

# What's the Fuss about EIFS?

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

**M**uch 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.

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## 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.

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

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### 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

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## 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?

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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. ■

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**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*

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**Kelly Doran**, *Robert Muir Company*  
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**Richard Forschler**, *Faegre & Benson, LLP*  
**Nancy Frykman**, *Robert Muir Company*  
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**Marcia Seligman**, *Dunkley, Bennett, Christensen & Madigan, P.A.*

**Brien Slawick**, *Har-Mar, Inc.*  
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**Keith Sturm**, *Upland Real Estate Group*  
**Greg Suckow**, *Park Midwest Commercial*  
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**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](mailto: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. ■

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# What's Happening

## New life for the old Sears building

**T**he 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

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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 Thorland

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.

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## Minnesota Shopping Center Association 2003 Leadership

### OFFICERS

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*President*  
Park Midwest Commercial Real Estate

**Michael G. Sims**  
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**Peter C. Austin**  
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**Dick Ward**  
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**Howard Paster**  
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**Paul Sevensch, CIM, CJS**  
*Retail Report*  
Kraus-Anderson Companies

**Jan Goossens**  
Kraus-Anderson Companies

**Andrea Komschilles**  
*Technology*  
Witcher Construction Co.

**Adam Davies**  
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**Bob Lucius**  
*Golf*  
RSP Architects Ltd.

**Mart Alexander**  
New Century

**Cindy Macdonald**  
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**Paul Sevensch, CIM, CJS**  
*Retail Report*  
Kraus-Anderson Companies

**Jan Goossens**  
Kraus-Anderson Companies

**Andrea Komschilles**  
*Technology*  
Witcher Construction Co.

**Adam Davies**  
Brookfield Properties LLC

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• **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 contributed 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.