Focus: Commercial property construction and operations management. We provide construction, electrical, HVAC and building services.

Company Vision: Remain a leader in operational partnerships with building

TIDBITS *continued from page 5*

- The MBE franchisees voted by 90% to rename their stores from **Mail Box Etc.** to **The UPS Store**. The full renaming of all 3,000 locations should be complete by September 2003.
- **Girarrosto Toscano**, which opened its doors last year, closed its doors in March. The Eden Prairie restaurant with the tongue-in-cheek New Jersey Italian theme was the wrong concept for a suburban audience, said co-owner Phil Roberts.
- *Restaurant Business* reports that **Krispy Kreme** purchased **Montana Mills Bread Co.**, providing it 31 upscale bread stores/cafes in the suburbs of New York, Ohio, Pennsylvania and Connecticut. Montana Mills is closing nine under-performing locations, including all of its Ohio stores, describing the stores as either poor perform-

owners and managers through quality, value and great customer service.

“MSCA is very organized with significant members. The people we want as customers are members.” - Terry Siede

Target Corporation

Industry Focus: Local and national retailer

Company Vision: To give Target guests the best products at the best value in a way that delights them, and to give generously to the communities where Target does business.

“MSCA provides a vehicle to help us keep abreast of industry trends and strategies, and to provide grassroots energy at the Minnesota State Capitol.” - Joe Nunez

Venture Mortgage Corporation

Industry Focus: To arrange the most competitive and best suited mortgage loans for our real estate clients.

Company Vision: To be one of the best and most reliable mortgage banking firms in the region.

“MSCA provides a forum for us to interact with all the specialists in the retail industry.” - Mick Thorsland

ers or located in areas where the brand's market penetration is weak. Geneva, IL is 2.5 times larger than their typical store size. Their merchandising scheme requires more room to focus on growing new merchandise mix to delight the outdoorsman, including hunting, fishing and camping.

- **Pottery Barn** will launch **PBteen**, the first catalog directed at the teenage market offering furniture, rugs, lighting, bedding and accessories.
- **Hollywood Entertainment** (operating as **Hollywood Video**) reported that 4th quarter revenues increased 15%. They added 84 new game departments in existing stores, opened 11 new stores during the quarter. Hollywood now operates approximately 1,837 stores nationwide.

Tidbits continued on page 8

Minnesota Shopping Center Association 2003 Leadership

OFFICERS

Steven Mosborg
President
Park Midwest Commercial Real Estate

Michael G. Sims
1st Vice President
United Properties

Peter C. Austin
2nd Vice President
Welsh Companies, LLC

Kenneth M. Vinje, CSM
Treasurer
Kraus-Anderson Companies

Andrea Komschilles
Secretary
Witcher Construction Co.

Bruce Carlson
United Properties

Lisa Diehl
McDonald's Corporation

Bob Lucius
RSP Architects Ltd.

John Meyers
Opus Northwest LLC

Paul Sevensch, CIM, CJS
Kraus-Anderson Companies

Sara Stafford
KKE Architects

Scott A. Thompson
Construction 70, Inc.

Kathy Anderson, AIA
Immediate Past President (as director)
KKE Architects

COMMITTEE CHAIRS

Doug Sailor
Program
Park Midwest Commercial Real Estate

Tony Pasko
Bremer Bank

Michael Thorsland
Venture Mortgage Corporation

Kevin Kruczyk
Dalbec Roofing, Inc.

Tim Hilger
Newsletter

Tim Hilger
Diversified Acquisitions, Inc.

Lonnie Pierce
Meridian Real Estate Group, LLC

Tricia Pitchford
Awards
United Properties

Brett Christoferson
Wets Builders, Inc.

Legislative
Howard Paster
Paster Enterprises

Dick Ward
Capps Companies, Inc.

Paul Sevensch, CIM, CJS
Retail Report
Kraus-Anderson Companies

Jan Goossens
Kraus-Anderson Companies

Adam Davies
Brookfield Properties LLC

Bob Lucius
Golf
RSP Architects Ltd.

Mart Alexander
New Century

Cindy Macdonald
Brookfield Properties LLC

Ned Rukavina
United Properties

Kelly Slawson
Marketing and Communications

RSM McGladrey, Inc.
Newsletter

Jenee Cole
Nextel Communications

Wendy Ascerud
Community Enhancement
Madison Marquette Realty Services

Liz Lee
The Wall Companies

Karla Keller Torp
Executive Director
P) 952-888-3490
F) 952-888-0000
E) 952-292-2414
K) 952-292-2414
K) 952-292-2414

Stephanie Salo
Associate Director
P) 952-888-3491
F) 952-888-0000
E) 952-292-2416
K) 952-292-2416

Andrea Komschilles
Technology
Witcher Construction Co.

Adam Davies
Brookfield Properties LLC

www.msca-online.com

TIDBITS

continued from page 7

• **The Sports Authority and Gart Sports Co.** merged, creating the largest sporting-goods retailer in the nation

with 385 stores in 45 states.

• **John Dasburg**, who held the post

two years, has left **Burger King** after

completing its sale. Dasburg's tenure

was marked by continued poor sales at

BK, the bankruptcy filing of the chain's

largest franchisee, **AmeriKing** and the

creation of a value menu that contrib-

uted to a fast-food price war.

• Earlier this year, **Millard S.**

Drexler, former CEO of **Gap, Inc.** was

appointed Chairman and CEO of **J.**

Crew Group, Inc.

• **Gander Mountain's** newest store in

Geneva, IL is 2.5 times larger than their

typical store size. Their merchandising

scheme requires more room to focus

on growing new merchandise mix to

delight the outdoorsman, including

hunting, fishing and camping.

• Scrapbooking accounts for 7% of

the \$29 billion retail market in craft and

hobby supplies. ■