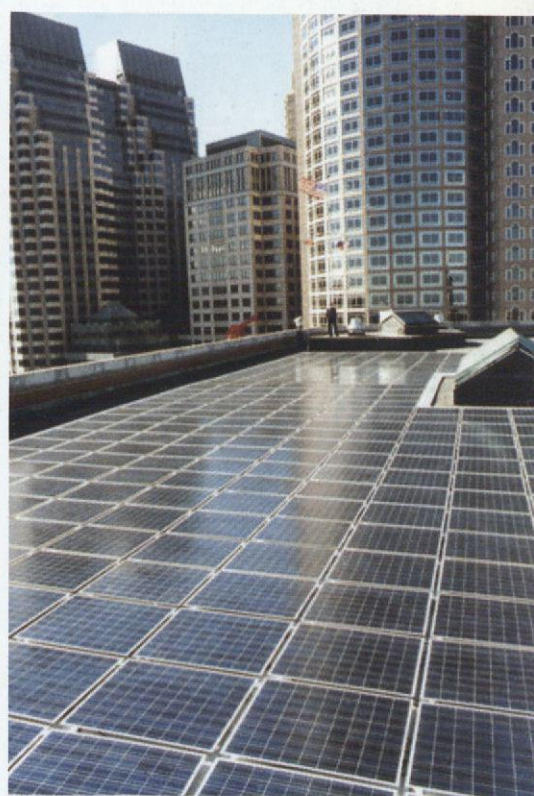




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In principle and practice, the Institute of Real Estate Management values and seeks a diverse membership. There are no barriers to full participation in the organization on the basis of gender, race, creed, age, sexual orientation, national origin, or disability. Moreover, the Institute of Real Estate Management encourages equal opportunity practices among its membership.

BPA International Membership Applied for January 2003.

SOCIETY OF NATIONAL
SNAP
ASSOCIATION PUBLICATIONS

from the top



IREM® at 70: Still F.I.R.S.T.

Like the industry we serve, our association has undergone major changes over the last seven decades.

One example of the Institute's forward-thinking activities is IREM® F.I.R.S.T. (For Information, Research, Solutions and Training), an online knowledge management system providing members with a wealth of information, documents and research on topics they need to effectively manage real estate investments. A soft launch of the site is scheduled during the Education Conference in November.

This site will include six major knowledge management products:

- **Library of Web Site Links:** A comprehensive selection of Web site links to associations, government agencies, universities, professionals, suppliers, publications, libraries and other potentially useful sites for property managers.

- **Library of Sample Forms:** In this section, members can access sample forms, specifications, template letters, management agreements and other materials that can be downloaded and customized by the user. Many of these electronic forms will be posted in a pilot phase in the Members Only section of the Institute's Web site by early August.

- **Dynamic Employee Recruitment Tool:** This knowledge management tool includes two parts: (1) an online job bank developed in partnership with realestatejobs.com enabling both job seekers and employers to post, respond to and manage their own accounts (November 1 completion); and (2) a resource for employers including a set of online human resources tools and information designed to help them hire the right people more efficiently and effectively.

- **Library of Self-Training Modules:** This module consists of short, online tutorials designed to provide self-study training on a variety of real estate management topics. Each module addresses a specific skill or function and how it relates to property management. The modules guide users step-by-step through the learning process and use charts, tables and graphics for clarification as needed.

- **Best Practices/FAQs:** In this section, IREM® sources or members will pose questions of a broad interest to property managers and, through listserv software, members and others will provide answers to these questions. The answers to the frequently asked questions will build a knowledge stream of information from which best practices will be developed and posted on a searchable site.

- **Industry Standards:** Long absent from the property management industry is a set of acknowledged standards for the delivery of property management services. The Institute will address this in IREM F.I.R.S.T. through the development and publication of industry standards that will document measurable performance expectations for the delivery of real estate management services, with the ultimate goal of improving the quality of services provided. (Target date: year-end 2004.)

As a property manager working in an industry that continually changes and evolves, you can count on the Institute today—and tomorrow—to be there to meet your professional needs. Join me in celebrating our association's 70th anniversary and toasting to our future—one which will continue to cement the Institute's place in the real estate industry—F.I.R.S.T.

Patricia A. Nooney

Patricia A. Nooney, CPM®
2003 IREM President

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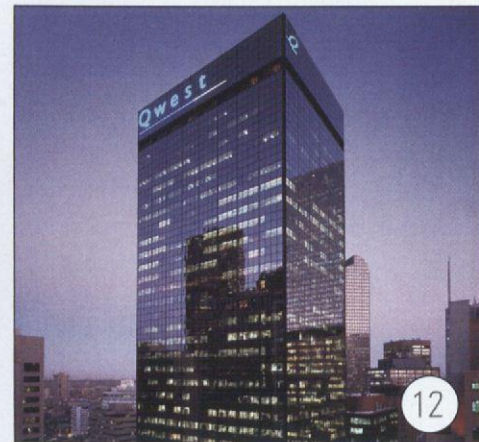
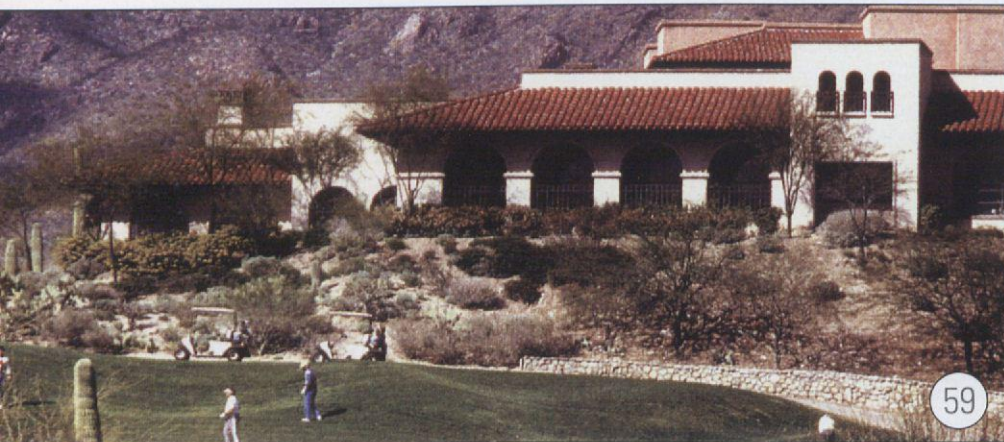
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- 28 The Eco-Friendly 100** To help you make energy-saving product choices, *JPM* has assembled the **Eco-Friendly 100**, a list of products and services aimed at protecting the quality of the environment through energy efficiency.

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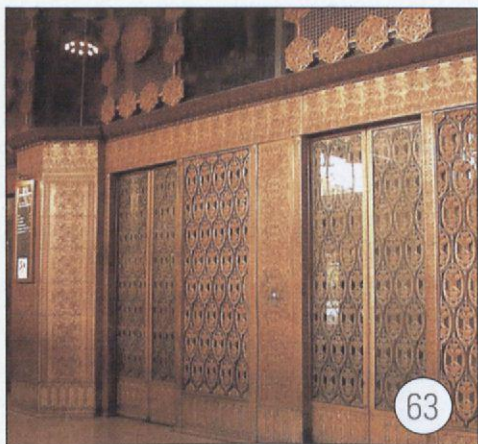
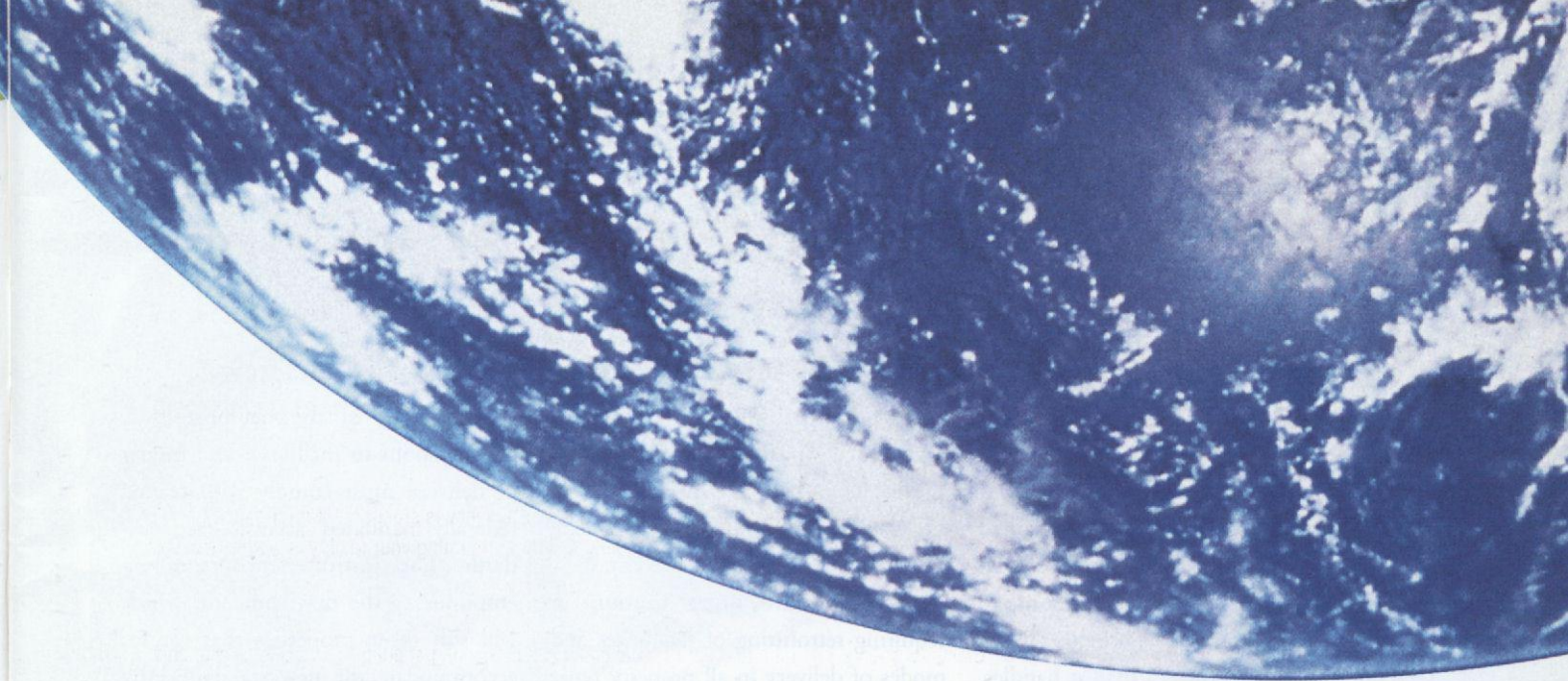


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by Amanda Druckman

New IREM® Legislative Positions

At the 2003 Leadership and Legislative Summit, the Institute approved several new policy positions:

USPS Mailbox Regulations for Multifamily Residences



The U.S. Postal Service is considering revising the standard, STD-4B, that sets forth requirements concerning the manufacture and testing levels for mail receptacles. Proposed alterations to STD-4B will reflect changes in the amount and nature of mail it handles, developments in technology and ergonomics and added concerns over mail security. The USPS has decided to employ a consensus process to develop a

revised standard, and the Institute is represented on the Consensus Committee. The USPS is currently proposing changes that would increase the size of mailboxes by about 25 percent.

The Institute urges caution in requiring retrofitting of mailboxes and modes of delivery in all property types where banks of mailboxes are required or will be required. There are many buildings which may not have space to comply with the new size and/or

configuration of the mailboxes. All modifications to mailboxes and modes of delivery must comply with related federally-mandated accessibility standards. The Institute encourages exemptions to the new standard, which will suit those properties that cannot accommodate the new standard. Any future changes or modifications to mailboxes or modes of delivery should be reviewed by members of the Institute.

Expensing of Building Security Equipment

Since September 11, businesses have spent countless dollars increasing and improving building security. Buildings of all types and sizes are undergoing this effort, at significant expense to improve and install security detecting and protection equipment. These expenses are currently deducted over a five to seven year period.

The Institute supports the expensing of security equipment in the year it is placed in service. Because security improvements benefit all those who work, shop or visit a property, as well as those in surrounding properties, they should be fully deductible under the U.S. tax code.

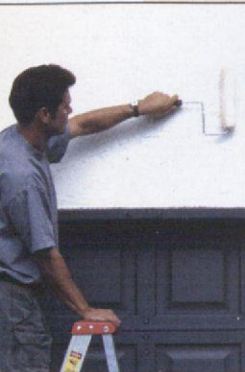


Capital Gains Taxation Levels

The appropriate level of taxation for capital gains has been a subject of tax policy debate throughout the history of the income tax. Capital gains have been taxed at rates well below the maximum tax rate for ordinary income for at least 50 years. During the past 25 years, that rate has ranged from a high of 49 percent to the current rate of 20 percent. Since 1997, depreciation allowances taken in prior years are "recaptured" and taxed at 25 percent when investment real estate is sold. Prior to 1997, depreciation recapture amounts were taxed at the same rate as capital gains. Capital losses are deducted in full against capital gains. In addition, individuals may deduct up to \$3000 of capital losses against ordinary income in each year, with any remaining excess losses being carried forward to future tax years.

The Institute believes it is in our nation's best interest for Congress to encourage real estate investment in the United States by creating a tax system that recognizes inflation and a tax differential in the calculation of capital gains from real estate; while stimulating economic investment and consequently leveling the playing field for those who choose to invest in commercial real estate.

Tenant Improvements

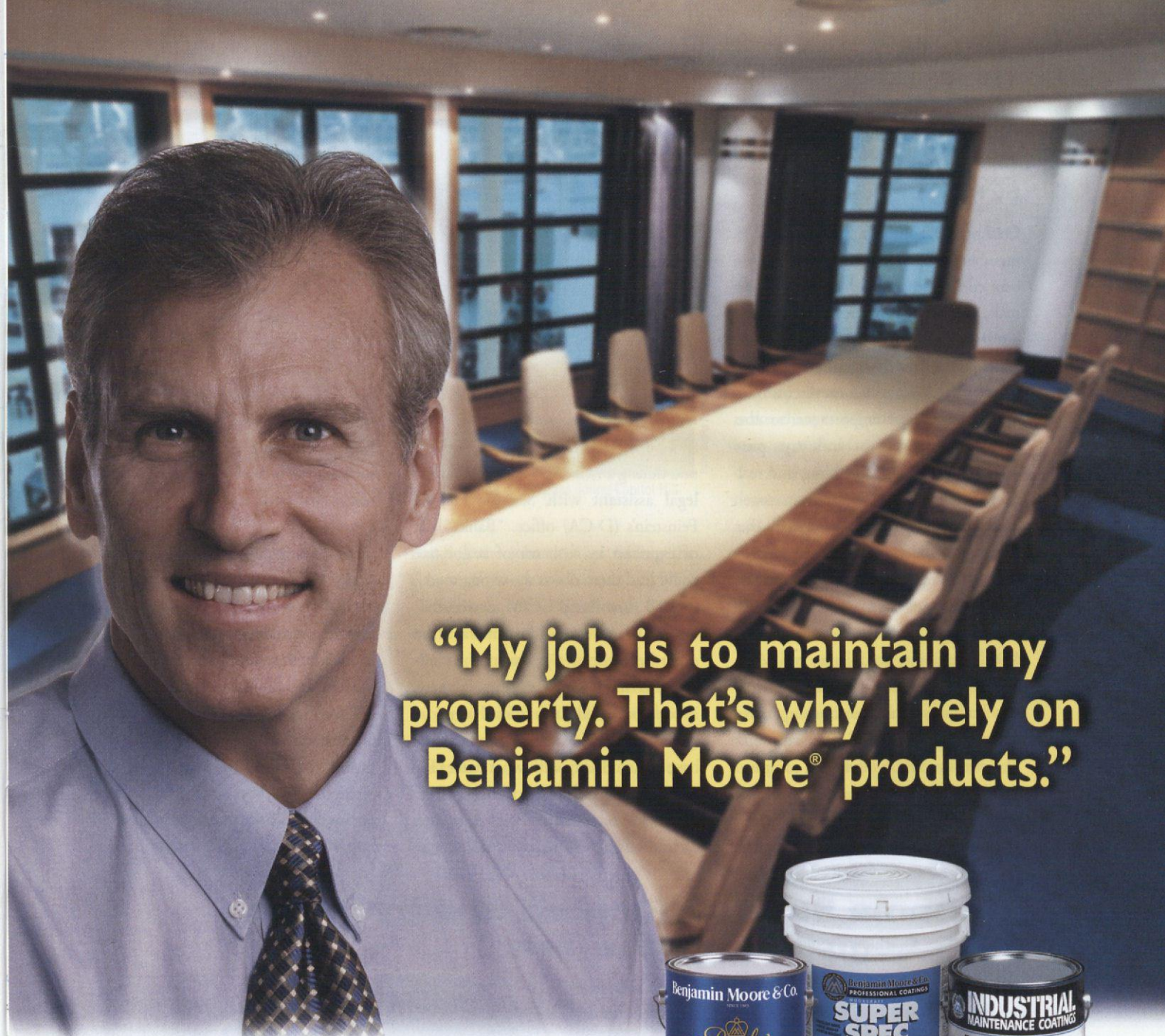


The real estate definition of tenant improvement is money or any other financial incentive to a lessee, by the lessor, to cover either partially or wholly the cost of any structural changes to a space in preparation for occupancy. The cost for tenant improvements is amortized over the depreciable life of a non-residential building, not, as in prior law, over the term of the lease. The current depreciable life for a non-residential building is 39 years, while the depreciable life of a residential property is 27.5 years. The Institute believes the 39-year depreciation time frame does not reflect the useful life of a building and its components.

In a temporary provision enacted in March 2002,

landlords may deduct 30 percent of the cost of leasehold improvements in the year they are placed in service. This provision applies to improvements made between September 11, 2001 and September 11, 2004. Improvements that are incomplete but are subject to a binding contract on September 11, 2004 will continue to qualify for the 30 percent deduction as long as they are placed in service before January 1, 2005.

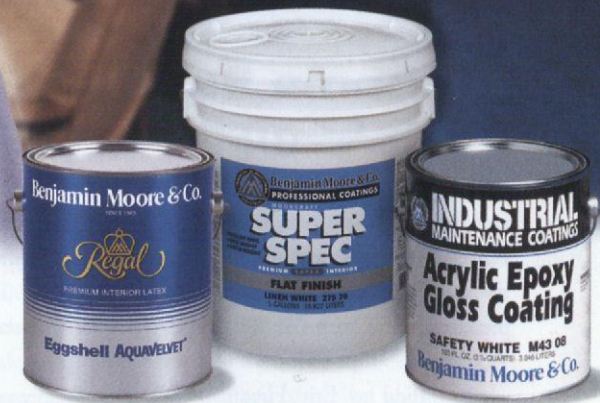
The Institute is in support of legislation to decrease the length of depreciable lives for tenant improvements. The Institute supports legislative language that would allow the remainder of tenant improvement costs to be written off upon the expiration of a lease, not over the depreciable life of a structure.



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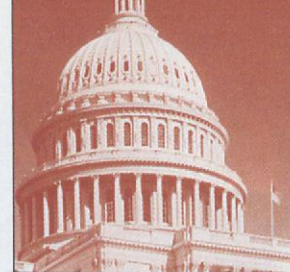
by Nancy Pekala

On April 30, approximately 220 IREM® members and 80 CCIM Institute members converged in Washington, DC to make the voice of commercial real estate heard on Capitol Hill. Members met with more than 160 senators, members of Congress and aides to discuss five pressing issues of importance to the property management industry: preventing banks from expanding into real estate brokerage and property management, closing costly loopholes in the bankruptcy code, accelerating the depreciation of tenant leasehold improvements, ensuring that property owners and managers have the chance to resolve ADA accessibility compliance problems before lawsuits are filed and allowing new building security equipment to be expensed in the year of its installation. This year's meetings resulted in commitments from numerous lawmakers to either co-sponsor or support these pieces of legislation when they come to a vote.

Members of both the Institute and CCIM expressed their concerns about these issues to their legislators. In particular, the property managers and brokers voiced concerns about the banks in real estate issue.

"Real estate management involves a living, breathing building that requires specific expertise," Steven Ring, CPM®, said during a meeting with Paul Nitze, a legal assistant with Senator Dianne Feinstein's (D-CA) office. "Banks' lack of expertise in the area of real estate could lead them down the wrong road."

Bob Rosenberg, CCIM, agreed that financial institutions do not have the expertise to effectively perform the management and leasing functions inherent in real estate. "Their decisions would be out of touch with real practice as they have no familiarity with what makes for good, sound real estate business decisions," Rosenberg said. "Real estate is a cyclical business so that you really have



to have your ear to the ground at all times. The banking industry has proven time and time again they don't have that street sense."

Carol Glasow, CPM, said it simply doesn't make sense for banks to enter the real estate business. "From a fair play perspective, we're not interested in getting into banking yet they're eager to jump onto our playing field. Perhaps banks just need to find other revenue sources."

Rosenberg agreed the banks are pursuing additional fees. "Banks have a tendency of thinking in terms of how they can drive fees. Real estate is driven by clients. When a lender gets involved, it slows the whole process down."

The associations' members also argued current tenant leasehold improvement regulations are unfair to real estate owners. At present, the depreciation schedule for tenant leasehold improvements is 39 years, an unrealistic

Alabama Senator Richard Shelby Named 2003 Legislator of the Year

Members of the Institute of Real Estate Management (IREM®) and the CCIM Institute took time out during this year's Capitol Hill Visit Day on April 30 to recognize the important contributions of one lawmaker, Senator Richard Shelby (R-AL), by presenting him with the 2003 IREM®/CCIM Legislator of the Year Award.

According to Eric Higgins, CCIM, spokesperson for the Alabama chapters of both organizations, Shelby was chosen for the award because of his strong support of many of the Institute's and CCIM's legislative advocacies, including bankruptcy reform and prohibiting the expansion of financial institutions into real estate brokerage and property management. As chairman of the Senate's Banking, Housing and Urban Affairs Committee and the Transportation/Treasury Appropriations Subcommittee, Shelby co-sponsored Senate Bill 98, the Community Choice in Real Estate Act, which prohibits financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or property management activities.



Senator Richard Shelby (R-AL) (second from left) receives the IREM®/CCIM Legislator of the Year award.

Speaking to the American Bankers Association earlier this year, Shelby said: "Permitting banks to engage in these activities would set a dangerous precedent...and I am opposed to the Federal Reserve and Treasury going forward with a rule that would permit it."



Pepe Gomez Photography

Members of the Institute and CCIM gather in the Rotunda of the Library of Congress during Capitol Hill Visit Day 2003.

time period given that the usual term for leases varies between 8 and 15 years. The real estate industry would like to see a more realistic cost recovery period, such as 10 years, implemented.

Clay Dunning, CPM, said, "Amortizing tenant improvements over 39 years is crazy. Tenant improvements have a life cycle just as buildings do. It will be the building sector that is going to lead this recovery. The buildings we manage house the businesses that are

building the jobs that are fueling the economy."

Similarly, the IREM and CCIM members argued for a sense of reason when it came to depreciation of security equipment expenses. With a need for increased level of safety and security, the real estate professionals stressed during their meetings with legislators that security equipment should be depreciated in the year it is expensed, rather than over the current 5-7 year period.

In meeting with Heather Millen, Tax & Trade Counsel for Representative Robert Matsui (D-CA), Rosenberg argued, "Technology is changing all the time, and the fact is the general public benefits from the increased security we have implemented. We're just trying to bring this into balance."

Terry Fox, CPM, also stressed to Millen the need to give the real estate industry a reasonable amount of time to make changes regarding ADA compliance regulations. "We're supportive of the ADA and have spent millions of dollars retrofitting our buildings," Fox said. "Attorneys are filing frivolous lawsuits against us just to obtain a settlement. All we're asking for is a reasonable amount of time to make the required changes."

Millen said Representative Matsui believes real estate owners should be given appropriate notice to make necessary changes. "The idea that you're being hit with a legal suit before being able to solve the problem is just unacceptable," she said.

In a presentation to the National Association of REALTORS® last November, Shelby explained: "At stake in this debate are extremely weighty issues such as: job creation, the competitiveness of financial services firms and economic growth on the one hand; and the effect on credit availability, market consolidation, bank solvency and the stability of the financial system, on the other. Where we draw the line will have far reaching effects on our economy."

He continued: "There has been a long history of failed experiments in this regard. Most significantly, I think a large part of the Thrift crisis of the late '80s and early '90s can be attributed to the changes that permitted greater mixture of banking and commerce. When banks get involved in other business sectors, they often lose focus on their core mission as financial intermediaries and fail to maintain the appropriate arm's length distance with their customers. Lending decisions are made based on business ties rather than credit worthiness. The healthy skepticism lenders need to bring to the lender-borrower relationship is rou-

tinely lost. The ultimate consequence can be that overall economic performance is diminished."

Shelby, who maintains that real estate is essentially a commercial transaction and not a financial one as banking organizations argue, said: "I do not feel (banks) should act on multiple sides of commercial transactions. Just think of the additional leverage banks could gain if they controlled both the sale of some particular good and the financing necessary to purchase it. The opportunities to create 'packages' that benefited only the bank-seller would be too great to resist."

"Frankly, it appears to me that the ink was barely dry on the new legislation before the banks were seeking to expand their existing powers," the Senator said.

Shelby also stressed: "It is essential you remain engaged on these issues. Your voices matter. We do hear you in Washington and we need to understand your perspective about this and other issues that will shape our economic future."

continued from page 4



Passive Loss Limitation

The 1986 Tax Reform Act contained a provision known as passive loss limitation, which limited the amount of deductions for losses from passive activities to the amount of income those activities generate. Rental activity was deemed to be inherently passive even if rental activity is the principal business of the taxpayer or is an integral part of the taxpayer's real estate business.

The Budget Reconciliation Act of 1993 included a passive loss tax law change intended to allow individuals, whose primary business is real estate, to deduct rental property losses from their income. According to the Act, in order to deduct passive losses from rental activity, an individual must be a material participant in the real estate trade or business, and spend more than 750 hours and a minimum of 50 percent of their time in various real estate activities. Regulations released by the IRS in February 1995 were unfavorable to the real estate industry as they treated rental real estate activity differently than other real estate activity. Rules released in December

1995 were intended to allow individuals whose primary business is real estate to deduct rental property losses from income.

Taxpayers must qualify by either materially participating in at least 750 hours of real estate activities or devoting half their time annually to real estate activities. Additionally, if the taxpayer works in the real estate field, he or she must own at least 5 percent of the business in order for the time worked to count.

The Institute believes that active or material participants in real estate should be allowed to deduct all cash and non-cash rental losses against their other income and should be afforded the same benefits that other businesses have within the tax code. As part of the Budget Reconciliation Act of 1993, Congress qualified that real estate professionals who spend at least 750 hours and half their time annually in real estate activities will be permitted to use losses on rental real estate to offset any income. The Institute urges the IRS to revise passive tax loss regulations to mirror the original intent of federal legislators in enacting a change made in 1993 to the passive loss tax law.

A Call for Depreciation Reform

The Economic Recovery Tax Act of 1981 created a depreciable life of 15 years for all real property placed in service after December 31, 1980. The depreciable life for property placed in service after March 15, 1984 was extended to 18 years and for property placed in service after May 8, 1985, the depreciable life was extended to 19 years. Depreciation rules changed again upon the enactment of the Tax Reform Act of 1986 when the depreciable lives of non-residential and residential properties changed to 31.5 and 27.5 years, respectively. The 1993 tax act changed the depreciable life of a non-residential property to 39 years for buildings placed in service on or after May 13, 1993.

The extension of the depreciable life

to 39 years was intended to be in return for favorable passive loss tax law and other tax law changes in 1993. However, the IRS did not interpret the 1993 law to be favorable to commercial real estate and thereby eliminated almost any benefit to the industry.

The Institute feels the current 39-year time frame does not accurately reflect the useful life of a building and its components. The Institute supports depreciation reform for non-residential and residential real estate that secures a significantly shorter cost recovery period for commercial real estate without adding complexity or creating artificial acceleration of deductions, and specifically:

- Upon recognition of capital gain, taxpayers should be able to use sales costs to first reduce the depreciation recapture portion of the gain;

- Suspended losses should also go to reduce depreciation recapture;

- An installment sale as gain is recognized over a period of time, that a percentage of gain from appreciation and depreciation recapture be used in reporting gain;

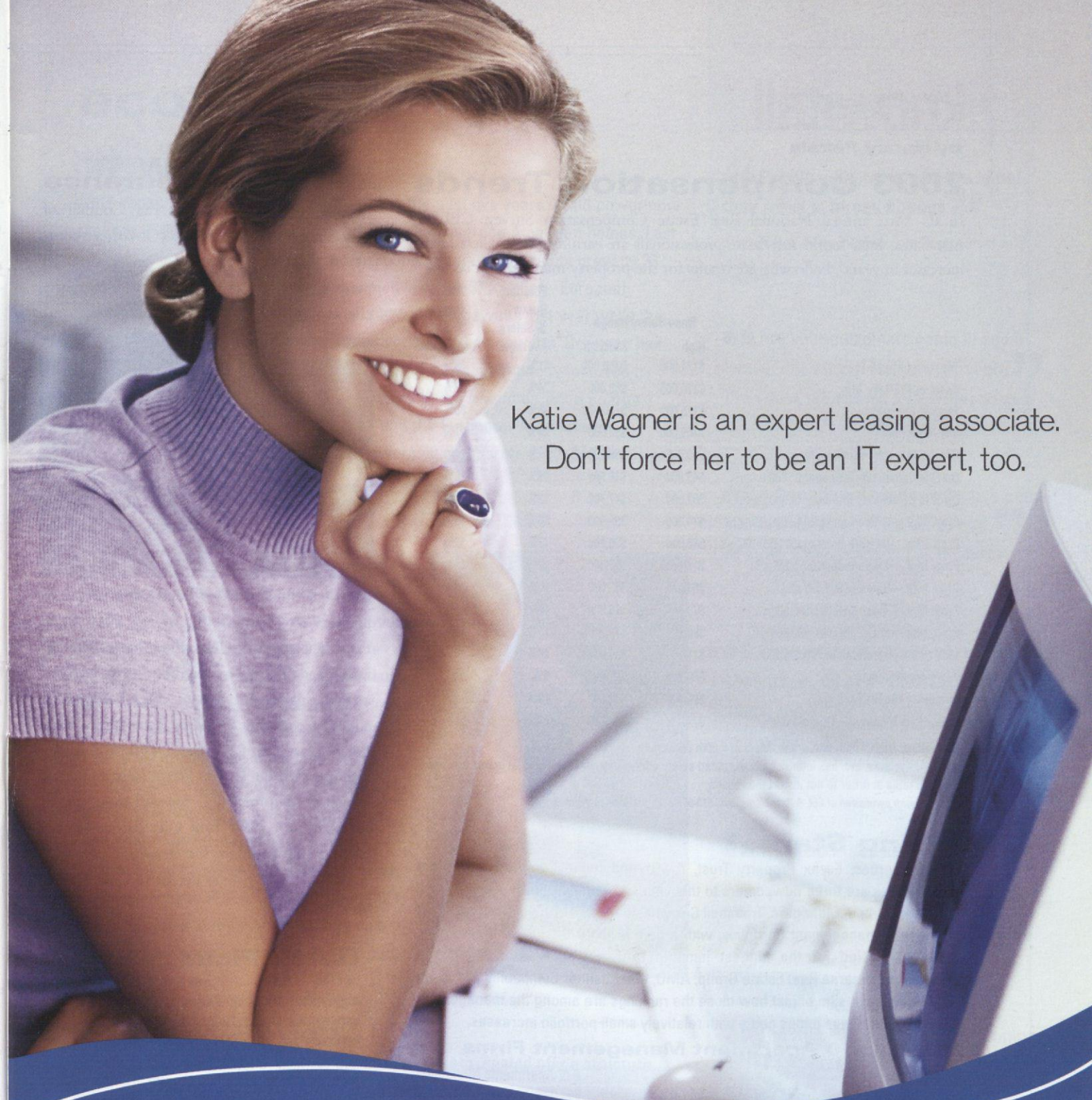
- A partially tax deferred exchange, gain from appreciation and depreciation recapture should be reported on an allocated percentage basis.

- Any other proposed regulation that affects the reporting of capital gain by commercial, industrial or investment real estate taxpayers be reported in the most advantageous manner for the taxpayer.

- The Institute asks the National Association of REALTORS® (NAR) to:

- Adopt the same position, and
- Work together for the adoption of favorable regulations.





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by Nancy Pekala

2003 Compensation Trends

In its 14th annual National Real Estate Compensation Survey, CEL & Associates, Inc., found real estate professionals are earning the smallest salary increases in years. Following are results for the property management sector:

	Base Salary Range		Potential Bonus % Salary Average	Actual Bonus % Salary Average
	High	Medium		
Top Asset Mgmt. Exec.	\$191,000	\$150,000	41%	39%
Asset or Portfolio Mgr.	\$110,000	\$83,000	24%	22%
Top PM Executive	\$175,000	\$120,000	33%	30%
RVP-Multifamily	\$105,000	\$90,000	21%	21%
District Manager-Multifamily	\$76,000	\$68,700	17%	14%
On-Site Community Manager (< 300 units)	\$43,900	\$36,500	13%	10%
On-Site Community Manager (> 300 units)	\$52,000	\$47,700	13%	10%
Prop. Mgr.—Office/Industrial (< 500,000 s.f.)	\$70,000	\$66,900	16%	15%
Prop. Mgr.—Office/Industrial (500,001-1M s.f.)	\$86,000	\$66,800	13%	12%
Prop. Mgr.—Office/Industrial (>1M s.f.)	\$116,000	\$85,300	17%	15%
Prop. Mgr.—Retail (< 300,000 s.f.)	\$68,000	\$60,000	15%	13%
Prop. Mgr.—Retail (300,001-500,000 s.f.)	\$73,800	\$65,800	12%	11%
Prop. Mgr.—Retail (500,001-750,000 s.f.)	\$98,200	\$72,200	11%	10%
Mall Manager—Retail (< 750,000 s.f.)	\$118,400	\$86,100	18%	16%
Assistant Manager	\$48,200	\$35,000	9%	8%
Corporate Facility Manager	\$82,500	\$66,000	12%	11%
Operations Manager—Office/Ind.	\$75,000	\$65,000	13%	12%

Percentiles: High = 75th percentile, Median = 50th percentile.

CEL & Associates, Inc. has intentionally excluded salary and/or extraordinary annual bonus awards from this table in order to not distort the results.

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Rising Stars

BRE Properties, Essex Property Trust, AMO® and Irvine Company Apartment Communities are three newcomers to this year's National Multi Housing Council Top 50 Apartment Managers. Trammell Crow Residential, AMO, posted the largest increase in management portfolios, with a gain of more than 9,000 apartments. Three firms tied for the biggest jump in rank: Simpson Housing Limited Partnership, Picerne Real Estate Group, AMO, and Kushner Companies all moved up 8 slots. It is a sign of just how close the rankings are among the management NMHC 50 that these jumps came with relatively small portfolio increases.

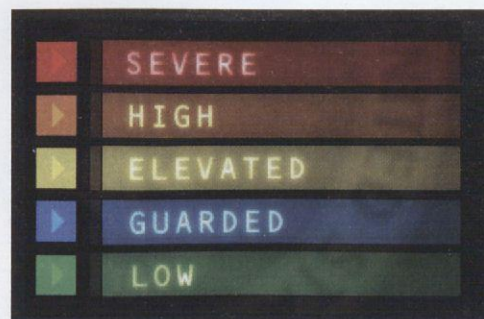
2003 Top 10 Apartment Management Firms

Rank	Company	# of Apartments Managed
1	Apartment Investment and Management Company	309,000
2	Equity Residential	219,337
3	Pinnacle Realty Management Company	115,001
4	Archstone-Smith	109,990
5	Lincoln Property Company	101,683
6	Trammell Crow Residential	74,467
7	United Dominion Realty Trust, Inc.	72,972
8	Lefrak Organization Inc.	71,000
9	Sentinel Real Estate Corporation	63,775
10	Alliance Holdings	57,513
Total		1,194,738

Source: 2003 NMHC Top 50 Apartment Firms

Terrorism Insurance

According to a survey by the Council of Insurance Agents & Brokers (CIAB), a majority of insurance brokers say fewer than 10 percent of their small commercial property clients and less than 20 percent of medium-sized accounts have purchased terrorism



coverage since federal legislation required insurers to start offering it last November. Even in New York City, which has a "Tier 1" rating for the highest risk of another terrorist attack, only about one in eight commercial clients are adding terrorism coverage to their policies, according to John DeMartini, senior vice president at Towers Perrin Reinsurance, a broker in Stamford, CT. He said about one in three or four New York City businesses are placing initial orders for terrorism coverage, but about half of those decide to cancel when they see the bill.

Quick Picks

Renters are burglarized at a rate 79 percent higher than those in owned households and experience almost twice the rate of motor vehicle theft, according to a Bureau of Justice Statistics report....**Would-be business tycoons** will soon be heading for Trump's Tower in a new TV reality show set to begin shooting this September featuring 20 contestants competing in business situations to see who'll win the coveted prize: a year-long stint with a six-figure salary working for Trump Organization in New York City....**American consumers are quickly moving from cocooning to hiving**, turning their homes into a central command center from which they can connect with others, according to marketing guru J. Walker Smith. Look for consumers to continue to make their homes a high priority.

World Wind

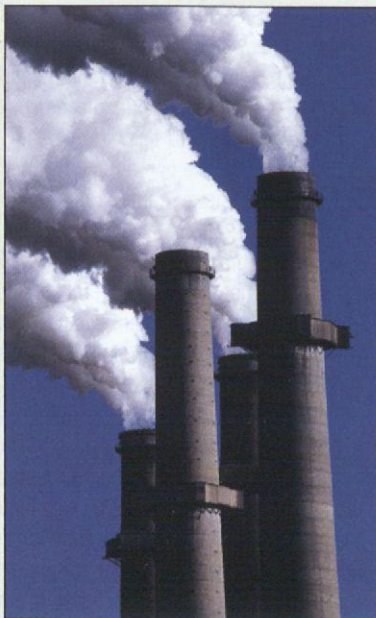
Wind capacity worldwide has quadrupled in the past five years. Wind power now exceeds 31,000 megawatts, enough for 7.5 million average American homes. Last year, overall wind generating capacity grew by 28 percent, which is worth \$7.3 billion. European nations added 5,871 megawatts last year while the United States added 410 megawatts. Germany has the largest wind generating capacity followed by Spain. According to the American Wind Energy Association and the European Wind Energy Association, building new global wind power could generate \$26.8 billion per year by 2010 if growth trends continue.

National Renewable Energy Laboratory



State of Smog

With nine counties and six metro areas listed among the worst polluted areas of the nation, California continues to earn its title as the smoggiest state, according to American Lung Association rankings. While the air has gotten cleaner, haze continues to cover large areas of the state in concentrations that violate federal standards. Nationwide, nearly half of Americans are living in counties with unhealthy smog levels. Noting 28 of California's 58 counties earned failing marks for air quality, the ALA said 33 million of the state's 35 million people are breathing dirty air, 4 million more people from last year's report.



Corbis

Plant Power

An adequate installation of interior plants in a modern, sealed office structure could save U.S. companies \$129 billion via contributions to improved indoor air alone. According to Plants at Work, researchers William J. Fish and Arthur H. Rosenfeld of the Lawrence and Berkeley National Laboratory found U.S. companies could save as much as \$58 billion annually by preventing sick-building illnesses and an additional \$200 billion in worker performance improvements by creating offices with better indoor air. Research indicated interior plants reduce the responsible airborne molds in a sealed office environment by as much as 50 percent. The net cooling effect of one young, healthy tree is equivalent to ten room-size air conditioners operating 20 hours a day, according to the International Society of Arboriculture.

Quotables

“People don't resist change, what they resist is forced change.”

Michael Hourigan, president, Hourigan & Associates

“Are your customers going to see a face of diversity in your organization?”

Cornelia Gamlem, president, GEMS Group Ltd., a human resources consulting firm

“A lack of real estate expertise can lead banks down the wrong road.”

Steven Ring, CPM®, Charles Dunn Real Estate Services, Inc., San Francisco

“Real estate cannot be managed by committee. What you're doing is eliminating the ability to bring best practices to the table.”

Bob Rosenberg, CCIM, CEO, Inves\$tnet, Inc.

“The idea that you're hit with a legal suit before solving an [ADA violation] is just unacceptable.”

Heather Miller, Tax & Trade Counsel for Congressman Robert Matsui, D-CA

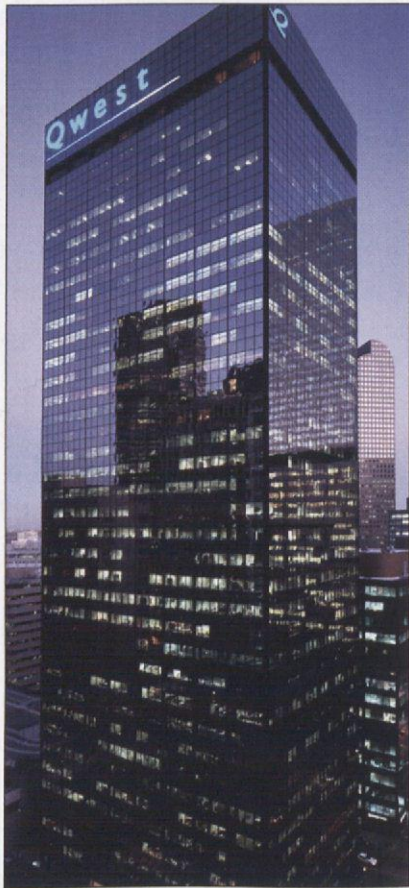
“The true measure of a great company is its ability to seek progress, embrace change and lead the industry.”

Richard Kincaid, CEO, Equity Office Properties

“The U.S. is falling behind the Europeans in strategic technologies. We think we're all that but we're not; we've become complacent.”

Jim Young, Co-Producer, REALCOMM

A Qwest for Energy Efficiency



Denver's Qwest Tower earned ENERGY STAR® status for its comprehensive energy program.

Situated in the heart of the "Wall Street of the Rockies," Denver's Qwest Tower not only distinguishes itself in construction and detail, but also in its commitment to energy efficiency.

Located at 555 17th Street, the distinctive office tower measures 507 feet in height and its 40 floors provide 802,431 square feet of prime Class A space. Constructed in 1978, the property, which includes an atrium and loading dock facility serving the entire city block, is managed by Cushman & Wakefield, Inc., AMO®. Its largest tenant, fiber optic telecommunications company Qwest, operates a 24/7 national network monitoring facility and data center from within the office tower.

Qwest Tower, which has earned ENERGY STAR® status, implemented a comprehensive energy strategy generating a cumulative savings of \$1.8 million in five years. The energy management and reduction program was instituted by the property's operating team, led by chief engineer Mike Turzanski and Bill Fleming-Owen, CPM® Candidate and Lisa Peters, CPM, property managers for the building at the time the program was being developed.

Improvements in the operating efficiency have paid for all of the energy-related retrofits introduced into the operation including:

- A state-of-the-art Barber-Coleman/SIEBE Energy Management System with full direct digital control (DDC) of all central plant components
- Installation of a 600-ton flat plate heat exchanger allowing the property to utilize tower free cooling up to 70 degree outdoor temperatures
- Strategic operation of the central plant systems to maximize energy savings without jeopardizing tenant comfort conditions using real time energy consumption and demand data from Public Service Company Power Manager software
- Repair and calibration of all system components returning them to their original design operating criteria, including 20-year-old Trane chillers
- Installation of T-8/electronic ballast lighting technology during tenant finish construction
- Interlocked heating and cooling controls preventing simultaneous operations and cut off heat when interior space conditions are satisfied
- Improved curtain wall conditions and maintenance procedures to maximize the integrity of the building envelope

"A focus on energy efficiency creates several challenges including the need to review virtually every procedure, process and system in the building and to develop a certain level of technical understanding to seize upon and execute energy efficiency improvements," Owen said.

He said a significant part of the improvement at Qwest Tower was the result of intense scrutiny of

operating procedures by the engineering team which made sure each piece of equipment was running properly and being operated in an efficient manner.

"As a manager, you can't get that kind of improvement out of people and procedures alone unless you are a committed and knowledgeable part of the engineering process, and managers who simply avoid that side of the business will not see those kinds of savings coming from good management alone," Owen said. "You also need to know just how far you can go with energy savings before you stray into areas affecting tenant comfort or tenants' perception of the building. It's very easy to save money on utilities, but significantly more difficult to do in a way that is transparent to tenants and does not make it appear you are cutting corners in building operations."

While there are simple arithmetic formulas for determining the economic value of an energy sav-

"There is no 'one size fits all' approach to energy efficiency. To make any energy program work, you must complement it with properly trained personnel to carry it out." Bill Fleming-Owen, CPM®

ings program, Owen said it's equally important to view energy savings in terms other than simple payback. "The cost of energy in Denver at the time of the improvements was extremely low, so quantifying energy savings only yields so much promise," Owen said. "The reality is changes occur rather swiftly in energy pricing, even in regulated markets, and what may yield only so much in savings today, may yield a great deal more tomorrow. Additionally, other savings such as reduced run times on aging equipment, reduced maintenance and labor requirements and higher reliability levels certain upgrades provide, are not shown clearly by a simple financial analysis of an energy savings project."

Additionally, an improvement or change in procedures yielding ongoing energy savings pays for itself in time, and continues to save dollars that can then be re-allocated to other valuable and important projects that don't have a payback.

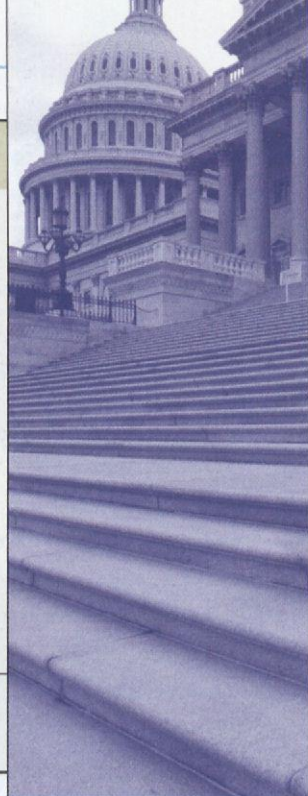
"There is no 'one size fits all' approach to energy efficiency," Owen said. "To make any energy program work, you must complement it with properly trained personnel to carry it out. Energy savings technology enhances what people can do, but it is no replacement for bright, capable and proactive people on a building team."



Energy-efficient features of Qwest Tower include electronic ballast lighting and a state-of-the-art energy management system.

Fast Facts

- New York City is nicknamed **The Big Apple** after an early South Carolina swing dance with the same name.
- **A ladies' wristwatch** would run for more than 100 years on the amount of energy required to operate one 25-watt electric light for one hour.
- **ZIP code 12345** is assigned to General Electric in Schenectady, NY.
- **Automobiles** take up almost a quarter of the land area of Los Angeles.
- In terms of resources used and pollution generated in a lifetime, **one U.S. citizen is the equivalent of about 80 Indian citizens.**
- **The \$23 billion merger** between SBC and the UBS created the largest asset manager in the world.
- **Delaware** is the corporate headquarters capital of the United States.
- **The Capitol in Washington, DC** has 365 steps, representing each day of the year.



Search Me

www.bcap-energy.org

Building Codes Assistance Project (BCAP) works to save energy in homes and buildings by promoting the adoption and implementation of commercial and residential building energy codes. Available resources include a newsletter, code alerts, code legislation, code links, state information, resources and training information.

www.expensemanagement.com

This site provides real estate professionals with free access to a broad collection of case studies, articles, benchmarking information, monthly newsletters and links to useful sites relating to expense management solutions.

www.realtyrates.com

This site provides commercial real estate practitioners with a free and subscription information service offering investment, financial and market data. Quarterly marketing surveys include cap rates and gross rent and effective gross income multipliers for seven core property types. Additional subscriber resources include Excel templates, special reports, software and specialized investment and financial calculators.

www.cityfeet.com

This online network for the commercial real estate industry includes a number of resources for owners and managers including downloadable forms and leases such as an agreement to lease, extension of lease, a basic lease form and a rent increase notice.

Peer Exchange

If you could create any new law, what would it be?



W. Larry Chapman, Jr., CPM®
Houston

"If I could create any new law it would be in the area of Tort Reform. Our economy is being negatively impacted by the ever increasing judicial and business costs of dealing with frivolous lawsuits. It should be illegal to file such litigation, and those who do should pay a heavy fine for wasting the court's time on such issues."



Christopher Mellen, CPM®
Vice President
The Simon Companies
Braintree, MA

"I would pass a law expediting judgment and eviction of tenants who don't pay rent. It typically takes three to four months to evict with the way the current Landlord Tenant Law is written in New England and the way judges interpret the law."



Joy Galik Jagiello, CPM®,
ARM®
Bremner & Wiley, Inc.
Morristown, NJ

"I'd require that political campaign fundraisers, friends and relatives appointed to government positions have the required education and experience for the position and be accountable for their job performance. There are currently many 'no show' or 'non-performing' appointees being paid with our tax dollars. There needs to be a curtailment of this abuse at both the national and state levels."

Denver Deals

The Mile High city is poised for gradual growth

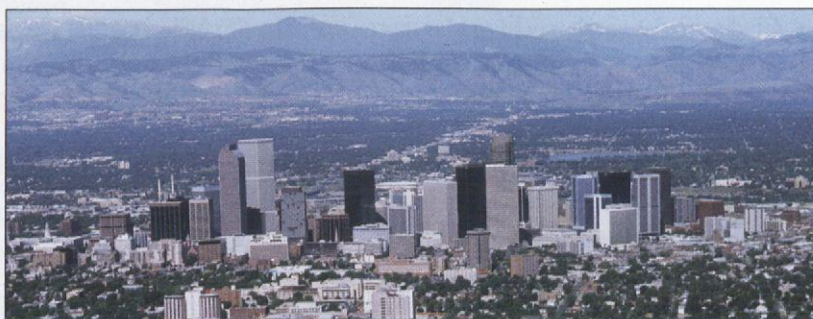
by Amanda Druckman

As with many other large U.S. cities, Denver has been experiencing its share of real estate difficulties. However, the Mile High city seems poised to recover gradually before eventually reaching a true Rocky Mountain high.

A recent Marcus & Millichap report indicated the worst was over for the Denver office market and predicted steady investment activity and stable median prices. Vacancy rates have doubled due in large part to negative absorption and a fall-out related to the city's many high-tech companies. However, the report predicts job growth will return, construction will slow, vacancies will stabilize, rents will remain relatively flat and positive demand will materialize.

"Residential and commercial vacancies are up, and rental rates have been adjusted downwards as much as 20 percent," said Julia Banks, CPM®, of Banks & Company. "The market in the coming months will likely be status quo, and I haven't seen any indicators pointing to a significant change over that time period."

A recent *Commercial Real Estate Quarterly* report also forecasted growth for the Denver office market. That same report indicated improvements in the warehouse and multifamily sectors are also likely for the coming year. The report indicated the Denver warehouse sector has one of the highest occupancy rates, 8.6 percent, of 54 of the largest metropolitan areas in the United States. However, the Denver multifamily market, according to the



Getty Images

Denver: Facts and Statistics

Demographic Characteristics

Total Population	554,636	Rental Vacancy Rate	4.5%
Total Housing Units	251,435	Homeowner Vac. Rate	1.7%
Occupied Housing Units	239,235 (95.1%)	Owner-occupied Housing Units	125,539
Vacant Housing Units	12,200 (4.9%)	Renter-occupied Housing Units	113,696

Source: 2000 U.S. Census

Economic Profile

	1Q03	Qtr./Qtr. % Change	Annual % Change
Gross Metro Prod. (\$Bil)	92.67	.31	-.29
Total Employment (Ths.)	1,144.42	-.19	-2.82
Unemployment Rate (%)	5.41	2.45	35.39
Residential Permits (# units)	21,436	25.43	-27.20
Single Fam. Res. Permits (# units)	14,133	23.70	-8.56
Multifamily Res. Permits (# units)	7,303	28.78	-65.74
Home Price Index (1Q80=100)	184.39	.17	5.13
Personal Bankruptcies	10,160	6.09	12.20

Source: RERC Spring 2003 Real Estate Report, Vol. 32, No. 1

report, also ranks amongst the highest in the country with respect to construction starts, 3.2 percent of total U.S. starts.

Marcus & Millichap reports Denver vacancies are highest in the Northwest Corridor, reaching levels of 35.7 percent in certain parts. Other submarkets, such as the Southeast Business Corridor and Midtown have been the victim of high vacancies but have fared better. Despite downsizing at Qwest, the downtown vacancy rates have been stable.

Banks said many managers are offering concessions such as free rent to entice potential tenants.

"The market one year ago was the

same, but it has mushroomed a little," Banks said. "The city has already passed equilibrium with overbuilding apartments, and it is quickly reaching that point with the commercial market as well."

Industry reports predict it may take a few years for the market to absorb the abundance of vacant space from the high-tech fall-out, the process could begin this year as rates are already down from 2002 levels. While rents have been adjusted to accommodate high vacancies and a poor economy, rates are expected to grow as the sublet space pushing rates downward burns off during the coming months. □



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New Found Zeal

Demographics, investment driving New Zealand growth

by John Crocker, CPM®

Nestled in the South Pacific and a three-hour flight from Sydney, New Zealand is an investment haven long sought after by knowledgeable offshore investors.

The country comprises two main islands, known as North Island and South Island. The capital city of Wellington is at the southern tip of the North Island and Auckland, with a 1.25 million population, lies some 500 miles to the north. The stunning Waitemata Harbour and the surrounding waterfront is the center of a 24-hour society in Auckland.

Currently, the nation is experiencing vigorous economic growth buoyed by strong international demand for its primary products and a rapid growth in tourism. The *Lonely Planet* guide recently ranked New Zealand the top tourist destination for 2003.

Since 1976, the property management business has evolved along with changes in Auckland itself. In particular, the trend of residing in the CBD has accelerated dramatically in the last five years and is changing the face of the city.

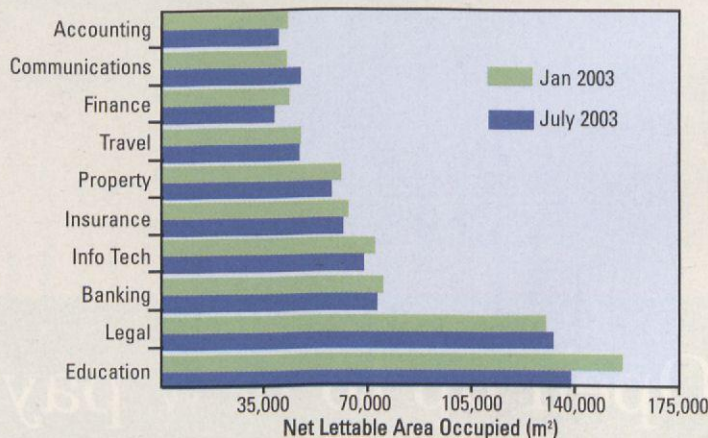
Inner-city workers seeking the convenience of residing close to work and attempting to avoid Auckland's worsening traffic congestion are placing a strong upward pressure on rents.

Education has become a major growth sector with an emphasis on English language schools. Education-related businesses are now the largest users of office space, comprising 14 percent of the total CBD net rentable office area, according to



Auckland is experiencing vigorous growth as workers seek the benefits of living in the CBD market.

Auckland CBD Office Market Top 10 Major Tenants by Occupied Floor Area



Source: Bayleys Research, Telfer Young

Bayleys Research. Future growth will be driven by immigration and steady internal migration especially from young people seeking better career opportunities and the excitement Auckland city life offers. □

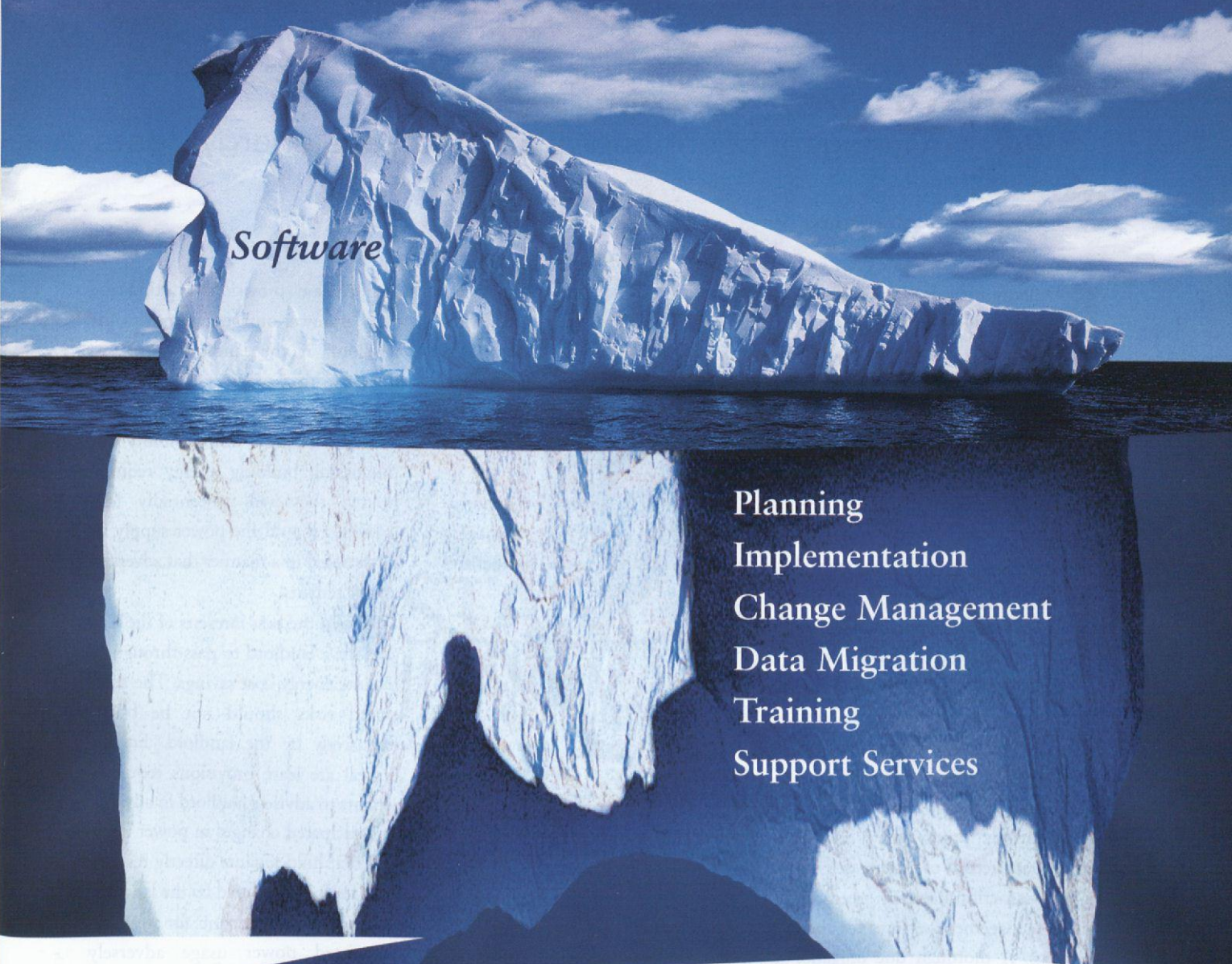
John Crocker, CPM®, is managing director of Bayleys Property Services based in Auckland and oversees the management of 50 commercial buildings, 200 condominium properties and several hundred apartments and houses. For a view of New Zealand real estate management, visit www.bayleys.co.nz.

Weekly Residential Apartment Rentals

Unfurnished	Low	High
Studio	n/a	n/a
1 Bdrm	\$240	\$350
2 Bdrm	\$320	\$625
3 Bdrm	\$380	\$1400
Furnished		
Studio	\$270	\$500
1 Bdrm	\$250	\$600
2 Bdrm	\$325	\$700
3 Bdrm	\$500	\$2200

Source: Bayleys Property Management Services
NB: Rental levels vary according to apartment type, services and amenities, lease terms, conditions and length of stay.

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Implementation
Change Management
Data Migration
Training
Support Services

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Power Buyer

Managers become proactive to save energy costs

by Pamela V. Rothenberg

Energy management is still in its early stages, but it is quickly evolving into an increasingly important issue for commercial office owners and managers. More markets are becoming deregulated, entirely changing the way landlords must evaluate their energy providers and purchases.

Prudent owners and managers will soon have no choice but to identify strategies to achieve energy costs savings and operational efficiencies while concurrently attempting to minimize the related risks of power failures. They must be wary of doing business with energy suppliers and consultants or investing in energy-related technology solutions unless they have a proven track record of reliably delivering mission-critical energy needs or related management services for their buildings. A thorough due diligence review of each potential vendor, service provider and software application is essential.

Owners and managers should not even consider entering into an agreement with any supplier or service provider unless it contains favorable due diligence rights and "exit strategies" if the due diligence results are unsatisfactory. They should also attempt to include provisions in all agreements holding the vendors fully responsible for any failure in building power supply and requiring them to

indemnify the owners and managers against all losses resulting from interrupted building power or other related risks caused by failed power supplies, dysfunctional energy management software applications or the incompetence of the provider.

There will be innovative opportunities to save money by managing energy costs in a more competitive

A landlord should pass-through to tenants energy cost savings.

environment. Whether a landlord builds the energy costs into rental rates through full-service leases or uses technology to allocate exact energy costs to specific tenants through triple net leases, the leases should include provisions identifying the landlord's plans for energy procurement.

As owners become increasingly proactive in the management of energy supplies to their portfolios, standard lease provisions absolving landlords from liability for events affecting building power supplies will likely be more difficult to defend. It is relatively easy to require tenants to

accept lease provisions shifting the risks of power outages away from the landlord, if the landlord has contracted with a provider for all power needs of a building. However, once landlords assume responsibility for purchasing building energy requirements, they will potentially face liabilities should the power supply be interrupted in a manner that adversely affects tenants.

It is in the best interests of the tenants for a landlord to pass-through to tenants energy cost savings. The associated risks should not be borne exclusively by the landlord. Equally critical are lease provisions requiring tenants to advise a landlord in advance of anticipated changes in power usage and that hold tenants directly responsible for losses suffered by the landlord or other building tenants for any non-permitted power usage adversely affecting the building's energy supply.

Changes in the energy industry are coming. The sooner owners and managers become educated about the panoply of issues and challenges associated with this trend, the better positioned they will be to also understand and manage the related legal risks. □

Pamela V. Rothenberg (prothenberg@wcsr.com) is a member of the Real Estate Transactions and Real Estate Technology Groups at Womble Carlyle Sandridge & Rice, PLLC.

The Key to Making a
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Chief Among Us

CIOs play key role in real estate operations

by Scott Morey

The role of chief information officer (CIO) is relatively new to the real estate market, but in many ways the increased number of CIOs in real estate reflects an industry transforming itself from being deal-oriented to operations-oriented.

It is difficult to say exactly when real estate companies began to recognize the value of technology as an enabler and supporter of higher-quality, more efficient operating models. When I first became involved with real estate companies and technology in the late 1980s, real estate technology was an oxymoron. If a real estate company had a lease and property accounting system in place, it was considered ahead of the pack. However, around this time many real estate companies started building information technology groups and hired CIOs to run them.

Still, there is much mystique surrounding what CIOs do and the value they provide to their organizations. Over the last decade, technology has become a vital part of a real estate company's operational and accounting functions. Engineers, call center workers and property management staff use electronic work order systems to manage critical tenant requests and property preventive maintenance. eProcurement, eSourcing and accounts payable applications provide the foundation to reduce invoice processing and obtain best pricing. Payroll and

human resource applications streamline the deposit process and provide employee portals for company and personal information. Extranets provide outside property managers, engineers, security, joint venture and other parties access to critical day-to-day systems.

In order for real estate CIOs to be effective, they must not only possess strong technology skills but also strong industry skills. CIOs provide a bridge between a business's opera-

local area networks. A CIO's knowledge must include application architecture, database design, project and development methodology, application support, call center structure, desktop management, PBX systems, internet technologies, business recovery and application integration technologies. Most importantly, CIOs must possess strong interpersonal and executive communication skills to work effectively with their management team. The CIO should play an

The increased number of CIOs in real estate reflects an industry transforming itself from being deal-oriented to operations-oriented.

tional needs and the technology to meet those needs. It is not uncommon for individuals in operations to try to solve an issue within the organization by implementing the latest technology or application.

CIOs must be able to recognize when systems can adequately remedy a situation. Real estate CIOs must understand the underpinnings of operations, accounting, engineering and other critical real estate processes to be effective. Of course, an effective CIO must also understand wide area networks, storage area networks and

equal and active role in the operating committee of the company.

The real estate industry is learning how the role of the CIO can provide an effective platform for change. If used appropriately, that platform will provide immediate returns to a company's employees, customer base and vendors and help the industry evolve into strong, premier operating companies, while raising the bar on performance. □

Scott Morey (scott_morey@equityoffice.com) is the chief information officer for Equity Office Properties Trust.

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Explore Your Options

It's time to examine risk-financing alternatives

by Mark P. Charron

Many property managers are facing new insurance rates representing the third renewal go-around during today's challenging market. Rate increases are expected to continue to moderate, yet they represent significant increases in a vital part of the insurance process. However, exploring alternative methods of risk-financing may, for the first time, generate enough benefits to warrant a closer examination.

Insurance costs and the number of minimum retentions have increased to the point where choices are not as obvious. Before selecting an alternative risk-financing program, carefully consider past losses, commitment to loss control, cash flow, ability to post collateral and the level of involvement in claim handling.

Alternative Options

Guaranteed cost—Premiums are set for the term of the coverage. Use this approach if you are a small company, have poor loss control and are looking to remove budgetary volatility. However, this type of financing usually carries a high-risk charge.

Retrospectively rated—Costs will be based on your actual losses, plus a fixed plan cost. These programs require you to post collateral, usually in the form of a line of credit, but retros will give you positive cash flow benefits over a guaranteed program. Retro programs can be

very effective if your loss costs have improved or stabilized.

Retention programs—Programs feature a per loss retention and while collateral will be required, the fixed costs should be less than retros. Retention programs are often used with

amount and the premium balance. If no losses occur during the coverage period, the insured will get a large amount of the premium back.

Captives—A formalized insurance mechanism that you may own by yourself or participate in as a member.

Carefully consider past losses, commitment to loss control, cash flow, ability to post collateral and the level of involvement in claim handling.

employers operating in multiple states.

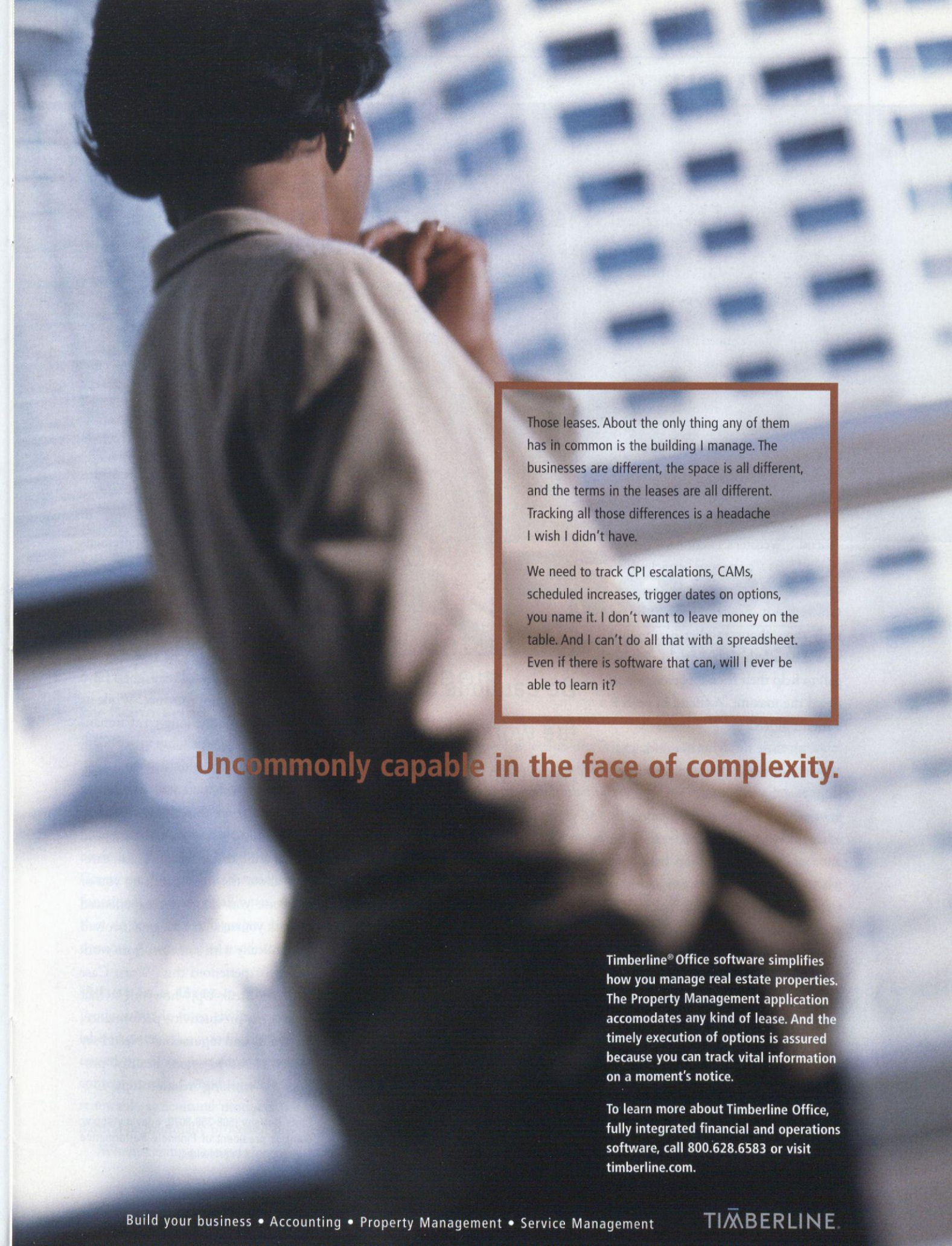
Self-insurance—A formalized program often used by large employers operating in one state. Self-insurance is often a misleading name, as usually some form of re-insurance supports the program. Coverage such as workers compensation or auto liability requires state approval or use of an admitted insurance carrier. Advantages are complete control of the program, significant cash flow benefits, lower operating expenses and the ability to access re-insurance on a direct basis.

Finite risk—A banking arrangement where a set premium is paid for a limit of protection. Most finite deals will last 3 to 5 years, during which the carrier holds the premium, with interest. If a loss occurs before all premiums are paid, the carrier will pay the full

Generally, captives provide the maximum amount of flexibility in terms of coverage, retentions and funding. Captives can be used for almost any line of insurance, but you may need an insurance company to issue certain policies in order to have your insurance recognized by states, lenders or to meet other contractual requirements.

There is no one right answer for everyone. Consider past losses, commitment to loss control, cash flow, ability to post collateral and level of involvement in claim handling; all can have an impact on the right program for you. It is worth the effort to explore all options. □

Mark P. Charron (mcharron@deloitte.com) is a partner at Deloitte & Touche, Inc.



Those leases. About the only thing any of them has in common is the building I manage. The businesses are different, the space is all different, and the terms in the leases are all different. Tracking all those differences is a headache I wish I didn't have.

We need to track CPI escalations, CAMs, scheduled increases, trigger dates on options, you name it. I don't want to leave money on the table. And I can't do all that with a spreadsheet. Even if there is software that can, will I ever be able to learn it?

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Working Relationships, Relationships That Work

Healthy workplace friendships focus
on professional goals

by Chris DeVany

We all need help from others in order to achieve our professional goals and objectives. In order to receive help from others, we need to develop healthy and productive working relationships, and sometimes these working relationships might evolve into friendships.

Let's be clear about the meaning of "friend." Webster's Dictionary defines "friend" as "a person attached to another by respect or affection." Growing up, I was taught a friend truly cares about another person and would do anything (so long as not illegal) to help their friend. Haven't we all heard the maxim: "A friend in need is a friend indeed"?

With these thoughts in mind, what are ways in which a workplace friendship can be an asset? For starters, anytime you help someone, especially when they are in need, you gain another person likely to help you when in need. The more friendships you cultivate, the easier it will be for you to achieve your goals and objectives. Secondly, when internal corporate political matters arise, as they always do, you have more advocates and protectors on your side.

Consider the following advice: Limit the friendships you develop at work to professional or workplace friendships, focusing on helping each other achieve professional goals and objectives. This is not to say you



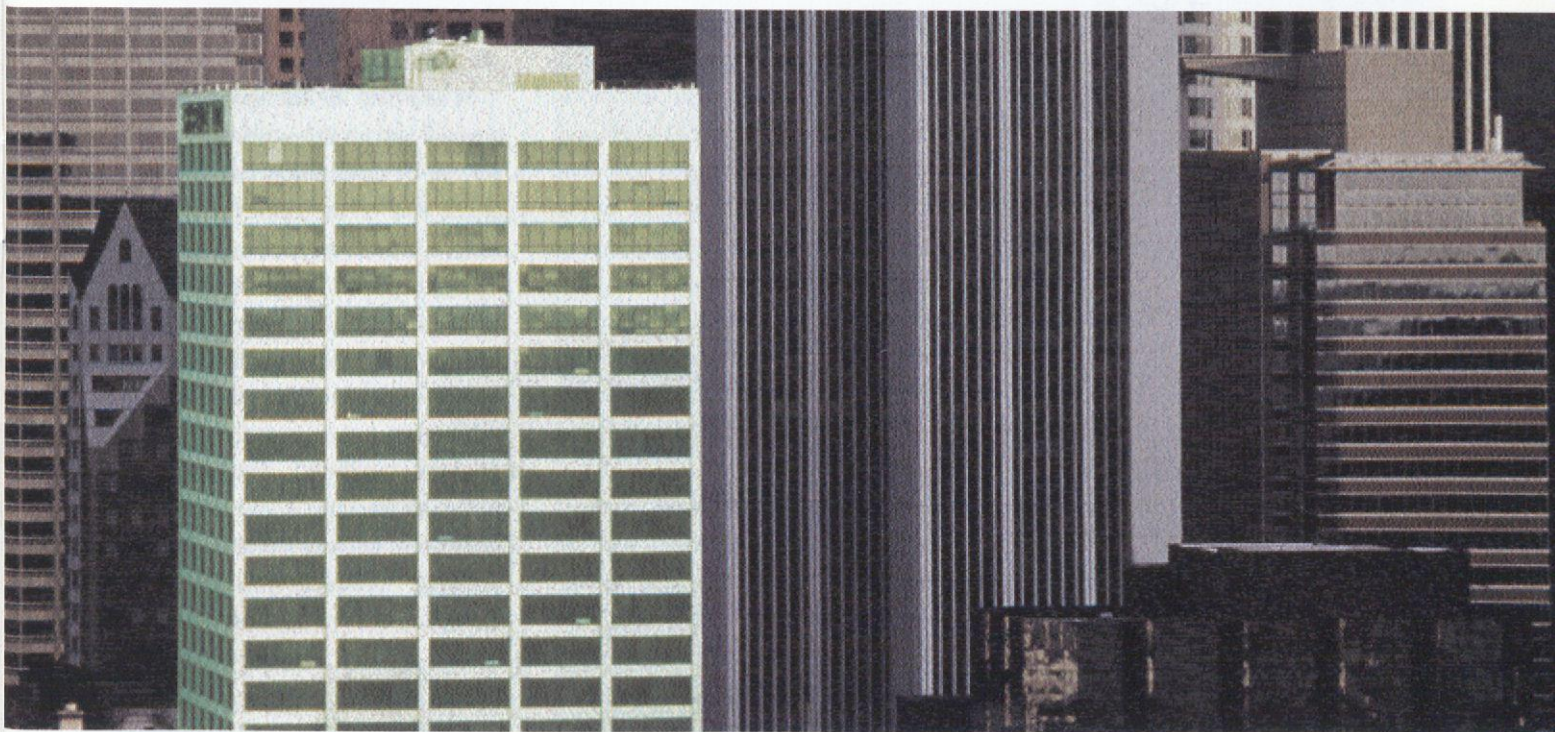
Be cautious about
the workplace
friendships you
develop to be sure
they are focused on
professional goals
and objectives.

shouldn't develop social friendships with others with whom you work; this is to say that socializing with co-workers is best limited to doing so solely with others at your level in the organization. Also, socializing generally places you on equal footing, which, candidly, is not part of the professional

relationships you have with those to whom you report and with those who report to you. The possibilities of potentially sharing confidential information, behaving indiscreetly and/or differently than you would in the workplace are like having three explosives in hand just waiting to be ignited. Be careful.

As long as you follow aforementioned advice, you are in a very good place, vis-à-vis friendships and working relationships. However, be cautious about the workplace friendships you develop to be sure they are focused on professional goals and objectives, and not romance. While its true many healthy, long-term romantic relationships have developed between people who met at work, understand the potential for danger and damage are directly correlated to the volatility many have experienced in romantic relationships. Think carefully about the worst break-up you or someone you know has experienced and ask yourself, "If I became involved romantically with someone from work and we experienced this "Worst Case Scenario Break-Up," how might that impact my productivity, performance, credibility and reputation?" Need I say more? Here's to good, healthy, productive, "working" relationships! □

Chris DeVany (508-358-8070, cdevany@ppiiv.com), is president of Pinnacle Performance Improvement Worldwide.



Getty Images/Dan Lohmann

Green Piece

Get on board with sustainable products to make your facility "green"

by Rona Fried, Ph.D.

Every industry advances through new technology and more highly developed products. Essentially, "green" products are just that: A more advanced generation of products and technologies based on where society stands today. Green products are essential to a sustainable society, because obviously Earth does not have infinite space or resources. Green products fulfill a need for durable, cost-effective, functional products of all types, especially in real estate, but they do so with much greater elegance and efficiency than previous generations of products.

What is a Green Product?

Products made from environmentally benign materials are labeled green. Also, products made from or with salvaged or reused products, post-consumer or post-industrial recycled content, certified wood, agricultural waste (i.e. strawboard), renewable agricultural products (i.e. switchgrass, kenaf) or natural or minimally processed products are deemed green.

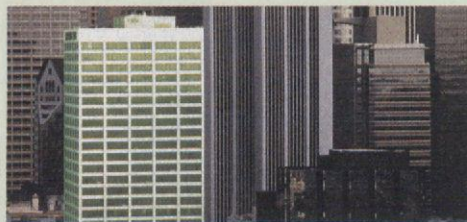
When seeking green products, look for items that do not

involve ozone-depleting substances, PVC, conventional preservative-treated wood or other toxins. Products that reduce environmental impacts during construction, renovation, demolition or building operation are also desirable for green-minded owners and managers. Other examples of desirable features of green products include: reducing heating and cooling loads, conserving energy and water, using renewable energy and fuel cell equipment, maintaining exceptional durability or low-maintenance requirements, preventing pollution and reducing waste or pesticide use.

Everyday Applications

Take the example of "cool" roofs. Simply using a white rather than a dark roof reflects the sun's heat, reducing heat gain and air conditioning requirements. Integrate a solar electric system into the roof and you don't need a roof at all.

Carpeting is an interior example of green product advances. According to Carpet and Rug Institute (CRI) president Werner Braun, 85 percent of post-industrial waste



Green Resources

Green Spec Directory

www.buildinggreen.com

Green Building Resource Guide

www.greenguide.com

Sustainable Building Sourcebook

www.greenbuilder.com/sourcebook/

BEES

www.bfrl.nist.gov/oa/software/bees.html

LEED

www.usgbc.org/LEED/LEED_main.asp

Green Seal

www.greenseal.org

Scientific Certification Systems

www.scs1.com

Sustainablebusiness.com

Resource Directory/ Building
& Construction

www.sustainablebusiness.com/resource_directory/index.cfm?p=detailsubsection&id=2

DOE's Office of Energy Efficiency & Renewable Energy:

High Performance Buildings Database
www.eere.energy.gov/buildings/highperformance/case_studies

Environmental Building Design and Construction Portal

www.yourhomeplanet.com

is reused in the manufacturing process. Despite a 40 percent production increase, greenhouse gas emissions have been capped at 1990 levels and 46 percent less water is used now than in 1990. Many of the leading carpet manufacturers including Milliken, Collins & Aikman and Shaw offer owners the opportunity to replace worn out carpet tiles rather than an entire carpet. Shaw's Green with Envy product line features recycled yarn and backing.

Today, managers make product decisions based on factors such as durability, quality, price and a supplier's reputation. Product attributes deemed green add-ons today will be part and parcel of what is considered a quality product tomorrow. Higher quality products will be more energy efficient, and use fewer virgin materials and resources to produce. Products will easily be reused or recycled at the end of its useful life.

These common sense advances will permeate the industry during the next 20 years. Until then, however, ask the right questions and work with the right suppliers to create and maintain an efficient, non-toxic building environment inside and out.

Thinking Green

A life-cycle (LCA) score tells you how green a product is as it involves analyzing a product's life from cradle (where it originates from) to grave (how it is disposed of) and everything in between (how it is processed into a product and used). William McDonough, a leading green architect and product designer, coined the term cradle-to-cradle, meaning products should never be disposed of, rather they should be nutrients for a new product and thus continue an endless

cycle, much the way nature continually recycles resources.

A leaf falls to the ground, turns into soil and produces new life. A carpet can be made from materials that, at the end of its useful life, can be taken apart and recycled into new carpet, rather than dumping it into a landfill and needing to start over again with all new materials.

Although life-cycle analysis is difficult and complex, you don't have to do the analysis yourself. The *GreenSpec* catalog is one of several directories of well-researched green building products. *Building for Environmental & Economic Sustainability* (BEES), developed by the National Institute of Standards and Technology (NIST), is a free software program that performs LCA on building products.

Once you start thinking in cradle-to-grave terms, you will be able to use your own judgment based on product and supplier information.

Ask For Certification

Purchasing certified products is an easy way to ensure products are as green as the supplier claims. Respected certification systems for green building and maintenance products are Green Seal and Scientific Certification Systems for products and Leadership in Energy & Environmental Design (LEED™) for whole buildings.

Choose Wisely

Companies that manufacture green products tend to be innovative and ahead of the curve, an indication they are well managed. Suppliers that get products certified are substantiating their claims. Other than getting to know and trust the companies you work with, a good way to learn about

new potential suppliers of green products is to do some research. Does the company incorporate sustainability into its mission statement? Does it include in-depth information and/or a corporate environmental report on its Web site that discusses how it puts that commitment into practice?

The advent of green building products is a response to the demands of our times. As resources become increasingly precious and technology simultaneously progresses making renewable energy and other green building strategies more cost-effective and easily integrated, these products will become ubiquitous. □

Rona Fried, Ph.D., (rona@sustainablebusiness.com) is president and CEO of SustainableBusiness.com, the on-line community for people interested in green business practices.

Top 10 2002 GreenSpec Products

- L.I.F.T. Foundation System (Pin Foundations, Inc.)
- FSC-Certified Tuff-Strand OSB strand board (Roy O. Martin Lumber Company)
- WoodStalk Fiberboard and Underlayment (Dow BioProducts, Inc.)
- Fiberglass Insulation (Johns Manville Company)
- Kalwall R-20 with Nanogel™ glazing system (Kalwall Corporation)
- Pittsburgh Paints Pure Performance (PPG Architectural Finishes, Inc.)
- Decato Office Partition Systems (Preform Manufacturing, Inc.)
- XLerator Electric Hand Dryer (Excel Dryer, Inc.)
- McDry Non-Water-Using Urinal (Duravit USA, Inc.)
- WatterSaver Heat Pump Water Heater (ECR International, Inc.)

Source: <http://www.buildinggreen.com/press/gs-top-ten.cfm>

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*Manufacturers and service companies protecting the quality
of the environment through energy efficiency*

1. **3M**

Product: Twist 'n Fill cleaners
Industrial and institutional cleaners
www.3m.com

2. **ABB Water Meters**

Product: C-700 Positive
Displacement Meters
Water meters
www.watermeters.com

3. **Advance Transformer Co.**

Product: E-Star Electronic Ballasts
Electronic ballasts
www.advancetransformer.com

4. **Ameresco**

Product: Energy Price Risk Mgmt.
Energy auditing/consulting
www.ameresco.com

5. **Andersen Corporation**

Product: PS Casement/Awning
Windows and doors
www.andersenwindows.com

6. **Automated Energy, Inc.**

Product: Load Profiler
Energy management/consulting
www.automatedenergy.com

7. **Beaulieu**

Product: Caladium
Carpets
www.beaulieu-usa.com

8. **Benjamin Moore Paints**

Product: Pristine® EcoSpec®
Interior Latex
Paints and Coatings
www.benjaminmoore.com

9. **Brintons U.S. Axminster**

Product: Custom Woven
Carpets
www.brintonsusax.com

10. **Colin Campbell**

Product: Nature's Carpet
Carpets
www.colcam.com

11. **Collins and Aikman**

Product: Powerbond E3
Carpets
www.powerbond.com

12. **Commercial Water & Energy Co.**

Product: Water Submetering
Submetering
www.commercialwater.com

13. **Connectiv**

Product: Connectiv Power Delivery
Electric provider
www.connectiv.com

14. **Constellation Energy Group**

Product: Constellation Energy
Source
Energy consulting
www.cesource.com

15. **CRS Light**

Product: No-Light Shunt Tube
Lighting replacement tube
www.crslight.com

16. **Custom Energy**

Product: Comprehensive Offering
Energy consulting
www.customenergy.com

17. **Duke Energy**

Product: Duke Power
Energy provider
www.duke-energy.com

18. **Duro-Last Roofing**

Product: Cool Zone Roofing
System
Roofing
www.duro-last.com



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commitment, you agree to: measure, track and benchmark your energy performance; develop and implement a plan to improve your energy performance, adopting the ENERGY STAR strategy; and educate your staff and the public about your partnership and achievements with ENERGY STAR. For more information, visit www.energystar.gov.



GREEN SEAL CERTIFICATION

Green Seal is an independent, non-profit organization that strives to achieve a healthier and cleaner environment by identifying and promoting products and services that cause less toxic pollution and waste, conserve resources and habitats and minimize global warming and ozone depletion. Green Seal Certification is awarded to

19. E-MON

Product: CE-MON AMR/D-MON
Submetering, energy monitoring
www.emon.com

20. ✓ Encore Paper Company, Inc.

Product: Ovation
Paper towels
800-ENCORE-5

21. Energy Solutions Center

Product: Technology Tour
Energy, technology consulting
www.energysolutionscenter.org

22. ★ EnviroX

Product: H2 Orange2
Industrial and institutional cleaners
www.h2orange2.com

23. ERSystems

Product: SpidHER Sealant Extruder
Metal cooling system
www.ersystems.com

24. Ettore Products Co.

Product: Aquaclean Pure Water Tech.
Cleaning purification system
www.ettore.com

25. ✓ Fort James Corp.

Product: Envision/Renaissance
Paper towels
203-854-2793

26. General Electric Lighting

Product: R20/R30/R40 Compact
Light bulbs
www.gelighting.com

27. Georgia Power Company

Product: Premium Surge
Energy management/consulting
www.georgiapower.com

28. Geothermal Heat Pump Consortium

Product: GeoExchange
Heating/cooling system
www.ghpc.org

29. ★ Hillyard Industries

Product: #140/808 Super Shine
Industrial and institutional cleaners
www.hillyard.com

30. ✓ Holophane

Product: Primalume
Open luminaires (>0.10 upward efficiency)
740-517-1401

31. ✓ Interface

Product: Sabl, Prairie School
Carpets
www.interfaceinc.com/us

32. Invensys

Product: Production Management
Energy consulting
www.invensys.com

33. ISTECH Corporation

Product: BTU Meters
Submetering
www.istech-corp.com

34. Itron

Product: Energy management
consulting
Consulting
www.itron.com

35. ✓ J&J Industries

Product: Encore SD Ultima
Carpets
www.jjindustries.com

36. Kawneer

Product: 6200T Thermal Window
Windows
www.kawneer.com

37. ✓ Kimberly-Clark

Product: Scott/Surpass/Kleenex
Scottfold
Paper towels
www.kimberly-clark.com

38. ✓ Lees

Product: Unibond, Leeso, Lees
Squared
Carpets
www.leescarpets.com

39. ✓ Lithonia

Product: TPG 400 M PG16
Open luminaires (>0.10 upward efficiency)
770-922-9000

40. Maine Glass

Product: Therm-O-Lite
Windows
www.maine-glass.com

products that have less impact on the environment and work well. To earn the Green Seal, a product must meet the Green Seal environmental standard for the category as demonstrated by rigorous evaluation and testing and a plant visit. The Green Seal may be used on packaging, in promotion material, in catalogs and in advertising for products that have been certified to meet the applicable standard. For more information, visit www.greenseal.org.

✓ GREEN SEAL PRODUCT RECOMMENDATIONS

Green Seal product recommendations provide guidance for institutional purchasers based on a careful environmental screening of available information on products currently on the market. The rec-

ommendations are based on a life-cycle approach to the environmental impacts of the category.

Green Seal surveys the market to identify all leading brands distributed nationally. It then requests information from each manufacturer, from all additional manufacturers listed by the U.S. General Services Administration and from major regional manufacturers. Based on this data, Green Seal recommends specific brands and models that meet its criteria. A peer panel reviews these recommendations and they are published as Choose Green Reports. This is the only way that a product can be recommended. For more information, visit www.greenseal.org.

41. ✓ **Mannington**
Product: Infinity Backing
Carpets
www.mannington.com
42. ✓ **Marcal Paper Mills, Inc.**
Product: Marcal/Sunrise
Paper towels
201-703-6373
43.  **Marvin Windows & Doors**
Product: Impact Resistant Glass
Windows
www.marvin.com
44.  **Maytag**
Product: Neptune® High-Efficiency
Series
Washers/dryers/water heaters
www.commercial.maytag.com
(see ad on inside back cover)
45. ✓ **Milliken**
Product: Earth Square
Carpets
www.millikencarpet.com
46. **Minol-MTR**
Product: Minol-MTR Utility
Operation
Energy consulting
www.minol-mtr.com
47. ✓ **Mohawk**
Product: ColorStrand, Infinity
Carpets
www.mohawkcarrpet.com
48. ✓ **MyTech Corp.**
Product: LP-2/LAS-2200SF
Wall switches and sensors
512-450-1100
49. **National Water & Power Co.**
Product: Property Pro Support
Service
Energy consulting/management
www.nwpssc.com
(see ad on page 39)
50. ✓ **Novitas, Inc.**
Product: 01-200/01-083
Wall switches and sensors
www.novitas.com
51. **Ontario Power Generation**
Product: Green Power
Energy provider
www.opg.com
52. **Peco Energy**
Product: Exelon Generation
Energy provider
www.exeloncorp.com
53.  **PEPCO Energy Services, Inc.**
Product: PowerChoice
Energy management
www.pepco-services.com
54.  **Philips Lighting Co.**
Product: DuraMax
Light bulbs
www.lighting.philips.com
55. ★ **PPG Architectural
Finishes, Inc.**
Product: Pittsburgh Paints Pure
Performance
Paints and coatings
www.ppg.com
56. **PPL Energy Plus, LLC**
Product: GenSelect
Energy provider
www.pplenrgyplus.com
57. **Public Service Enterprise
Group**
Product: PSEG Power
Energy provider
www.pseg.com
58. ✓ **Putney Paper Co.**
Product: Putney
Paper towels
800-343-4026
59.  **RealWinWin**
Product: Rebate administration
and energy efficiency consulting
www.realwinwin.com
(see ad on page 27)
60. ★ **Rochester Midland Corp.**
Product: Enviro Care Tough
Industrial and institutional cleaners
www.rochestermidland.com
61. ★ **Rodda Paint Company**
Product: Horizon Interior/Exterior
Paints and coatings
www.rodapaints.com
62. **Russelectric Inc.**
Product: Hybrid Rotary UPS
Systems
Power conditioning
www.russelectric.com
63. ✓ **Ruud Lighting**
Product: AP Series
Open luminaires (0.01-0.10 upward
efficiency)
800-236-7000
64. ★ **Sanitation Equipment Ltd.**
Product: Flush-o-Matic
Water-efficient fixtures
905-738-0055
65. **Select Energy Resources**
Product: Select EnergyFocus
Energy management
www.selectenergy.com
66. ✓ **Sensor Switch**
Product: WSDx
Wall switch
203-265-2842
67. ✓ **Seventh-Generation**
Product: Harmony
Paper towels
800-456-1191
68. ✓ **Shaw**
Product: EcoSolution Q
Carpets
www.shawinc.com
69. **Sloan Valve**
Product: G2 Optima Plus
Automatic toilet flusher
www.sloanvalve.com
70. **Smokers' Outpost**
Product: Smokers' Outpost
receptacles
Cigarette receptacles/waste
containers
www.smokersoutpost.com



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www.energy-expo.info
www.sustainable-expo.info
www.environmental-expo.info



71.  Southern Company
 Product: Energy Solutions
 Energy provider
www.southerncompany.com

72.  Southern Diversified Products
 Product: American Pride
 Paints and coatings
 601-264-0442

73.  Spartan
 Product: EL/HL Series
 Open luminaires (>0.10 upward efficiency)
 800-255-5267

74. Speed Queen
 Product: Frontload Washers
 Washers and dryers
www.speedqueen.com
 (see ad on page 37)

75. Steril-Aire, Inc.
 Product: UVS Emitters
 HVAC purification
www.steril-aire-usa.com

76.  Stingray Lighting, Inc.
 Product: Dual Reflector Lighting System
 Lighting reflectors
www.stingraylighting.com

77. Sun Utility Network
 Product: SUNgen Systems
 Photovoltaics
www.sunutility.com

78. Sustainable Energy Expo 2003
 October 21-23, 2003, London
 Conference
www.iir-exhibitions.com
 (see ad on page 31)

79.  Sylvania
 Product: ECOLOGIC
 Environmental certification
www.sylvania.com

80.  Talisman
 Product: Envirelon
 Carpets
 800-482-5466

81.  The Trane Company
 Product: EarthoWise™
 CenTraVac®
 Electric chillers
www.trane.com

82. Tork
 Product: Phototimer-5737TM
 Electronic light timer
www.tork.com

83. Trigen Energy Corporation
 Product: Trigenation
 Energy provider
www.trigen.com

84. TXU Energy Services
 Product: TXU Power Profiler
 Energy consulting/management
www.txu.com

85.  Ultrawatt
 Product: PowerGate Intelligent Lighting
 Lighting/energy management
www.ultrawatt.com

86.  Unenco
 Product: SOM-500/C-500-2000
 Wall switches and sensors
 510-337-1000

87. Universal Lighting Technologies
 Product: Triad High Efficiency System
 Electronic fluorescent ballasts
www.universalballast.com

88. USG Corporation
 Product: HUMITEK
 Gypsum panels
www.usg.com

89. USI Energy
 Product: Energy, Billing, Demand Side Services
 Energy management
www.usienergy.com

90. ValleyCrest Landscape Maintenance
 Product: Landscape Maintenance Services
 Landscape management
www.valleycrest.com
 (see ad on Inside Front Cover)

91.  Venture Lighting International
 Product: Uni-Form Pulse Start System
 Light bulbs
www.venturelighting.com

92. Viterra Energy Services
 Product: Utility and Billing Services
 Utility management
www.viterrausa.com

93.  V-Kool
 Product: V-Kool 70
 Window coatings/film
www.v-kool-usa.com

94. Water Management, Inc.
 Product: Shared Savings
 Water efficiency program
www.watmgmt.com

95. WaterMaster America
 Product: WaterMaster
 Utility billing, submetering
www.watermasteramerica.com

96.  The WattStopper
 Product: Wx-277/W-2000x
 Wall switches and sensors
 408-988-5331

97. Wellspring International
 Product: Wellspring Wireless Utility Services
 Energy management/submetering
www.wellspringinternational.com

98.  Whirlpool
 Product: Whirlpool Gold®/Conquest™
 Refrigerator
www.whirlpool.com

99.  Wisconsin Tissue
 Product: Second Nature Plus
 Paper towels
 800-451-3595

100.  York International Corp.
 Product: MaxE Electricdrive
 Centrifugal Chillers
www.york.com

ARMSTRONG WORLD INDUSTRIES BANKRUPTCY

NOTICE OF: (I) Approval of Disclosure Statement; (II) Establishment of a Record Date for Voting Purposes; (III) Hearing to Consider Confirmation of the Plan; (IV) Procedures for Objecting to Confirmation of the Plan; and (V) Procedures and Deadline for Voting on the Plan

In re:) Case No. 00-4471(RJN)
ARMSTRONG WORLD) Chapter 11
INDUSTRIES, INC. et al.,) (Jointly Administered)
Debtors.)

PLEASE TAKE NOTICE THAT:

1. By order dated June 2, 2003 (the "**Order**"), the United States Bankruptcy Court for the District of Delaware (the "**Court**") approved the Disclosure Statement, dated June 2, 2003 (as may be amended, the "**Disclosure Statement**") for the Fourth Amended Plan of Reorganization of Armstrong World Industries, Inc. ("**AWI**"), dated May 23, 2003 (as may be amended, the "**Plan**") as providing adequate information for holders of claims against or interests in AWI to make a decision as to whether to accept or reject the Plan.

2. In addition, the Court entered an order (the "**Voting Procedures Order**") establishing voting procedures in connection with the Plan (the "**Voting Procedures**"). Capitalized terms used but not defined in this notice have the meanings ascribed to such terms in the Disclosure Statement and the Voting Procedures. The Voting Procedures, which are contained in Exhibit "D" to the Disclosure Statement, (i) contain special balloting instructions and solicitation and tabulation procedures, (ii) establish a record date for voting purposes only, (iii) provide special procedures for voting Asbestos Personal Injury Claims, (iv) set forth special procedures relating to the voting of Debt Securities, and (v) require certain Claim holders who wish to vote on the Plan and whose Claims are the subject of an objection or who wish to vote their Claim in a different amount, to file a motion with the Court, in accordance with the Voting Procedures, requesting temporary allowance of such Claim for voting purposes in an amount deemed proper by the Court. **Creditors, especially holders of Asbestos Personal Injury Claims and their attorneys, should review the Voting Procedures carefully.**

3. The Order establishes the deadline by which votes to accept or reject the Plan must be **actually received** by the Voting Agent (Trumbull Services, LLC) (or for holders of Debt Securities only, the Special Voting Agent (Innisfree M&A Incorporated)) as September 22, 2003 at 5:00 p.m. Wilmington, Delaware time (the "**Voting Deadline**").

4. **The Plan proposes two injunctions: (i) an Asbestos PI Permanent Channeling Injunction and (ii) a Claims Trading Injunction. The Asbestos PI Permanent Channeling Injunction is an injunction under section 524(g) of the Bankruptcy Code, applicable to all persons and entities, that results in the permanent channeling of all Asbestos Personal Injury Claims against any PI Protected Party to a new trust for resolution and payment. The Claims Trading Injunction is an injunction that prohibits the transfer (with certain exceptions) of Asbestos Personal Injury Claims after the Effective Date of the Plan. See the Plan and the Disclosure Statement for the specific terms and conditions of the Asbestos PI Permanent Channeling Injunction and the Claims Trading Injunction.**

5. A hearing (the "**Confirmation Hearing**") to consider the confirmation of the Plan will be held at 9:30 a.m. Eastern Time on November 17, 2003, at the Martin Luther King, Jr. Federal Building and U.S. Courthouse, 50 Walnut Street, Newark, New Jersey, Courtroom 4609. The Confirmation Hearing may be continued from time to time without further notice other than the announcement by AWI of the adjourned date(s) at the Confirmation Hearing or any continued hearing, and the Plan may be modified, if necessary, pursuant to 11 U.S.C. § 1127 prior to, during, or as a result of the Confirmation Hearing, without further notice to interested parties other than by filing such modifications with the Court prior to the Confirmation Hearing or announcing any such modifications at the Confirmation Hearing.

6. In accordance with the Voting Procedures, Solicitation Packages, including copies of the Plan and Disclosure Statement, will be mailed to all known creditors, except to individual holders of Asbestos Personal Injury Claims who are represented by counsel known to AWI. Holders of Claims, other than individual holders of Asbestos Personal Injury Claims who are represented by known counsel, that are entitled to vote on the Plan will receive ballots and instructions for voting in the Solicitation Packages. Individual holders of Asbestos Personal Injury Claims who are represented by known counsel may receive a copy of the Disclosure Statement and a ballot from their counsel and may authorize their counsel to vote their Claims. To the extent counsel is not authorized to vote their claims, individual holders of Asbestos Personal Injury Claims will be sent Solicitation Packages directly once counsel provides their names and addresses to AWI. Individual holders of Asbestos Personal Injury Claims or attorneys for the holders of Asbestos Personal Injury Claims also may receive a Solicitation Package by calling the Special Voting Agent toll-free at (877) 750-2689. Such materials also may be viewed at and downloaded from AWI's website, www.armstrongplan.com.

7. Shareholders of Armstrong Holdings, Inc. do not have a direct interest in AWI and, therefore, are not entitled to vote on the Plan. Shareholders will be receiving, however, a Disclosure Statement and, pursuant to the Order, are entitled to file objections to confirmation of the Plan.

8. Any holder of a Claim that AWI believes, in accordance with the Voting Procedures Order, is entitled to vote to accept or reject the Plan, has been mailed a Ballot and voting instructions appropriate for such Claim. The Voting Record Date for determining creditors entitled to vote on the Plan is June 4, 2003. For any vote to accept or reject the Plan to be counted, a Ballot (or a Master Ballot, in the case of a Master Ballot submitted by (i) a law firm on behalf of multiple holders of Asbestos Personal Injury Claims or (ii) a Debt Nominee on behalf of beneficial owners of

Debt Securities) to accept or reject the Plan must be **actually received** by the Voting Agent (or, solely for Debt Securities, the Special Voting Agent) by the Voting Deadline. In accordance with the Voting Procedures, all Ballots other than Ballots for holders of Debt Securities are to be returned by mail to Armstrong World Industries, Inc., c/o Trumbull Services, LLC, P.O. Box 1117, Windsor, CT 06095. Ballots other than Ballots for holders of Debt Securities may also be returned by hand delivery or overnight courier to the Voting Agent, Trumbull Services, LLC, 4 Griffin Road North, Windsor, CT 06095 (Attn: Armstrong World Industries, Inc.). All Ballots for holders of Debt Securities (including record holder Ballots, Master Ballots, and prevalidated owner Ballots), except those beneficial owner Ballots that are to be returned to the Debt Nominees, are to be returned to the Special Voting Agent, Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, New York 10022 (Attn: Armstrong World Industries, Inc.).

9. Objections to the confirmation of, or proposed modifications to, the Plan, if any, must (i) be in writing, (ii) state the name and address of the objecting party and the nature of the claim or interest of such party, (iii) state with particularity the basis and nature of any objection or proposed modification, and (iv) be filed, together with proof of service, with the Court and served so that they are **actually received** no later than 4:00 p.m. (Wilmington, Delaware time) on September 22, 2003 (the "**Objection Deadline**") by all of the following parties: (a) the Clerk, 824 Market Street, Fifth Floor, Wilmington, Delaware 19801; (b) the attorneys for AWI, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Stephen Karotkin, Esq.) and Richards, Layton & Finger, P.A., One Rodney Square, P.O. Box 551, Wilmington, Delaware 19899 (Attn: Mark D. Collins, Esq.); (c) the attorneys for the agent for AWI's prepetition bank lenders, Duane, Morris, LLP, 1 Riverfront Plaza, 2nd Floor, Newark, NJ 07102 (Attn: William S. Katchen, Esq.) and Duane, Morris, LLP, 1100 North Market Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Michael R. Lastowski, Esq.); (d) the attorneys for AWI's postpetition lenders, Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178 (Attn: Robert Scheibe, Esq.) and Klett Rooney Lieber & Schorling PC, The Brandywine Building, 1000 West Street Suite 1410, P.O. Box 1397, Wilmington, Delaware 19899 (Attn: Terry Currier, Esq.); (e) the attorneys for the Official Committee of Unsecured Creditors, Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019 (Attn: Andrew N. Rosenberg, Esq.) and Cozen O'Connor, Chase Manhattan Center, Suite 1400, 1201 North Market Street, Wilmington, Delaware 19801 (Attn: Mark E. Felger, Esq.); (f) the attorneys for the Official Committee of Asbestos Claimants, Caplin & Drysdale, Chartered, 399 Park Avenue, 36th Floor, New York, New York 10022 (Attn: Elihu Inselbuch, Esq.), Caplin & Drysdale, Chartered, One Thomas Circle, Suite 1100, Washington D.C. 20005 (Attn: Peter Van N. Lockwood, Esq.), and Campbell & Levine, 1201 Market Street, 15th Floor, Wilmington, Delaware 19801 (Attn: Aileen Maguire, Esq.); (g) the attorneys for the Official Committee of Asbestos Property Damage Claimants, Klehr, Harrison, Harvey, Branzburg & Ellers, 919 Market Street, Suite 1000, Wilmington Delaware 19801 (Attn: Joanne B. Wills, Esq.); (h) the attorneys for the Future Claimants' Representative, Kaye Scholer LLP, 425 Park Avenue, New York, New York 10022 (Attn: Michael J. Crammes, Esq.) and Young, Conaway, Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, Wilmington Delaware 19801 (Attn: James L. Patton, Jr., Esq.); and (i) the United States Trustee for the District of Delaware, 844 King Street, Suite 2313, Lockbox 35, Wilmington, Delaware 19801 (Attn: Frank Perch, Esq.). Objections not timely filed and served in the manner set forth above shall not be considered and shall be overruled.

10. Any holder of a Claim that (i) is scheduled in AWI's schedules of assets and liabilities dated January 30, 2001, or any amendment thereof at zero or in an unknown amount or as disputed, contingent, or unliquidated, and is not the subject of a timely filed proof of claim or a proof of claim deemed timely filed with the Court pursuant to either the Bankruptcy Code or any order of the Court or otherwise deemed timely filed under applicable law, or (ii) other than an Asbestos Personal Injury Claim, is not scheduled and is not the subject of a timely filed proof of claim or a proof of claim deemed timely filed with the Court pursuant to either the Bankruptcy Code or any order of the Court or otherwise deemed timely filed under applicable law, shall not be treated as a creditor with respect to such Claim for purposes of (a) receiving notices regarding, or distributions under, the Plan, or (b) voting on the Plan.

11. Any party in interest wishing to obtain (i) information about the Voting Procedures or (ii) copies of the Disclosure Statement, the Plan, or the Voting Procedures Order (a) should telephone AWI's Special Voting Agent, Innisfree M&A Incorporated, toll-free at (877) 750-2689, or (b) may view such documents at AWI's website, at www.armstrongplan.com. All documents that are filed with the Court may be reviewed during regular business hours (8:30 a.m. to 4:00 p.m. weekdays, except legal holidays) at the United States Bankruptcy Court for the District of Delaware, Marine Midland Plaza, 824 Market Street, Wilmington, Delaware 19801.

RICHARDS, LAYTON & FINGER, P.A. One Rodney Square P.O. Box 551 Wilmington, Delaware 19899 Mark D. Collins (No. 2981) Rebecca Booth (No. 4031)	WEIL, GOTSHAL & MANGES LLP 767 Fifth Avenue New York, New York 10153 Stephen Karotkin Debra A. Dandeneau
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Power-Less

Increasing costs and declining resources require a commitment to energy efficiency

by Alice D. Wilson, RPA

Airline passengers departing San Francisco International Airport westerly soar over undulating grassy hills and do a double take. Beneath them lies a 195,000-square-foot office building, disguised under a rooftop of waving grasses and wildflowers. Gap, Inc.'s planted rooftop—in lieu of tar and gravel—is only one feature in the “green” building; designed and built to minimize environmental impact, use sustainable materials and maximize operating efficiency. Completed in 1997 and designed by William McDonough and the architect of record, Gensler, 901 Cherry Avenue in San Bruno, CA acts as the building equivalent of fashion maven.

Walk into Gap's soaring, light-filled lobby. Eat outside at café tables, open to the hillside with mature oak trees canopied over natural grasses. Sit on benches recycled from

non-native eucalyptus trees cleared from the construction site. “We believe people want to feel like they’ve spent the day outdoors in a beautiful place, so we’ve designed a building full of daylight and fresh air to invigorate the mind, body and spirit,” said McDonough.

It's Getting Easier Being Green

Nowadays, industry professionals describe real estate in colorful terminology. The non-profit United States Green Building Council (USGBC) attempts to define what it means to be green. Its LEED™ (Leadership in Energy & Environmental Design) program rates buildings on a point system, based on five categories: indoor environmental quality, material resources, sustainable site, water efficiency, and energy and atmosphere. Certification levels range from

LEED™ Certified to Silver, Gold or Platinum. As of May 2003, the USGBC has certified 53 projects and registered 820 projects.

Pauline Souza, architect at San Francisco-based Gordon Chong & Partners and a LEED™ Accredited Professional, said the industry today is experiencing different shades of green. "Some owners will garner low-hanging fruit; installing carpet, furniture and other finishes that easily meet the (green) definition," she said. "Deeper shades of green, such as daylighting, with a five-to-ten year payback are

Up on the Roof

Architecturally, Gap's planted rooftop nods to California's rolling hills, by turning green and brown. Operationally, it supplants tar and gravel with higher insulating performance. It's estimated an organic roof reduces thermal loads by up to three times that of conventional roofs. Gap's building has three undulating bays, with rolling rooftops stretching up a hillside. The rooftops are planted with a mixture of indigenous grasses and wildflowers—mimicking natural coastal grassland—above layers of waterproofing material.



Landscaped atria, clerestory windows and scooped light monitors help ensure employees at the Gap's San Bruno, CA facility enjoy natural illumination.

better suited for owner-occupants, government agencies and other long-term owners." Souza believes payback periods must be shortened to appeal to more owners.

This is a growing field, with many owners pursuing green buildings, making energy-efficient and environmentally sound decisions independent of the LEED certification. Landlords find economic sense in green buildings; their best measure of long-term viability.

The undulating design allows air to flow along peaks and valleys. The hardy rooftop provides thermal insulation from the sun, resulting in less air-conditioning demand and pollution as well as acoustical insulation from the neighboring airport.

A planted roof protects the watershed by soaking up rain and minimizing run-off water. Run-off water would travel directly to San Francisco Bay, picking up toxins, without any opportunity to dissipate into the soil.

The San Francisco Bay Area can anticipate 30 inches of annual rain. The roof, with little run-off, will normally absorb the average rainfall.

Let There be Light

Gap's exterior (double-paned and insulated) glass walls admit abundant natural light. Two-story atrium bays allow sunlight, while curved light monitors reflect light into lower spaces. All offices and workstations are within 30 feet of a window or atrium, affording every employee good visibility. At night, computer-activated, dimmable lamps gradually supplement fading natural light. When occupants leave a conference room, sensors automatically turn off lights.

Where the Air is Clean

A raised open plenum floor system draws fresh air into the building, splays it across concrete decks naturally cooled by nighttime air and fans air into office space. Pollutants (which are lighter than fresh air) and hot air rise to upper levels for expulsion.

The plenum also allows electrical and communication wiring to run below the floor, above the concrete deck. The plenum system allows flexibility in terms of office and cubicle layout according to business demands. Called "churn," changes in floorplan and equipment cost employers substantial dollars. Reducing churn rates directly affects the bottom line, while allowing businesses to respond rapidly to optimum office configurations.

Many of the other building products feature environmental consciousness. The carpet tile was solution-dyed, which reduces water pollution during its manufacturing process. Tiles allow individual areas to be replaced, rather than re-carpeting large

Gap, Inc.

Toyota Puts the "Eco" in Economical

Toyota Motor Corporation realized it doesn't take a lot of green to be green anymore. The corporation recently earned the LEED™ (Leadership in Energy and Environmental Design) Gold Level Certification for its 624,000 square-foot office building in Torrance, CA.

One of the incentives for Toyota was that the U.S. Green Building Council measured employee productivity increases of 1.5 percent to 15 percent in "green" buildings.

Among the innovative energy-efficient features of the Toyota complex is the country's largest privately-owned rooftop photovoltaic power collection system. It can generate 500 kilowatts of electricity, or about 20 percent of the buildings' total energy demand. The longer the sun is shining, the more power is produced. The system will pay off its \$1.5 million cost in seven years, after which it will be making money for the corporation.

Other energy-efficient features of the complex include:

- **Construction.** Building materials comprise 95 percent recycled content—more than 250 miles of reinforced steel, mostly from recycled cars.
- **Water.** Recycled water, which is 30 percent cheaper than fresh water, is used for cooling systems, restroom flushing and landscape watering. Urinals in some of the men's restrooms operate with special chemical treatment systems and save energy by not flushing at all.



Toyota Corporation

Recycled water is used to irrigate drought-tolerant landscaping at the Toyota complex.

- **HVAC.** Heat and air conditioning is provided by a natural-gas-powered system that circulates hot or cold water through pipes in the ceilings. Toyota real estate manager Sanford Smith said it uses significantly less energy and doesn't emit chlorofluorocarbons or other gases associated with damage to the ozone layer.

- **Lighting.** The complex makes significant use of energy-efficient lighting, high-efficiency insulation and insulated glass (it beats State of California energy efficiency targets by 20 percent). Standard fluorescent tubes illuminate the interiors, but the light bounces off the ceiling first; such indirect lighting uses less power than traditional parabolic lighting if it's evenly dispersed. All the lights are controlled by motion sensors or time clocks to conserve electricity.

open areas. Low VOC (volatile organic compound) adhesives were used for carpet installation. Shelving was constructed from Medite II substrate, without added formaldehyde. Solid maple and poplar came from certified well-managed forests. Office furniture contained recycled content, as did ceiling tiles, partially recycled from mineral wool and newsprint.

In 2000, Gap received the Savings by Design award from California's primary energy supplier, Pacific Gas & Electric. PG&E's program offers financial incentives for energy-efficient structures, and Gap's proved 30 percent more efficient than the levels required by strict California law.

Pricetag & Payback

At first glance, Gap's price tag to construct a 195,000-square-foot office building appears a premium over typ-

ical San Francisco Bay Area office buildings. Gap's published projection was a four-to-six-year simple payback on energy and maintenance costs to compensate for higher initial construction costs. The anticipated payback for the under floor plenum was a relatively speedy return while the daylighting and roof strategies required more protracted payback periods.

Architect Souza calculated a 20-30 percent initial higher cost of construction for green building. Gensler Architect Dennis Schmidt estimated green construction for core, shell and tenant improvements to approximate an extra \$15 per square foot.

An Energy Cost Savings Council study indicated while the initial cost of investment in energy efficiency systems can be high, payback periods are often short. The study found the average payback period was 3.09 years

while the average return on investment was 32.4 percent. More than half of the projects surveyed reduced costs by at least 50 cents per square foot per year, and the average project reduced annual energy costs by more than \$250,000.

Gensler's Schmidt said once payback periods have expired, "green components that save energy don't stop the day paybacks are made. They keep making money because of the bills owners don't pay."

A Business Case

A commitment to energy management also often results in superior stock market and financial performance. In its study, *Energy Management & Investor Returns: The Real Estate Sector*, Innovest Strategic Value Advisors found companies with above-average energy management outperformed the below average

(continued on page 40)

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Alternative energy sources on the grow

Alternative sources of energy, such as solar energy, wind, renewable power and fuel cells are increasingly on the grow.

According to a report by Clean Edge, an Oakland, CA-based research firm, the alternative energy market will expand from \$9.5 billion to \$89 billion by 2012.

Let the Sun In

Of all the alternative energy sources, solar energy offers the real estate industry the most viable solution to reducing energy demand. Solar electric installations totaled 340 megawatts (MW) in 2002, up significantly from 1999 levels of 200 MW.

BP Solar maintains solar energy is underutilized in today's market and suggests a variety of economical uses for solar power systems including: disaster lighting systems; electric gate openers on remote fences; irrigation systems; pond aeration systems; portable electricity and lighting systems; radiation measuring equipment; security and parking lot lighting; sign and billboard lighting; telecommunications systems and water pumping.

The Santa Monica, CA-based Colorado Court property, a five-story affordable housing project, has effectively made use of a solar energy system. Its solar array on a south-facing façade provides about 25 percent of the 44-unit project's electricity.

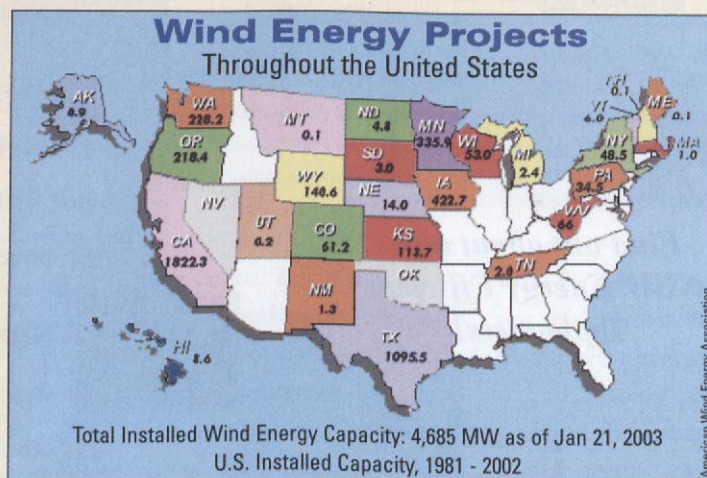
The property's solar design strategies included: locating and orienting the building to control solar cooling loads; shaping and orienting the building for exposure to prevailing winds; shaping the building to induce buoyancy for natural ventilation; designing windows to maximize day-lighting; shading south-facing windows and minimizing west-facing glazing; designing windows to maximize natural ventilation; and planning the interior to enhance day-light and natural air flow distribution.

The building's solar photovoltaic system produces green electricity that releases no

pollutants to the environment. The panels are integral to the building envelope and unused solar electricity is delivered to the grid during the daytime and retrieved from the grid at night.

Inheriting the Wind

In its *Wind Power Outlook 2003* study, the American Wind Energy Association (AWEA) reported the U.S. wind energy industry is on track to grow more than 25 percent in 2003 with the installation of 1,100-1,400 MW of new capacity. The growth underway across the country is expected to boost U.S.-installed wind



power capacity from current levels of 4,700 MW to approximately 6,000 MW (enough to serve 1.5 million homes). By 2020, it's estimated wind power can provide at least 6 percent of U.S. electricity.

Water Conservation

Businesses and individuals are adopting water conservation practices, from sub-metering and water use restrictions to changing price structures and water recycling.

According to a recent EPA study, communities throughout the United States are saving substantial amounts of water through strategic water-efficiency programs. In Seattle, the city's steady



Santa Monica Green Building Program

The solar energy system at Santa Monica, CA-based Colorado Court makes it one of the only U.S. buildings of its type that is 100 percent energy independent.

population growth, dry summers and lack of long-term storage capacity required the development of a water conservation program that included a seasonal rate structure, plumbing fixture codes, leak reduction, incentives for water-saving products and public education. The

Home Water Savers Program distributes water-efficient showerheads and provides free installation for apartments.

Seattle's Water Smart Technology (WST) Program provides financial incentives, including techni-

cal and financial assistance, for the purchase and installation of cost-effective and water-efficient equipment, commercial toilet rebates for replacing older, inefficient toilets and urinals, free irrigation-system assessments and audits, financial assistance for upgrading irrigation systems and promotion of storm water and wastewater reuse.

Together, the commercial incentive programs are estimated to save Seattle about 8 mgd (million gallons per day)—reflecting a 20 percent overall reduction in commercial water use. On a per-unit basis, commercial conservation programs have proved to be about twice as cost-effective as developing new supplies. □

Mail Call: The Postal Service Lights the Way to Energy Efficiency

As manager of environmental compliance for the U.S. Postal Service's New York metropolitan area Rick Paprocki has won national recognition for his pollution prevention and energy management initiatives.

The 33-year USPS veteran is responsible for some 1,700 work sites housing 77,000 postal employees. In 1997, he launched an ambitious energy conservation program that resulted in savings of more than \$6 million and a 44 million Kwh decrease in energy consumption. The initiative includes sweeping lighting and mechanical system upgrades throughout his territory, which encompasses the southern tier of New York State including New York City and Long Island, as well as New Jersey, Puerto Rico and the U.S. Virgin Islands.

"There's a natural fit between energy conservation and environmental compliance," Paprocki said. "By working efficiently with environmentally benign products, you save money while achieving environmental goals."

Implemented in partnership with

ConEdison Solutions, a White Plains, NY-based energy services company, Paprocki's program includes use of lighting and re-lamping techniques designed to emulate outdoor light, IT-driven energy information systems, new-to-market "dimming" software, peak load



management techniques and environmentally benign lighting products. In addition to saving energy and money, the initiative has also boosted worker productivity.

Energy savings have been so dramatic that Paprocki's region will be able to achieve federally-mandated energy reductions without investing in new capital outlays. The government's Shared Energy Savings Program requires federal agencies to cut energy usage by 20 percent by 2010. ConEdison Solutions is providing financing for the territory's energy program expenses.

The dimming software—a product called Kameleon manufactured by Gentec—was recently installed in more than 4,000 fixtures

used at the USPS's 1.5-million-square-foot Morgan facility, a two-building complex on Manhattan's West Side in operation 24 hours a day, year-round. Processing 14 million pieces of mail a day, the center is the region's busiest.

Accessible via either desktop or Web, lighting within dozens of work zones at the Morgan facility can be programmed to be imperceptibly dimmed—which in itself cuts consumption up to 30 percent—or shut off at particular times. Schedules can factor in the amount of daylight coming in through windows, peak load timetables, level of work activity in a particular area, type of work activity and other variables.

Committed to environmental issues, in 1997 Paprocki earned the Environmental Compliance award presented by the Office of Federal Environmental Executives for his "contributions to greening the government." The award, sponsored by the Vice President's office, recognized his efforts in waste prevention, recycling and energy pollution reduction.

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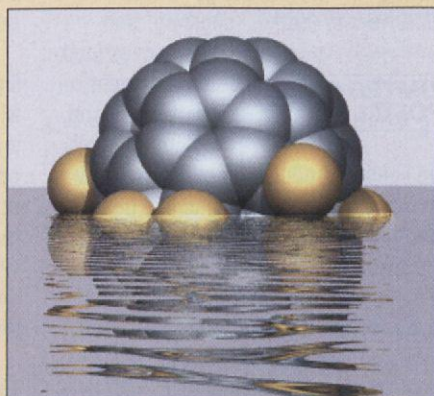
A Small, Small World

Nanotechnology is definitely a concept whose time has come. Nanotechnology is an umbrella term covering many areas of research dealing with objects that are measured in nanometers. A nanometer (nm) is a billionth of a meter, or a millionth of a millimeter. Nanotechnology will allow for lighter, stronger, smarter, cheaper, cleaner and more precise products.

Using nanotechnology, atoms can be manipulated, separated and put back together in different formations. Futurist Glen Hiemstra (www.futurist.com) believes one of the most anticipated uses of nanotechnology will be the creation of nanobots, made up of a few molecules and controlled by a nano-computer. These nanobots, with fingers built from nanotubes but in proportions 50,000 times as thin as human hair, can be effectively used in environmental clean-up. These fingers would reach out and manipulate the atoms in an oil spill to render it harmless. In the energy field, atoms bonded together in a specific fashion would create a machine that converts water to hydrogen with the use of sunlight, promising a limitless energy source.

In addition, nanotechnology is expected to cut costs both of the solar cells and the equipment needed to deploy them, making solar power economical. Rather than using oil for energy, we'd have molecule-sized solar cells mixed into road pavement. With such solar nanocells, a sunny patch of pavement a few hundred square miles could generate enough energy for the entire country. Nanobots could also be used as cleaning machines to break down pollutants. Our country's dependence on non-renewable resources would diminish with nanotechnology.

In his study, *Nanotechnology for Clean Energy and Resources*, Stephen L. Gillett,



Nanometers, representing one millionth of a millimeter, form the basis of nanotechnology.

Ph.D., suggests key energy applications will be created through nanotechnology:

- *Enhancement of photovoltaic (PV) cell technology.* The conversion of sunlight directly to electricity offers an inexhaustible and environmentally benign energy source.

- *Reduction of pollution.* New sensors will be developed for applications in environmental pollution assessments and in the preparation of pure chemicals and pharmaceuticals

- *New battery and fuel cell technology.* More efficient energy storage will be a major sustainable development.

- *Creation of new thermoelectric materials.* Such materials will be used to exploit geothermal or marine gradients, as in ocean thermal energy conversion.

- *Efficient energy management.* Cheap nanofabrication will lead to such things as materials for passive energy management, such as electrochromic or photochromic "smart windows"; efficient energy conversion devices such as non-thermal illumination sources (e.g., "white LEDs"); electrosynthesis for fuel manufacture and electricity storage; and better electricity storage devices such as intercalation batteries and high-performance "ultracapacitors."

(continued from page 36)

companies over the past two years by more than 3,400 basis points in the stock market. In a separate study, active ENERGY STAR® partners outperformed the less active and non-partners by more than 18 percent.

Leaders in the sector have lowered annual energy consumption by 30-40 percent. Arden Realty reduced annual energy costs by \$4.8 million through energy efficiency measures, while Equity Office Properties and TrizecHahn Corporation reduced energy expenses by \$1.7 million and \$2 million, respectively.

Research done by the EPA found \$1 invested in energy efficiency could increase asset value by as much as \$3.

Improving energy performance can also enhance a company's reputation. Michael Steele, COO of Equity Office Properties, said an energy-efficient building gives the owner an opportunity to win over the customer, especially when that is the difference between otherwise similar buildings.

Finally, solid energy performance appeals to investors' sense of social responsibility. The Social Investment Forum estimates more than \$2 trillion of U.S. assets are invested through an environmental or social screen.

With energy costs accounting for as much as one-third of a typical office building's operating expenses, it is critical to adopt energy management strategies which the EPA estimates can reduce energy costs by up to 30 percent.

The USGBC estimates conventional buildings account for 40 percent of total U.S. energy. Given the statistics, it is, no doubt, only a matter of time before green building becomes more compelling, both environmentally and economically. □

Alice D. Wilson (aadevine@pacbell.net), RPA has more than 18 years of leasing and property management experience.

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What's

Mold

is New

Remediation and proper planning helps remove fuss over fungus

by Nitin Dave, PE, CIH, CSP and Stephen R. Galati

A growing problem for building owners and managers is the occurrence and recurrence of mold. Mold spores fester indoors and can be found anywhere from low-income tenant apartments to multi-million dollar office suites.

Buildings make the perfect breeding ground for mold in that they encapsulate the three necessary elements necessary for mold growth: moisture, nutrients and oxygen. Moisture enters buildings through specific pathways including humid air, steam heating systems and water leaks. Nutrients, on the other hand, come in the more diverse form of any organic substance. A building's timber frame (or any wood present), insulation, paper and exposed food products all provide wonderful nutrients for mold growth. Lastly, the presence of oxygen fuels mold growth no matter how covered or exposed the surface.

Mold and fungus are present in almost all materials in

residential, commercial, industrial and municipal structures. According to Paul Harkins of Munters Moisture Control Services, just one square-inch of surface on dry-wall may contain from one million to 10 million spores.

Mismanaged or ignored mold problems cannot only cause building owners financial woes by decaying the building's structure but can also deteriorate the health of building occupants exposed to mold. Remediation, or the task of eliminating a mold problem, in your building will require an arsenal of methods: an understanding of mold and its hazards, identification procedures, scrupulous planning and ongoing preventive measures.

Why Care About Mold?

Since an owner or manager is responsible not only for the building itself, but the health and well being of its occupants, mold is a significant element that should never be



Mold is part of the natural environment and can be seen growing on tree barks, in grass, on plant leaves and in the soil.

All photos: TRC Environmental Corporation



Mold spores may become airborne through a building's HVAC system, as is evident in the air diffuser above.

ignored. In its worst states, mold can compromise structure and collapse a building; it can result in costly lawsuits and can cause long-standing health problems, disease or even death.

Mold can infiltrate any building area, regardless of location and accessibility. However, there are some common locations that are more frequently breached by or inherently susceptible to mold problems. Such areas include windows and doors; heating, ventilation and air conditioning (HVAC) systems; induction and fan coil units; plants; portable humidifiers and negative pressure areas.

A sobering example of building infiltration is the much-publicized mold problem at the 40-story Banker's Trust Building in Lower Manhattan. Owned by Deutsche Bank, the more than one million-square-foot skyscraper developed a ghastly infestation of mold as a direct result of the September 11th attacks and the subsequent saturation of the building's interior by activated fire sprinklers. Engineers estimated it would cost less to build a new building than to repair the existing one.

Archstone-Smith, a major owner of apartments in 22 states, recently re-

Step-by-Step Remediation

Before attempting to remove any mold within your building, develop a comprehensive remedial plan outlining specific methods and a plan of attack. Your building's remediation plan should incorporate the Environmental Protection Agency's (EPA) remediation guidelines modified for your individual situation and should identify the proper personal protection and containment equipment. During the remediation process, the following sequence of events should be implemented:

Evaluation. For all projects, regardless of the amount or level of microbial growth, an industrial hygienist, indoor air quality specialist, microbiologist, professional engineer or licensed health professional should be used as an independent consultant to determine and direct the microbial abatement. Utilizing an independent consultant ensures the company conducting remediation is unbiased.

Containment. To minimize exposure to mold by the remediators and building occupants, constructing barriers and utilizing negative air pressure to contain spores isolates the infected area. Only authorized personnel should be allowed into the containment area.

Isolation of HVAC. The heating and air conditioning system in the affected area is deactivated, and ambient conditions should be controlled locally using a

combination of desiccant dehumidification and heating or cooling as necessary.

Demolition. During the demolition process, removal of infected materials, cleaning and applications of fungicidal coatings to deter future mold growth is accomplished. Cleaning includes several options: wet washing, wire brushing or sanding. High Efficiency Particulate Arrestor (HEPA) vacuum systems are used on the surfaces. The cleaning, vacuuming and fungicidal process is repeated several times.

Analysis. A third-party environmental consultant completes inspection and samples are taken for laboratory analysis.

Conclusion. Upon receipt of successful test results, barriers are removed and the area is ready for remodeling.

Source: Paul Harkins (pharkins@munters.com, 1-800-MUNTERS), Business Development Manager for Remediation, Munters Moisture Control Services

Prevention Primer

To prevent mold proliferation in your building, focus on reducing indoor humidity and controlling growth of mold at the source:

Reduce indoor humidity:

- Maintain the building under positive pressure, which keeps moisture and nutrients outside the building in their natural environment
- Follow ASHRAE HVAC system design guidelines (30 percent to 60 percent RH maintenance)
- Vent moisture-producing sources to the outdoors (bath/cooking exhaust)

Control growth at the source:

- Look for and correct the cause of water stains on ceilings, walls and floors
- Eliminate all sources of condensation on windows, piping, etc.
- Assure plumbing fixture integrity
- Seal penetrations in walls or floors, especially below ground
- Assure all HVAC drain pans are sloped properly and drains are free of obstruction
- Check for moldy odors
- Inspect HVAC equipment periodically for sources of contaminant or moisture build-up
- Remove any source of freestanding water

Source: Camfil Farr, www.farrco.com

ported it will have to spend close to \$20 million to contend with a mold outbreak at one of its high-rise properties in southeast Florida.

In another case, the existence of mold in a building can turn out to be a deal-breaker. Last summer, a buyer abandoned a \$30 million deal to buy a 250-unit apartment complex in the Southwest because it had mold, according to Jones Lang LaSalle, Inc., the firm representing the owner.

Health Effects

The health effects of mold exposure should be a great concern to all building occupants. Mold spore exposure can occur through inhalation, ingestion and skin contact. Frequently, people are exposed to these dangerous spores long before recognizing problems or even knowing problems exist.

Symptoms, however, hardly go unnoticed. People can experience

exposure symptoms that range from mild allergic reactions, irritation and increased asthma attacks to more severe effects including a compromised immune system (opportunistic infections). When building occupants complain about scratchy throats, "hard-to-breathe" environments or eye irritation, a mold problem may be the source.

One of the more dangerous elements associated with mold is mycotoxin, a toxic agent produced by fungi that clings to mold spores. As unfortunate outcomes of mold and mycotoxin exposure, building occupants may be inflicted with more serious ailments such as Organic Dust Toxic Syndrome, Hypersensitivity Pneumonitis or other immunologic syndromes. Some of these diseases can be caused by a single heavy exposure.

Mycotoxins enter the human body through the same pathways as mold



A portable moisture meter can help accurately identify moisture levels and uncover potential for mold growth.

spores and can be very dangerous. For instance, ingestion of Aflatoxin B1, the most well-known and studied mycotoxin, has been known to cause liver cancer. There is also evidence that exposure to mycotoxins can cause lung cancer, acute or chronic liver damage, acute or chronic nervous system damage and endocrine problems.

Evaluating Mold

If mold is suspected in your building, procedures must be enacted to identify and evaluate problem areas. Start with all current occupant respiratory and overall indoor health complaints. A diligent investigation can lead you to one or several mold sources in your building, such as water leaks, moldy walls, decimated wood and moisture.

After cataloging the complaints, the next step is observation. Look everywhere water and moisture may exist. Check bathrooms, the cellar, all

More on Spores

by Preston W. Brooks

Now that Ed McMahon settled for \$7.2 million for his allegations his dog had been exposed to mold and died as a result, mold is back on the map as the contaminant du jour. Mold's staying power as a potential liability means property managers must devote more resources and attention to address the advent of mold and sources of water intrusion. Although a dose of common sense goes a long way, the advent of legislation and the likelihood of litigation makes recourse to expert consultants and attorneys an increasingly necessary evil. Avoiding liability by taking steps to prevent water intrusion and the growth of mold has become an imperative.

Blossoming Regulation

While lawsuits relating to mold were unheard of two years ago, tens of thousands of mold cases against landlords, developers and insurance companies have already been recorded. As a result, insurance carriers are running scared. Standard general liability and property insurance policies now exclude mold. Even environmental insurance carriers, whose very existence sprang out of filling the gaps created by general liability policies, have dipped only a toe into the cold waters of mold coverage.

The California Toxic Mold Protection Act brings mold within the jurisdiction of a state environmental agency, gives the agency broad enforcement powers and tasks the agency with promulgating new regulations to address the mold threat, including a review of the acceptable level of mold in buildings.

Most provisions in this law have not yet gone into effect, due to the need to establish exposure standards. Until the agency has concluded its work on this point, the combination of the scant regulation of mold and the lack of standards for acceptable levels of mold, render the area a potential minefield for landlords and developers. Furthermore, once the regulations are issued, landlords and developers will face new disclosure requirements and additional burdens relating to mold.

To date, California is the only state to have passed such legislation, but other states have been quick to follow its lead. Florida has a bill to study "toxic mold contamination", and to undertake a "plan of action ... to eliminate such hazards from structures in Florida ..."

Georgia created a Senate Toxic Mold Study Committee, as will Rhode Island. Indiana will create an 11-member task force to develop recommendations for mold exposure limits. Pennsylvania will also assemble a task force to

investigate the health effects of toxic mold.

Massachusetts has just filed a bill relating to "toxic mold health protection." Illinois and Michigan both have bills pending that are nearly identical to California's law. Virginia's mold bill relates to exposures in the workplace. Texas has a bill that would require a contractor to accept return of a home if the homebuyer can show a defect caused "unacceptable levels of toxic mold contamination."

One of New York's bills would require the disclosure of indoor mold history on the sale of real property and creates a form to do so. A second bill would establish standards similar to those in the California law, but exempts "any structures that were affected by or any operations resulting from the September 11 attacks."

Is Insurance Available?

A few years ago, commercial general liability and property policies covered mold liabilities. Today, such coverage can be obtained only as an optional feature, which usually is provided through the mechanism of environmental insurance policies. Where such coverage is available, carriers typically require extensive underwriting information, such as claims history, identification of building materials, implementation of a mold operations and maintenance program, and logs of roof leaks and other water intrusion incidents. Even if obtainable, the cost of such coverage is relatively high and may not easily be passed along to tenants.

Despite the high cost, the policies often provide only limited coverage. For example, some have deductibles of \$10,000 per claim, which in some policies could be interpreted as applying per unit, so if multiple tenants bring suit, the deductible must be applied separately to each tenant claim. Also, many policies contain sublimits much lower than the usual limits provided for other types of claims in the policy. Finally, a typical exclusion in such policies states that mold damage arising from construction defects is not covered. Given that most mold damage stems from leaking roofs, windows, or pipes, this exclusion has the potential to eliminate the majority of mold claims.

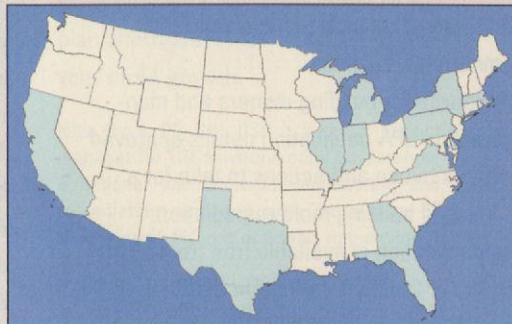
An Ounce of Prevention

What can owners and managers do to protect themselves in the absence of specific guidelines?

- First, in acquiring properties, environmen-

tal due diligence will increasingly include some form of assessment for mold. Even a visual survey of key areas, such as roofs, pipes, window sills, sink cabinets and HVAC systems, can yield clues as to the likely presence of mold. Where mold is found to exist, further assessment, including air sampling, may be necessary.

- Second, a program of frequent inspections and preventive maintenance can be an effective way to prevent or limit the spread of mold. In



A number of states are taking California's lead in pursuing mold legislation and regulations.

particular, maintenance of older roofs and prevention of water intrusion is critical to curbing and regulation the conditions under which mold tends to grow. In addition, plumbing leaks that go unattended are major culprits in the proliferation of mold.

- Third, property managers will need to monitor tenants more closely in terms of what mold-carrying materials they may be harboring on the premises, or what mold-conductive conditions they may be creating. For example, an abundance of plants in an indoor setting may lead to increases in mold levels. Similarly, large pieces of furniture propped up against a wall may yield caches of mold on the wall. Lease and sale agreements and related documentation (i.e. disclosures and CC&Rs) should be reviewed with attention to disclosure, notice and risk transference provisions as they relate to mold, including requirements to permit the landlords access to the property to inspect and repair the offending problem.

To avoid becoming the target of this new trend in liability, landlords, property managers and builders must proactively take steps toward the identification, remediation and prevention of mold in the acquisition, management and construction of buildings. □

Preston Brooks (pbrooks@coxcastle.com) is a partner in the Los Angeles office of Cox, Castle & Nicholson, LLP.

Mold Resources

A Guide to Mold, Moisture and Your Home
Informational guide created by the EPA designed to educate consumers about how mold develops in the home, general recommendations for removing it and ways to prevent it from returning. Available for purchase at www.realtor.org.

Mold Remediation in Schools and Commercial Buildings

A resource for building owners and managers, this EPA publication details approved methods to use and actions to take for a successful building mold remediation. The publication is available free from EPA's Indoor Air Quality Information Clearinghouse by calling 800-438-4318 or at www.epa.gov/iaq.

windows and under refrigerators and sinks. Thoroughly inspect the building's HVAC system, especially air ducts and the air handling units. Spore-laced forced air from the HVAC system can substantially harm a large group of tenants and can be a major expense to remediate if left unchecked.

The most efficient, productive and reliable method of controlling indoor ambient conditions is to dry the air using dehumidification systems. Harkins said that means controlling humidity levels on an ongoing basis. Aggressive drying by desiccant dehumidifiers is the proven response when there has been water intrusion.

Elevated relative humidity levels pose a threat to any structure because moisture conditions will sustain mold

formation. Such high levels of humidity cannot effectively be controlled by an air-conditioning system. Dispelling humidity requires commercial grade dehumidification. The most effective way to control a high-humidity environment is to employ a combination of air movers and desiccant dehumidifiers. When a room is filled with dry air, which has low vapor pressure, trapped water migrates outward and is evaporated from the surface by the dry air. This technique establishes and maintains proper humidity levels that stabilize the interior environment.

A qualified professional with significant expertise in indoor air quality issues should be able to explain the severity of your building's mold problems and how to immediately stop further growth. A professional will

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explain short-term source eradication, long-term preventive methods, remedial solutions and can help you communicate remedial and preventive actions to the building's occupants.

Remediation Plans

Effective mold remediation starts with communication and the development of a solid remedial plan. Communication is essential to the success or failure of your mold remediation plan; therefore, open, bi-directional discussions with tenants must be initiated before the remedial plan is in development. Such communication can be as simple as explaining possible remedies to occupants experiencing a problem or as comprehensive as holding tenant meetings to discuss complaints and proposed actions. Owners who hesitate or fail to inform tenants of existing mold issues run the high risk of lawsuits.

A good response to complaints is to designate a contact person in the building for questions and comments about mold issues. Many building owners and managers hire a health and safety professional to not only conduct the mold remediation, but to act as the designated contact person.

Mold Prevention

Responsibility does not end once your building is fully remediated; it continues with regimental mold prevention measures. The implementation of simple preventive measures can substantially minimize the occurrence of mold growth.

Identify and fix water problems immediately. The longer water remains on building materials, the higher the chances for mold growth. For best preventive results, affected materials should be dried within the

Communication is essential to the success or failure of your mold remediation plan.

first 48 hours of saturation. Water problems left unattended can quickly degenerate the health and safety of the building environment, while escalating the building expenditures.

Simply stated: less moisture, less mold. Reduce or eliminate any moisture inhibitor wherever and whenever possible. Check for high humidity and condensation problems. Identify any maintenance issues and HVAC system problems resulting in excessive moisture in your building.

Unlike asbestos, for which there are

now regulations, there are no government standards, threshold limit values or EPA regulations for airborne mold contaminants. Thus, it is important to work only with reputable remediators, plan ahead and take fast action to prevent mold growth. □

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IAQ



FYI

Proactive management can help to clear buildings of indoor air quality problems

by Leslie Henckel, CIH, MS, MPH

Indoor Air Quality (IAQ) mandates a commitment of time and effort from today's property owners and managers that was far less onerous ten or even five years ago. With insurance carriers restricting or eliminating coverage for mold-related claims, and lawyers involved with more IAQ-related litigation, the risks have escalated even further.

Many factors impact IAQ in commercial properties, including those related to bricks and mortar.

Bricks and Mortar

The bricks and mortar factors are probably the best understood by building owners and managers and consists of issues directly related to the building: heating, ventilation and air-conditioning (HVAC) systems, interior pollutant sources and the surrounding environment. The cause of the problem is usually a building component failure such as water intrusion or ventilation system problems. The effects may be mold contamination due to water intrusion or health-related symptoms due to an ineffective ventilation system not purging indoor pollutants.

Many building-related IAQ factors involve water damage or leaks. Last year, the Environmental Protection Agency (EPA) collected baseline indoor air quality data from 100 U.S. public and commercial office buildings. The study,

Prevalence of Potential Sources of Indoor Air Pollution in U.S. Office Buildings, found 85 percent of the buildings had past water damage or leaks and 45 percent had ongoing leaks. Roof leaks occurred in 50 percent of the buildings, basement leaks in 28 percent of the buildings and mechanical room leaks in 17 percent of the buildings. The leaks impacted occupied areas in 71 percent of the buildings.

These results suggest most buildings will have some form of water damage during their lifetime. Water-damaged building materials and furnishings can become significant sites of microbiological contamination, leading to potential problems ranging from unpleasant odors to irritation and allergic-like responses. Appropriate management of water intrusion will reduce microbial growth and minimize health risks to building occupants and potential liability for the building owner. Additional information on managing water infiltration is available online at www.dehs.umn.edu/iaq/flood.html.

IAQ issues related to the HVAC system may include insufficient outdoor air, poor air distribution and maintenance, dirty ductwork or air handlers and moisture carry-over from cooling coils leading to mold growth within the air handling unit. These issues are often noticed through tenant complaints of temperature extremes, stale air, odors,

allergy-like symptoms or dustiness. Insufficient outdoor air may exacerbate other IAQ issues.

Interior pollutant sources are often associated with tenant activities or construction work in the building. Many commercial office buildings have production areas or warehouses used for light manufacturing, chemicals or operating propane-fueled trucks. Light manufacturing work that may impact IAQ includes print shops or graphic arts facilities, loading docks, garages, kitchens, computer rooms and laboratories. These interior pollutant sources may require supplemental ventilation such as local exhaust.

The pollutants generated by tenant activities may also impact adjacent tenants. Pollutants can travel through dividing walls or from an exhaust vent to an air intake for another tenant. Issues related to interior pollutant sources can be minimized by balancing ventilation systems, proper placement of exhaust vents and by locating pollutant-generating tenants away from sensitive populations.

Interior pollutants are also generated during remodeling, construction and building maintenance. Although these activities are temporary, lack of controls often leads to tenant complaints and, occasionally, to evacuation of a space due to real or perceived health risks. Remodeling activities may produce dust or odors which can be irritating to tenants. Roofing odors can be entrained into air intakes located on rooftops. Stripping and coating floors can produce strong odors that have resulted in intense reactions from building occupants. Pollutants produced from these activities can be minimized through assessment and planning. Some activities may only require increased

IAQ Management Plan



✓ Select IAQ Manager

✓ Review IAQ Profile

✓ Assign/Train Staff

✓ Operation and Maintenance

- Confirm equipment operating schedules are appropriate
- Confirm appropriate pressure relationships between building usage areas
- Compare ventilation quantities to design, codes and ASHRAE 62-1989
- Schedule equipment inspections per preventive maintenance or recommended maintenance schedule
- Modify and use HVAC Checklist; update as equipment is added, removed or replaced
- Schedule maintenance activities to avoid creating IAQ problems
- Review Material Safety Data Sheets (MSDS) for supplies; request additional information as needed
- Consider using alarms or other devices to signal need for HVAC maintenance

✓ Housekeeping

- Evaluate cleaning schedules and procedures; modify if necessary
- Review MSDSs for products in use; buy different products if necessary
- Confirm proper use and storage of materials
- Review trash disposal procedures; modify if necessary

✓ Shipping and Receiving

- Review loading dock procedures (take precautions to prevent intake of exhaust fumes)
- Check pressure relationships around loading dock

✓ Pest Control

- Consider adopting integrated pest management methods
- Obtain and review MSDSs; review handling and storage
- Review pest control schedules and procedures
- Review ventilation used during pesticide application

✓ Occupant Relations

- Establish health and safety committee or joint tenant/management IAQ task force
- Review procedures for responding to complaints
- Review lease provisions; modify if necessary

✓ Renovation, Redecorating, Remodeling

- Discuss IAQ concerns with architects, engineers and contractors
- Obtain MSDSs; use materials and procedures minimizing IAQ problems
- Schedule work to minimize IAQ problems
- Arrange ventilation to isolate work areas
- Use installation procedures that minimize emissions from new furnishings

✓ Smoking

- Eliminate smoking in the building
- If smoking areas are designated, provide adequate ventilation and maintain under negative pressure
- Work with occupants to develop appropriate non-smoking policies, including implementation of smoking cessation programs

Source: Building Air Quality: A Guide for Building Owners and Facility Managers, developed by the EPA and the National Institute for Occupational Safety and Health

Kansas City Cool: Air System Improves Indoor Air Quality

by Joseph M. Halza

The need to expand coupled with a commitment to Kansas City's urban revitalization attracted DST Output, a subsidiary of Kansas City, MO-based DST Systems, Inc., to an abandoned railroad roundhouse in the western part of the city. Listed in the National Register of Historic Places, the roundhouse was built in 1914.



Renovation of the Kansas City-based DST Systems, Inc. property included the installation of energy-efficient York rooftop HVAC units.

Today, the renovated structure provides 60,000 square-feet of air-conditioned office space for DST Output, provider of paper and electronic statements to companies in the communications and financial industries. A new 230,000-square-foot building constructed on property adjacent to the roundhouse is home to the company's printing operations. Together, these buildings comprise the Westside Business Park.

While not part of the original structure, air conditioning needed to be incorporated into the design of the renovated facility. The challenge for architect James Pastine, International Architects Atelier, and mechanical contractor Bill Fagan, executive vice president, The Fagan Company, was to introduce an HVAC system that provided comfort cooling even as it preserved the aesthetics of the building and adhered to the strict guidelines established by the U.S. Department of

the Interior to protect properties listed in the National Register.

To satisfy the special requirements of the property, M C Real Estate Services, construction project manager and property management firm, urged The Fagan Company to consider a YORK International HVAC system like one installed in

another DST renovation. According to Fagan, "We installed one YORK 25-ton Millennium rooftop unit and three YORK Eco2 rooftop units (one 50-ton and two 60-ton) that serve the FlexSys underfloor-air system."

The raised-floor HVAC system eliminates conventional overhead ductwork, freeing space for design purposes. "The underfloor system supported our restoration efforts by enabling us to preserve the 26-foot-high ceilings as well as the exposed heavy

timber beams and columns of the original design," Pastine said. "Today when we look up, we see beautifully recreated wood ceilings and huge expanses of glass that flood the building with natural light much as they did nearly 90 years ago."

Pastine said: "Round buildings like this are not conducive to a grid of ceiling ductwork. By locating the air-distribution system underfloor, we were able to run it wherever we needed it. That flexibility saved us a considerable amount of time and money during the project's design and installation phases."

Fagan estimates the FlexSys underfloor system accelerated construction by as much as 10 to 15 percent, reducing renovation costs in the process. "The real cost savings are in the system's operation," he said. "The FlexSys system delivers 60 degrees to 65 degrees Fahrenheit air, versus 55 degrees Fahrenheit air associated with a



Installing the air-distribution underfloor resulted in substantial flexibility and cost savings.

conventional overhead system. As a result, outside-air free cooling can be used more often, reducing operating costs and conserving energy."

The system also improves occupant comfort and air quality. Each terminal can be individually adjusted for 16 different airflow patterns for personalized comfort. And, because air is not blown from overhead, where pollutants congregate, the system provides improved indoor air quality.

Air traveling throughout the underfloor plenum moves at low pressure and velocity. This provides for quiet air delivery and reduces the horsepower at the air-handling units.

To meet the underfloor system's temperature and humidity requirements, Eco2 rooftop units were installed which use HFC-407C, an environmentally-friendly refrigerant not subject to regulatory phase-out.

"Flexibility is important today to accommodate the costs and disruptions caused by churn," Fagan said. "Tenants change, companies reorganize and as a result, people move. The underfloor system enables building owners to easily, quickly and inexpensively move or reorganize office space without tearing down or otherwise interfering with other mechanical systems." □

Joseph M. Halza is a product marketing manager for York International Corp. (www.york.com) and an active member of ASHRAE.

outdoor air while others may require construction of a negative air containment. Timing of activities (i.e. during unoccupied times) can also minimize IAQ issues associated with construction and maintenance activities.

Exterior sources of pollutants from the surrounding environment impact the indoor environment because most ventilation systems do not clean the air except for the removal of relatively large particulate matter. Exterior pollutant sources are typically more difficult to control. These may include garbage dumpsters, emergency generators, motor vehicle traffic, construction and nearby industrial or power plants. Relocating air intakes can sometimes minimize the entrainment of outdoor pollutants such as moving a ground-level air intake to a higher elevation.

Proactive Tools

When faced with an IAQ problem, the first step is to communicate with those affected. Collect occupant complaints, information on the nature of the problem and where and when it occurred. If the source of the problem is not immediately apparent, conduct an investigation. The reactive investigation should include documentation of site and building history, a visual inspection and recording of observations, measurement of general IAQ parameters and sampling for suspected pollutants appropriate to the investigation. The investigative report should provide results and interpretation and specific recommendations to correct the identified problems.

Proactive investigations include a walkthrough inspection of tenant spaces and basic air quality testing.

IAQ

Facts and Figures

- Environmental Protection Agency studies of human exposure to air pollutants indicate indoor levels of pollutants may be 2-5 times, and occasionally more than 100 times, higher than outdoor levels. These levels are of particular concern because most people spent about 90 percent of their time indoors.

www.epa.gov

- Indoor air pollution is the primary cause in as many as 50 million cases of occupational chronic respiratory disease each year—a third of all occupational illnesses.

WHO's 1999 Guidelines for Air Pollution Control-Revised September 2000

- Allergies are responsible for 3.5 million lost U.S. workdays each year, at a cost of \$639 million.

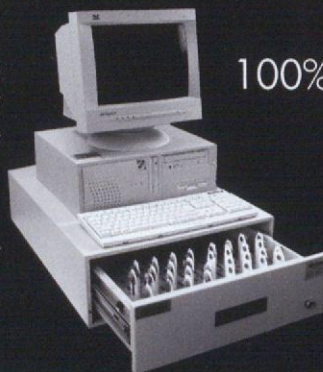
Source: Asthma and Allergy Foundation of America, www.aafa.org



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The purpose of these investigations is to identify conditions or activities that may be impacting air quality, verify whether building systems are operating satisfactorily, determine if the building envelope is providing an adequate barrier against moisture infiltration, determine if building occupants are experiencing health-related symptoms and determine whether further air quality investigative work is needed.

Proactive building management will aid in the early identification of issues. Prompt implementation of corrective actions will minimize complaints and costs and will reduce potential liability. □

Leslie Henckel, CIH, MS, MPH (leslieh@ieainstitute.com) is a senior project manager in the Indoor Environments Division of the Institute for Environmental Assessment (IEA) where she performs reactive and baseline indoor air quality evaluations.

IAQ Management Checklist

✓ Collect and Review Existing Records

- HVAC design data, operating instructions and manuals
- HVAC maintenance and calibration records, testing and balancing reports
- Inventory of locations where occupancy, equipment or building use has changed
- Inventory of complaint locations

✓ Conduct a Walkthrough Inspection of the Building

- List of responsible staff and/or contractors, evidence of training and job descriptions
- Identification of areas where positive or negative pressure should be maintained
- Record of locations that need monitoring or correction

✓ Collect Detailed Information

- Inventory of HVAC system components needing repair, adjustment or replacement
- Record of control settings and operating schedules
- Plan showing airflow directions or pressure differentials in significant areas
- Inventory of significant pollutant sources and their locations
- Material Safety Data Sheets (MSDS) for supplies and hazardous substances that are stored or used in the building
- Zone/Room/Record

Source: Building Air Quality: A Guide for Building Owners and Facility Managers, developed by the EPA and the National Institute for Occupational Safety and Health

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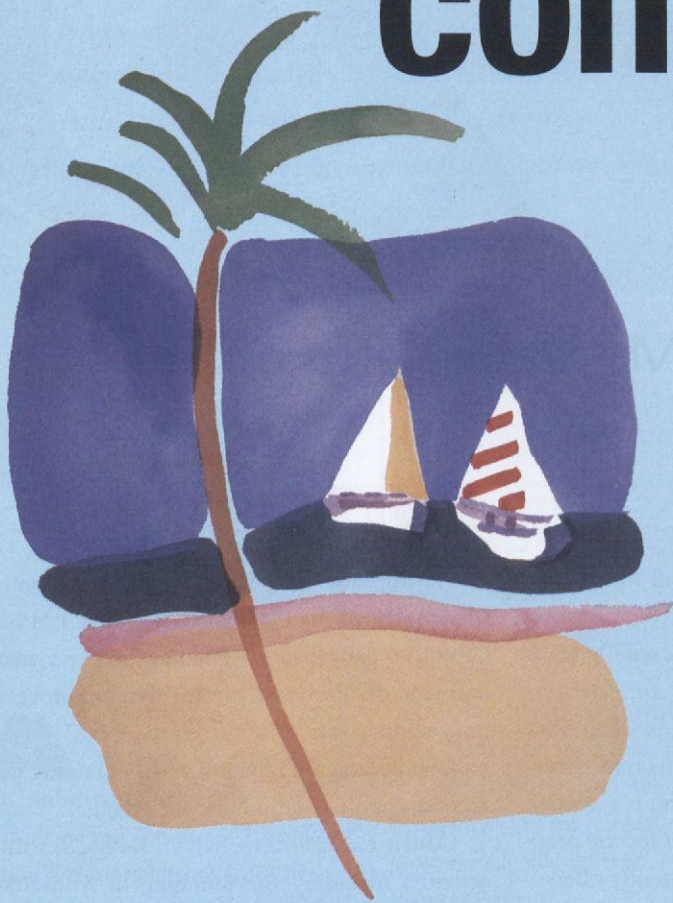
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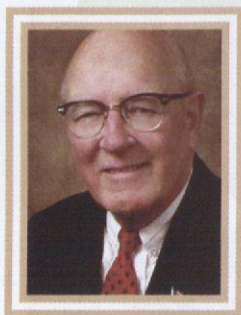


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John Ogden, Sr., CPM®
IREM Member: 6/1/49
Certificate #: 01122
Age: 86
Location: Milwaukee

At eighty-six years young and still going strong, John Ogden, Sr., CPM®, works daily in the office of Milwaukee-based Ogden & Company, Inc., AMO®, at which son Peter now serves as president and chairman. As Chairman Emeritus, Ogden is still actively involved in several of the company's properties and is a good resource of experience and support for the property management division. He currently offers consulting services in property management and brokerage and serves as a member of the company's Board of Directors.

"My son Peter encouraged me to stay on," Ogden said. "I'm still healthy and it keeps me feeling young and stimulated."

Following active duty in the U.S. Army Air Force from December 1941 until March 1946, where he achieved the rank of Captain, Ogden began working at Ogden & Company. "It was a family business and my father encouraged me to join the organization," Ogden said.

Having now earned Lifetime CPM status, Ogden earned his designation on June 1, 1949. "Our company had an ongoing property management division and I wanted to improve its image and position in the community," Ogden said. "It became very helpful when obtaining new accounts and trying to hold onto them."

Ogden has been involved in several Institute activities including the founding of Milwaukee IREM Chapter No. 13.

Among Ogden's many achievements, receiving his CPM designation in Kansas City heads the list. "Another career highlight was when I was successful, after a long ordeal, in signing up new prestigious accounts," Ogden said.

Ogden has witnessed many industry changes in his 57 plus year career. However, he said the most surprising trend was the emergence of the condominium age. "I never dreamed it would ever happen in the 1940s when I entered the business," Ogden said.

[Editor's Note: In this special IREM® 70th Anniversary feature, JPM® takes a look back at seven decades of property management through the eyes of seven of the Institute's long-time CPM® members who forego retirement for real estate management. Still making it a point to go into the office on a regular basis, these property professionals share their industry insights, career highlights and Institute memories.]



Thomas P. Costello, CPM
IREM Member: 11/1/80
Certificate #: 07248
Age: 75
Location: St. Louis

At 75, Thomas P. Costello, CPM, shows no signs of slowing down. Currently, he serves as president of Community Asset Management Company (CAMCO), a not-for-profit management entity formed to provide management for tax-credit housing ventures.

"I enjoy being involved in turn-around situations," Costello said. "I feel I serve a worth-while purpose; once it is accomplished, I can move on with a sense of having made a worth-while commitment."

Costello found the real estate management industry in a round-about way. "[Property management] was not my original plan," he said. "While working for a local agency, I became involved in urban renewal and public housing. I soon discovered many of the problems, although not all, could be attributed to poor management."

Once making the commitment to real estate management, Costello said he discovered obtaining the CPM designation was necessary in order to advance in the industry.

It is in the area of public housing that Costello said he has witnessed the most surprising changes: "The acceptance by the federal government and the real estate industry of smaller-scale developments to house lower-income residents makes for a much better lifestyle for all residents and has contributed greatly to the continual development of more and better communities in our country."



Lloyd D. Hanford, Jr., CPM
IREM Member: 12/1/54
Certificate #: 01580
Age: 75
Location: San Francisco

At age 75, Lloyd Hanford, CPM, remains active in the industry as a management consultant and appraiser. "I would retire if my golf game were better," Hanford said, "but I need somewhere to go after being aggravated by that little white ball that doesn't seem to go where it's supposed to."

Hanford began his real estate career in 1950 when he entered the family property management business while deciding whether or not to attend graduate school. "The pay was terrible but the work was fun—more fun than studying," he said.

Shortly thereafter, he followed in his father's footsteps by becoming

involved in the Institute. "My father pointed me in the IREM® direction, and the CPM designation got me hooked on the professional side of real estate," Hanford said.

Looking back, Hanford said the most significant change in the property management profession has been the shift from individually-owned real property to a growing institutional ownership. "This changed the nature of the property management profession from one where a majority of CPM members owned their own firms to a growth in national firms and institutional management entities," he said.



Edwin B. Raskin, CPM®
IREM Member: 5/1/67
Certificate #: 02760
Age: 84
Location: Nashville

For nearly 50 years, Edwin B. Raskin, CPM, has made real estate his life's work. His current involvement in the industry includes 3.2 million square feet of commercial, multifamily and other types of real estate investments for Tennessee-based Raskin Holdings.

At 84 years young, you might think he is eager to retire. "I could say my wife won't let me stay at home, but the truth is I enjoy coming into the office," Raskin said. "In 1954, I entered the real estate business with the intention of pursuing property management. I liked real estate because I could see it, feel it, buy it and keep it."

A CPM member since 1967, Raskin said

he pursued the designation because it best defined the specialty he was interested in pursuing in real estate. He added, "I have enjoyed the association with other members and the sharing of information."

Recognizing his chosen profession is one typically characterized by market shifts, Raskin said the most important time of his career was when he began to receive sufficient commissions from management and leases to cover monthly overhead without a struggle. "It's also been interesting to witness the migration from a centralized downtown market to geographically dispersed centers of business," Raskin said.



Gregory J. Nooney, Jr., CPM
IREM Member: 6/6/58
Certificate #: 01900
Age: 72
Location: St. Louis

Hardly a novice when it comes to real estate, 72-year-old Gregory J. Nooney, Jr., CPM, is actively engaged in the industry, serving as managing principal of Coldwell Banker Commercial CRA LLC in St. Louis. The company is a full-service commercial real estate firm specializing in office, industrial, retail and multifamily with 3.3 million square feet of commercial space in its management portfolio.

Property management has been a family affair for Nooney, who first entered the field in 1954 after completing military service. "The business was started by my father in 1945 immediately after the end of World War II," Nooney said. "I grew up hearing about the business most of my life. While I have been involved in all aspects of commercial real estate from brokerage, development, mortgage financing and syndication, my entry into the business was through management."

Upon embarking on his property management career, Nooney began taking evening real estate courses at Washington University. It was there he was introduced to the Institute of Real Estate Management through Ralph D'Oench, one of his instructors. "Ralph was the Dean of Real Estate Management in St. Louis at the time and, of course, played a major role in the early days of the Institute," he said.

A CPM Member since 1958, Nooney said he has enjoyed his affiliation with the Institute. "It has given me a sense of pride to be a member of a quality professional group," he said, "and to receive the ongoing education and information on cutting-edge changes which occur constantly in this fascinating business."

Nooney acknowledged that perhaps the most significant of those changes has been the transition in property ownership from one of entrepreneurial individuals to institutions. And, while his career has been filled with achievements and successes, Nooney admitted that the most significant moment of his career was attending the inauguration last November of daughter Patty as the Institute's 2003 President.

Nooney has no thoughts of retiring soon. "I like what I do and enjoy training and mentoring the younger generation now entering the business," he said.



Robert Beal, CPM
IREM Member: 11/1/73
Certificate # 03924
Age: 73
Location: Little Rock

When Bob Beal, CPM, set about making a career change in 1957, he knew two things for sure: he didn't want to sell insurance or real estate. As fate would have it, he wound up accepting a job offer from the owner of a real estate and insurance company.

"I ended up going to work for him selling real estate, and I've never looked back," Beal said. "After 10 plus years selling real estate, I made the move to property management. The company's property management department was inching along, and I took on the challenge of heading the department and turning it into a profit center. Since then, we have become a wholly-owned subsidiary of the full-service real estate company, operate consistently in the black, have increased our portfolio from a few hundred units to approximately 3,800 multifamily units in addition to other property types, have five CPM and 12 ARM Members and maintain the AMO designation."

At 72, Beal remains involved not only in the activities of the firm, RPM Management, Inc., AMO, but also in local and national Institute events.

He decided early in his property management career to take advantage of the educational courses the Institute offered. "This was one of the best decisions of my career," he said. "Not only did the Institute provide the needed education for myself and co-workers, but the networking was invaluable."

Under his direction, the Arkansas Chapter established a successful ARM Committee, an achievement of which Beal is very proud. "Our ARM Committee enjoyed a long ten-year stretch of winning awards and promoting the profession to others," Beal said. "Seeing our chapter succeed has been very gratifying, especially when you can watch successes of those people whose lives you've touched."

Other achievements Beal has enjoyed during his career include receiving the Lum Award presented by the IREM Foundation in 1993 and delivering the installation speech for colleague Beverly Roachell, CPM, the Institute's first female president.

Although Beal has an exit plan in place and has delegated much of his corporate duties, he still is responsible for certain functions and is readily available for counsel. "You never tire of seeing the company grow and how well the people you've put in place are doing," Beal said.



Robert Demson, CPM
IREM Member: 11/1/69
Certificate # 03115
Age: 72
Location: Phoenix

Since his first job out of college in 1961 as a "gofer" for an office building owner, Bob Demson, CPM, has understood the value of real estate education. An IREM instructor, he currently serves as Director of Education for the National Institute of Community Management where he consults with homeowner associations (HOAs) and developers to develop ways to better govern HOAs.

In 1965, Demson heard some property management classes were being held in Phoenix and signed up for the Institute's "Course I," which attracted more than 100 students.

"The networking and friends I've made all over the

country has been great," Demson said. "The designation has been a door opener and shown prospective clients I have the education. The Code of Ethics members are pledged to shows we are serious about our fiduciary responsibility."

The long-time CPM member counts among his significant career accomplishments being awarded in 1986 the Lloyd D. Hanford, Sr. Distinguished Faculty Award and 23 years of owning and operating his own management and investment corporation, which has made money for his partners.

Acknowledging that computers have increased the pace of doing business today, Demson said he has no plans to retire anytime soon. "Staying busy and keeping your mind active keeps you young," he said. "I have a 16-year-old son who still has two years left of high school and four years of college. That's enough to keep anybody still working!" □

Nancy Pekala is Managing Editor of the *Journal of Property Management*.

All Dried Up

Be water-wise with drought-tolerant landscaping

by Jim Knopf, ASLA

With water resources at a premium, it has become increasingly important for property managers to implement drought-tolerant or resource-efficient landscaping methods. By designing a landscape in an appropriate manner to the climate and region—selecting compatible plants, installing efficient irrigation systems—a balance can be achieved that fits both the aesthetic needs of the property and the resource availability of the region.

In 1981, the Denver Water Department coined the word Xeriscape®—a combination of the word “landscape” and the Greek word “xeros” meaning dry—to help make water-conserving landscaping an easily recognized concept. The concept of Xeriscape is based on seven primary principles: planning and design; limiting turf areas; selecting and zoning plants appropriately; improving the soil; using mulches; irrigating efficiently and performing appropriate maintenance.



Drought-proofing your landscape can help preserve valuable water resources.

Water-wise landscaping offers a number of benefits. First and foremost, it saves precious water resources. Secondly, it typically costs far less both to build and maintain than traditional landscapes. Third, it offers new ways to provide year-round beauty.

Perhaps most significantly for the property owner and manager, drought-tolerant landscapes can increase property values by as much as 15 percent, reduce water and maintenance costs by up to 60 percent, and reduce landscape water use by 70 percent or more.

When it's important to save water in landscaping, it's important to place plants of similar water needs together to avoid excessive irrigation. The chart below is an example of how plants can be grouped in Denver or Salt Lake City. This can be accomplished in any climate by adjusting the number of zones and the actual amounts of water needed, based on local experience.

Liquid Assets

When you consider 50 percent (or more) of the drinking water supplied across most of the United States and in Australia is used for landscaping, implementing resource-efficient landscaping becomes significant. What's more, water-efficient landscaping typically uses half as much water as

How Much Water Does Landscaping Really Need?

The chart below illustrates how to divide landscaping into different zones, based on the water needs of plants.

High Water Zones

Bluegrass turf
always wet at surface

18-20 gals./S.F./season
.5"—3 times per week

Typical plants:

Kentucky Bluegrass
Redtwig Dogwood, Pansies

Moderate Water Zones

Half of Bluegrass turf
(drier than Denver/SLC)

10+gals./S.F./season
.75"—once per week

Typical plants:

Turf-type Tall Fescue,
Potentilla, Purple Coneflower,
many shade trees

Low Water Zones

Buffalograss turf

0-3 gals./S.F./season
5" per 2 weeks, optional

Typical plants:

Buffalograss lawns,
Rabbitbrush, Mexican
Hat Coneflower

Very Low

Too dry for any turf

No irrigation
No irrigation

Typical plants:

Piñon Pine, Yuccas,
Apache Plume,
Agaves, Penstemons

standard Kentucky Bluegrass-dominated landscaping.

Now consider the cost of the residential drinking water used for local landscape irrigation. For example, the hourly cost of using local drinking water, based on two 5/8-inch hoses at 60 psi, is (1990s rates):

Denver \$1.55/hour

Boulder \$3.57/hour

Lafayette, CO \$8.57/hour (in city),
\$17.14/hour
(outside city)

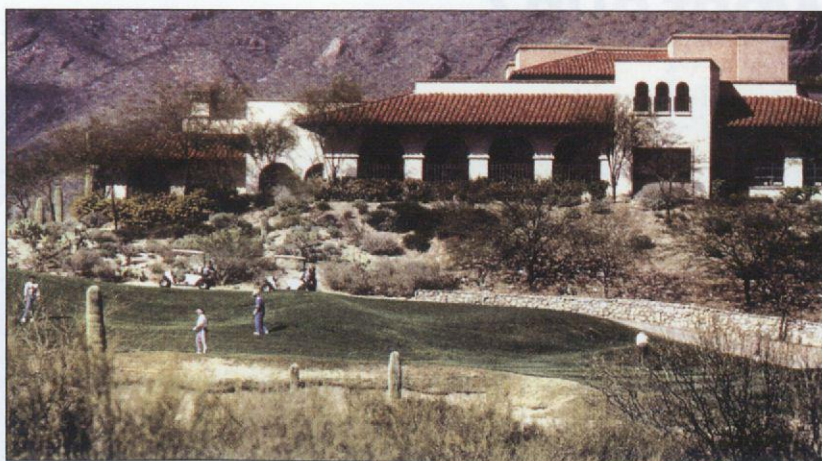
Pine Brook

Hills, CO \$18.50/hour

Santa Fe \$42/hour (highest
1996 emergency rate)
\$3,310/hour
(2002 emergency)

Los Angeles \$3.34/hour

Monthly bills of \$1,000 in



The La Paloma Planned Community features a resource-efficient landscape design.

The Arcadia Group, Inc.

Lafayette, CO and \$3,000 in Pine Brook Hills, CO have been reported.

Your landscape is an investment in the value of your property and an important element of your building's curb appeal. Drought-proofing your landscape can protect your investment

and help conserve valuable water resources at the same time. □

Jim Knopf (KnopfJ@aol.com), ASLA (American Society of Landscape Architects) is a Boulder, CO-based landscape architect. He is also author of *WaterWise Landscaping with Trees, Shrubs and Vines*.

ADVERTISEMENT

Executive Director

Seattle Housing Authority seeks Executive Director for this independent municipal corporation with annual budget of \$171 million that owns and manages more than 7,000 residential units with a staff of 650.

Ideal candidate is a strong leader who can establish aggressive goals and achieve measurable results. Must have ten yrs experience in mgmt of complex, large organizations, 3 yrs in leadership role. Essential skills include outstanding communication, leadership, and team-building skills; ability to inspire trust, elicit high standards of integrity and customer service; exp in real estate development and prop. mgmt. Degree in the social sciences business, architecture, engineering, or related field; Master's preferred. Competitive salary and benefits package.

See Web site at www.sea-pha.org for details.

Send letter of application and resume to: Executive Director Search, Seattle Housing Authority, P.O. Box 61370, Seattle, WA 98121. Application materials may also be forwarded via email, to EDSearch@sea-pha.org. Position closes July 31, 2003. EOE.

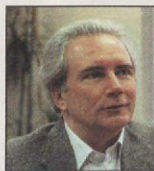
by Amanda Druckman



David Lane, CPM®
President



Anthony Smith, CPM®
President-Elect



Frederick Prassas, CPM®
Secretary/Treasurer

2004 Officers and RVP Appointments

The Institute is proud to announce its 2004 slate of national officers and regional vice presidents:

President - David L. Lane, CPM®, Jackson, MS

President-Elect - Anthony W. Smith, CPM, Norfolk, VA

Secretary/Treasurer - Frederick W. Prassas, CPM, LaCrosse, WI

Regional Vice Presidents elected for the 2004-05 term:

Region 1 - Beverly Courville, CPM, Providence

Region 4 - John H. "Jay" Windsor, CPM, Coral Gables, FL

Region 7 - Karen L. Pharr, CPM, El Paso

Region 9 - Laurence C. Harmon, CPM, Minnetonka, MN

Region 10 - Michael T. Lanning, CPM, Kansas City, MO



Glenn French, CPM®

Glenn French Earns Award

Glenn L. French, CPM, an IREM faculty member for the past 18 years, received the Lloyd D. Hanford Distinguished Faculty Award. French is the owner of Raleigh-based G.L. French and Associates, a firm specializing in real estate

management consulting and training for both the public and private sectors. In addition to his teaching accomplishments, French has written articles for the *Journal of Property Management* and authored *Government-Assisted Housing: Professional Strategies for Site Managers*, which was published by the Institute in 1996. He is also a member of the Institute's Academy of Authors.



Dancing for Dollars

The IREM® Foundation's annual Dancing for Dollars event during the Leadership and Legislative Summit raised more than \$10,000. The 125 registrants competed for prizes awarded to the region, chapter and individual raising the most money. For raising more than \$3,500, Region 2 was awarded an American

Express Gift Cheque worth \$200. The chapter raising the most money, Southern New Jersey Chapter No. 101 with \$1,335, received a voucher for one complimentary registration to the IREM Education Conference in San Diego in November. Michael Simmons, CPM raised \$775 and also received a voucher for one complimentary registration to the IREM Education Conference.

Summit Summary

The following actions were approved during the Leadership and Legislative Summit:

- A policy was passed allowing retired emeritus members approved prior to 2002 to continue their exemption from paying membership dues.
- The Institute's 2004-06 strategic plan was approved. The plan includes new strategic goals and several new initiatives for growing membership, establishing industry standards, creating a headquarters-chapter partnership, identifying the next generation of information resources and tools for the knowledge management program and increasing image promotion of the Institute's designees.
- Amendments to the model chapter bylaws (optional for chapters) were approved, which will:

1. Identify which chapter members are eligible to vote - and specifically whether associate members have voting rights.
 2. Identify who is eligible to hold office, other than the president and president-elect, who must be CPM® Members.
 3. Provide that all notices must be "in writing" rather than "mailed" to accommodate notices sent via e-mail.
 4. Provide a mechanism for voting to be conducted in writing.
 5. Change the term "regulations" to "statement of policies" to maintain consistency with current IREM® practice.
- An alternative chapter dues collection policy was approved for Department of Defense employees who are IREM members, effective in 2004.

- Chapter bylaws were approved for nine chapters as well as the following chapter status changes:

1. The merger between Florida Atlantic Chapter No. 76 and Florida East Coast Chapter No. 36 to become Florida East Coast Chapter No. 76, subject to all bylaw changes being approved by both chapters.
2. The dissolution of Gulf Coast Chapter No. 79. Former Chapter No. 79 members requested to become at-large members.
3. The merger between North Central Florida Chapter No. 86 and Central Florida Chapter No. 60, subject to all bylaw changes being approved by both chapters.

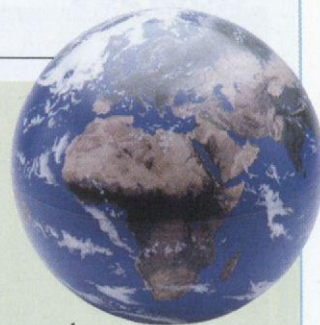


On the Road Again

2003 IREM® President Patty Nooney, CPM®, will be making the following upcoming chapter visits:

July 9	Snake River Idaho Chapter No. 107
July 10/11	Alaska Chapter No. 97
August 12	Fort Worth Chapter No. 103
August 13	Oklahoma City Chapter No. 66
August 14	Tulsa Chapter No. 10
August 18	Nebraska Chapter No. 12
August 21-22	Region 8/11/12, Las Vegas

International Update



Four Russians, one Korean and eight Japanese individuals were recently approved as new CPM® Members by the Institute. During the Leadership and Legislative Summit, the International Affairs Committee adopted an international chapter friendship program including a model agreement, international chapter guidelines and an international ambassador program.

Chapter of the Year Awards

Awards are given to encourage the communication of ideas among chapters, improve the quality and public image of the Institute at the local level and honor those chapters that have made significant strides during the year.

Presidential Award—"Best of the Best" Chapter: San Diego Chapter No. 18

Category 1 (fewer than 31 CPM Members): El Paso Chapter No. 84—The chapter raised more than \$5,000 at its 8th annual golf tournament and more than \$3,500 at its annual CCIM-IREM event, which raises funds for scholarships. As a result of an education campaign, the chapter received a commitment from the El Paso Housing Authority and put at least 12 students through the ARM® and CPM programs.

Category 2 (31-49 CPM Members): Southern New Jersey Chapter No. 101—The chapter co-sponsored a trade show and education conference with Chapter No. 1, which raised \$5,000 for each chapter. The chapter held its 15th annual toy drive, which resulted in 10 families including 65 children receiving toys and food for a holiday dinner.

Category 3 (50-79 CPM Members): Memphis Chapter No. 20—The chapter honored 22 past presidents at its Past President Appreciation Luncheon. The chapter honored several local members with scholarships and held a joint industry forecast meeting with the Memphis Area Association of Realtors. The chapter's charitable efforts supported Youth Villages, Dress for Success, Girl Scouts of America and Habitat for Humanity.

Category 4 (80-109 CPM Members): Kansas City Chapter No. 15—The chapter created "CPM and ARM of the Year" awards and developed a scholarship program to pay for educational courses for CPM and ARM candidates. The chapter donated \$2,000 to Hope House, a local shelter for battered women and children and boasted an 83 percent increase in attendance at chapter meetings.

Category 5 (110-199 CPM Members): San Diego Chapter No. 18—The chapter's RESTART Program has continued to provide members with an opportunity to work for the good of the community while recruiting new candidates for the property management industry. The program is in its fifth year and has graduated 72 students. More than \$20,000 was raised at the chapter's annual golf tournament, which attracted more than 170 real estate professionals throughout San Diego.

Category 6 (more than 200 CPM Members): Orange County Chapter No. 91—In 2001, the chapter created "Road Show," a PowerPoint presentation to market the CPM designation and the Institute to local companies and used the program extensively during 2002. The chapter's participation in its annual Helping Hands Renovation Project resulted in the contribution of more than \$50,000 in labor and materials and the efforts of more than 45 property managers and vendor employees. The chapter also donated \$5,000 to Families Forward.

Outstanding Progress: Atlanta Chapter No. 67, California Central Coast Chapter No. 102, Greater Metropolitan Washington Chapter No. 8, Kentucky Bluegrass Chapter No. 104, West Central Maryland Chapter No. 92, Eastern North Carolina Chapter No. 105, South Carolina Chapter No. 72

Chapter Best Practices

During the 2003 Leadership and Legislative Summit, the Institute recognized the following outstanding chapter programs with its inaugural Best Practices Awards.

El Paso Chapter No. 84—Achievement: An education program initiated with the El Paso Housing Authority.

Greater New York Chapter No. 26 Achievement: Outstanding public relations program.

Houston Chapter No. 28—Achievement: Shoe drive and scholarship program.

Memphis Chapter No. 20—Achievement: Creation of a program that awards "IREM Bucks" for participation in chapter activities.

Orange County Chapter No. 91—Achievement: An educational voucher program and an annual Expo and "Road Show," a program utilized when calling on employers and companies.

Western North Carolina Chapter No. 40 Achievement: Unique program to serve members in the Asheville area.

Western Washington Chapter No. 27 Achievement: An electrical licensing education program.

Courses

July

10-12	RES201	Los Angeles
17-19	RES201	Los Angeles
21-22	FIN402	San Diego
23-24	HRS402	San Diego
24-25	MNT201	El Paso
25	MKL402	San Diego
	MKL403	San Diego

August

1	ETH800	Dallas
4-5	BDM602	Louisville
7	ETH800	Nashville
13-14	ASM603	Portland, OR
14	ETH800	St. Louis
19-20	FIN201	Orlando
20-21	BDM602	Seattle
22	ETH800	Houston
25-26	FIN402	Omaha, NE
27-28	HRS402	Omaha, NE
29	MKL402	Omaha, NE

International Courses

All of the following courses are sponsored by KREBA and will take place in Seoul, South Korea.

July 14-15	ASM605
July 28- August 1	BDM602
August 4-5	MPSA
August 6-7	CPM001
August 8	CPM Exam
August 20	REM001
August 21-22	ETH800
August 25-29	MNT201

Course Numbers Key

ASM603	Financing and Valuation Methods for RE Assets	FIN402	Understanding Fin. Calculations and Strategies for RE Mgrs.
ASM605	Measuring Performance of RE Assets—Adv. Apps.	HRS402	Devel. Human Resource Strategies for RE Managers
BDM602	Writing and Using Property Mgmt. Plans	MKL402	Marketing and Leasing Strategies for Multifamily Prop.
CPM001	CPM® Certification Exam Preparation Seminar	MKL403	Marketing and Leasing Strategies for Office Buildings
CPM Exam	CPM® Certification Exam	MNT201	Intro. to Managing RE Maintenance Operations
ETH800	Ethics for the RE Manager	MPSA01	Management Plan Skills Assessment
FIN201	Basic Budgeting and Accounting for Real Estate Managers	RES201	Successful Site Management

In Memoriam

Deceased CPM® Members (January 2002-April 2003)

Richard F. Abbitt, Newport News, VA
 William W. Abelmann, La Canada, CA
 Kenneth P. Babb, Peabody, MA
 Leon K. Benizio, Irvine, CA
 Zelig Berenbaum, Denver
 Joe H. Blair, Oklahoma City
 William R. Bonner, Alexandria, VA
 Robert E. Branson, Wichita, KS
 Leonard J. Collidge, Clifton, VA
 H. D. Derron, Memphis
 Geoffrey M. Engen, Austin, TX
 Solon Gershman, Clayton, MO
 David L. Greenlee, Glendale, AZ
 Henry G. Kiggen, Plymouth, MA

Paul T. Kohr, Columbus, OH
 Fred Kramer, Chicago
 Douglas J. Krauter, El Cerrito, CA
 John F. Kreitner, Clarence, NY
 Carl P. Lattimore, Jr., Tulsa
 George H. Lau, Honolulu
 William T. Nicholson, Rockville, MD
 David F. Palmatier, Jr., Silver Spring, MD
 M. M. Pennell, Jr., Greenville, SC
 Hal C. Ramsey, Plano, TX
 George P. Rhodes, Alexandria, VA
 John D. Rothenberger, Las Vegas
 Edward H. Shaughnessy, Holiday, FL
 William L. Sonn, New York
 Betty J. Stewart, Galesburg, IL
 Claire A. Thomason, Chantilly

Stewart Wight, Atlanta
 Barton R. Wold, New Hope, MN
 Kathleen A. Wood, Plano, TX
 Hugh E. Wriggelsworth, Sarasota, FL

Deceased ARM® Members (January 2002-April 2003)

Robert S. Belzer, Norwalk, CA
 Sybil Darlene Castro, Auburn, WA
 Rita D. Chrisman, Memphis
 Kathy Heap, Goodlettsville, TN
 Diana M. Murphy, Rockford, IL
 Alva J. Short, San Antonio
 Martha Temmen, Orlando
 G. Lenore Ziegast, Encinitas, CA

Past Purchases

by Yoon Cho

In its ongoing quest to help property managers streamline operations and improve their bottom line, *JPM*® has compiled useful guidelines for evaluating vendors since the 1930s. "Purchasing Equipment," a feature story that appeared in the February 1938 issue, was one of the *Journal's* earliest articles providing tips for making smart equipment investments.

Despite the drastic changes in vendors' products and services between the 1930s and today, the article presented some timeless advice.

"Do not purchase an inferior product because of the price," advised article author Kenneth M. Moore. "We usually receive that for which we pay, and the serviceability of the equipment will be remembered long after the price is forgotten."

For equipment ranging from air-conditioning systems to light bulbs, Moore offered the following purchasing guidelines in his *JPM* article:

Air Conditioning

There are so many controversial factors in air-conditioning that the person making the purchase can only protect himself with a proper design and application, Moore wrote.

Air-conditioning was a relatively new phenomenon in the 1930s and like all major building innovations, caused much debate pertaining to implementation methods among building owners and managers. Although Moore admitted air-conditioning systems were still evolving and had not yet been standardized, he suggested all parts of an air-conditioning system should be purchased from a single vendor rather than many different vendors.

Building Furnishings

When selecting "display furniture" for lobbies and reception rooms, quality was considered the primary concern. However, aesthetic appeal was also mentioned as an important factor, especially considering "the first impression is often a lasting one, and, therefore, it is important that lobby and reception hall furniture be correct." For the interior of residential properties, Moore recommended neutral colors for the walls and floors in order to appeal to the widest range of prospective tenants and individual color preferences.

Elevators

Moore cited elevator installation guidelines for specific property types:

- Smaller apartment buildings: A push-button automatic elevator with a manually operated external door.
- Luxury apartment buildings: Fully automated elevator equipment.
- Office buildings: "High-speed equipment" with automated functions in addition to a full-time elevator attendant.

Lighting

According to Moore, sources of supply in light bulbs were divided into two main classes: those representing Westinghouse and General Electric and the so-called "independents."

In the 1930s, key components involved in selecting lighting products included negotiating a fair deal with light bulb dealers and choosing a high quality product, which the smaller independents could not always provide, according to Moore.



The Buffalo Free-Net

In the 1930s, maintenance of elevators, often manned by full-time attendants, were among those duties of property managers.

Changing Roles

1930s—Real estate management encompassed:

- Tenant retention
- Rent collection
- Building maintenance
- Documenting financial details for building owners

2000s—Responsibilities for real estate managers have expanded to include:

- Develop successful marketing campaigns to attract quality tenants
- Offer exceptional customer service to retain tenants
- Compete successfully in local markets by keeping abreast of industry trends and best practices
- Help building owners develop optimal investment strategies to meet their investment goals

Sources: *JPM* June 1934, CPM®—Maximize Your Real Estate Investment with a CERTIFIED PROPERTY MANAGER® (2003 IREM brochure)

Roles of Maintenance Personnel

1930s—Expectations for maintenance staff :

- Monitoring the boiler room
- Maintaining the oil burners or stoking system (stokers were used to burn fuel to heat buildings during the 1930s)
- Troubleshooting plumbing and water heater issues

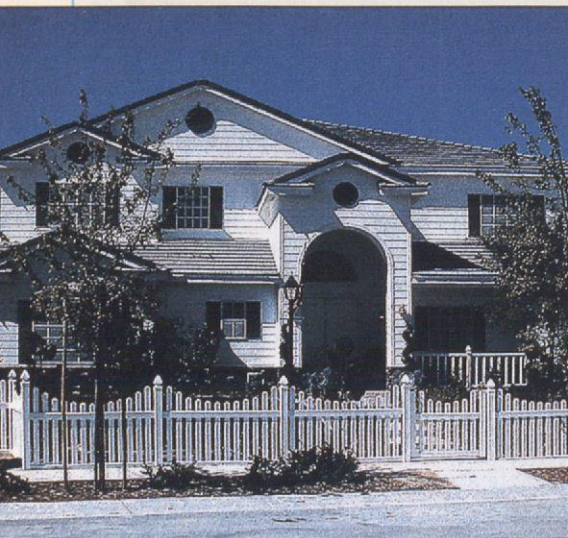
2000s—Maintenance workers are now expected to have a much broader skill set:

- Formal training and certification in maintenance operations
- Proficiency in online and wireless communication
- Ability to deliver the highest level of customer service, 24 hours a day

Sources: *JPM* February 1938, *JPM* November/December 2002

marketsolutions

Focus: Landscaping



Don't Fence Me In

Kroy Building Products' vinyl privacy fence uses patented interlocking tongue-and-groove panels, and affords the detail of a millwork fence without the continual maintenance required of wood products. A broad selection of accent panels including lattice, octagon and woven lath are available for topping on the fence panels. The vinyl railing and fencing systems are made from high-impact, weather-resistant polyvinyl chloride, which never rots, rusts or corrodes. Additionally, the products are impervious to insects and will not chip, peel or splinter. The railings and fences never need repainting or scraping since their white color is not painted on, but rather extends clear through the product. For more information, visit www.kroybp.com.

Streamline with Greenline

W.W. Henry Company introduced three new *GreenLine* products including the GL23 multi-purpose adhesive, the GL33 vinyl composition tile adhesive and GL83 linoleum adhesive. The adhesives are all environmentally friendly, with ultra-low odors and the lowest levels of volatile organic compounds of any product on the market. The products were developed with the goal of improving indoor air quality. According to the manufacturer, the adhesives provide superior bond strength, are easy to trowel and require no open time over most substrates. Additionally, the products are hypoallergenic and are designed to reduce the possibility of an allergic response by containing few or no irritating substances.

For more information, visit www.wwhenry.com.

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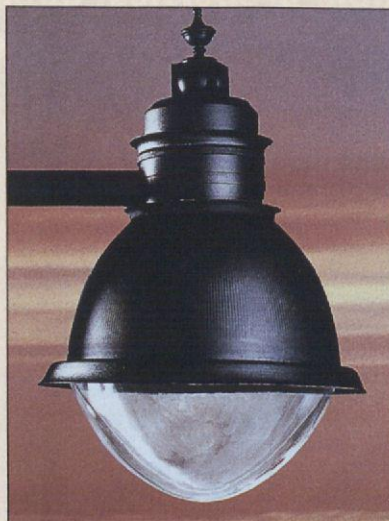


Booming Blooms

Anthony Tesselaar International's newly introduced plant selections include *Canna Tropicanna Gold* and *Lily of the Nile 'Bluestorm.'* The *Canna Tropicanna Gold* has large orange flowers mixed with yellow edging and accents. Depending on seasonal conditions and starting efforts, the flower will bloom for two to four months, May through September. The *Canna* is well-suited for planting in landscapes, garden beds and in containers. In each capacity, when planted in USDA zones 7 and above, the *Canna* will grow to at least four feet. The *Bluestorm* grows to between 28 and 34 inches and blooms for an average of 70 days, up to three weeks longer than other agapanthus varieties. The breed produces an abundance of sturdy stems with light violet-blue flower spheres. The *Bluestorm* grows in most light conditions and is naturally disease-resistant and excels in commercial landscaping applications. For more information, e-mail ddavids@tesselaar.com.

Lux Lighting

VillageMaster luminaires from Metrolux feature a detailed acorn-shaped metal housing that provides outdoor settings with evenly distributed, glare-free, high-efficiency illumination. The fixtures are designed to blend seamlessly into residential communities, outdoor-themed venues, corporate campuses or retail sites. The lower edge of the metal shade on the housing has a lip to deflect moisture and airborne debris from striking the glass or acrylic lenses. The interior of the one-piece rotatable reflector assembly inside the shade has a chemically brightened clear anodized surface with 288 computer-enhanced facets that maximize output from a choice of vertically-oriented MH, MHP or HPS lamp options that deliver an effective projected light area of 2.8 square feet. For more information, visit www.metrolux.com.



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Clean Screen

The *Airscreen 1500* from Cimatic uses patented Electro-Fiber technology to create high efficiencies by combining electric polarization and ionization, resulting in the removal of damaging particles from indoor air. The product is designed to trap bacteria, mold, smoke, dust and toxins as well as to remove

odors. The filter features a low power consumption as well as a low pressure drop, which significantly reduces annual electrical, heating and cooling costs. The product, designed for residential applications, is available in sixteen standard sizes and can be specially sized as well. **For more information, visit www.cimatec.com.**

Benched

Benches.com is one of the leading suppliers of quality seating and site furnishing products, serving customers throughout the United States and Canada. Benches.com offers a wide variety of materials, styles and sizes of site furnishings to choose from. The site provides information about the features and benefits of each product, which include benches, receptacles, tables, chairs, bicycle racks and planters. The products cater to a wide variety of landscaping needs for office parks, schools, apartment complexes and retail centers. **For more information, visit www.benches.com.**

Forms and Functions

The *Sonoma* bench from Landscape Forms, Inc. features traditional styling, combining wood and perforated metal. Available options



include a functional tablet arm or end and intermediate arms. The bench is 70 inches in length, available either backed or backless. The bench can be embedded, freestanding or surface mounted. **For more information, visit www.landscape-forms.com.**

Fence Best

Easy Gardener, Inc. has added new fencing accessories—locking ties, stakes, staples, fasteners, wire wraps and wire wrap tools—to its existing line of fencing products. The new accessories are essential for do-it-yourself installation of plastic and metal fencing. **For more information, e-mail easygrdnr@aol.com.**

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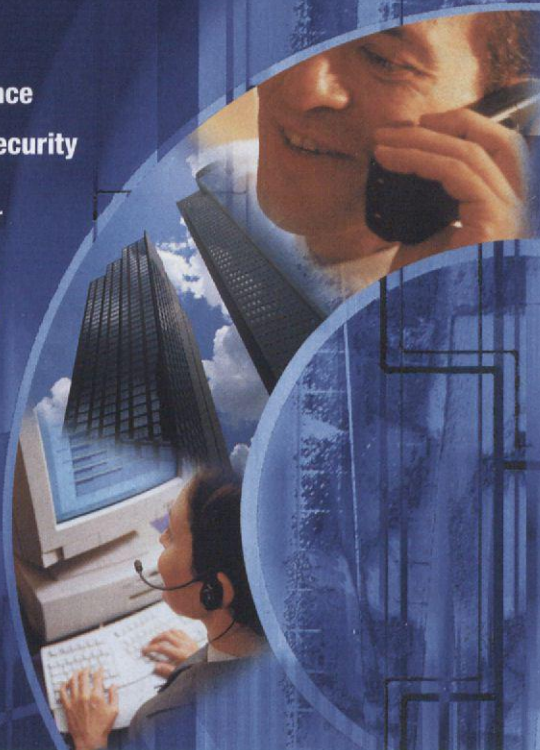
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Listen and Learn

Strategic corporate tenants demand more service

by Mary Singer, CPM® with William Goade

Over the last quarter century, economic changes have placed an increasing importance on corporate America's real estate decisions. The corporate mindset has moved away from hit-and-run brokerage to a more process-oriented, strategic perspective—expecting far more than double agents and closed deals.

Evolving Needs

In an economy still suffering the effects of the technology downturn as well as worldwide political and economic uncertainty, the national office market has shifted to a state of oversupply and slumping demand. The same circumstances weighing on the office market are drastically affecting corporate America, putting pressure on companies to reduce operating expenses. Many companies have reduced or even eliminated their in-house real estate departments and are outsourcing to service providers.

Expecting More

With far more than space needs in mind, clients are expecting their corporate real estate service advisors to take the time to understand their core business and deliver strategies facilitating cost-cutting measures. In today's wired world, clients expect electronic, real-time access to all data related to their real estate transactions—recognizing that service providers offering en-

hanced, easy-to-use technology reduce their time and overall costs. In this climate, corporate clients are requiring services that go beyond the deal; they demand more strategic thinking, fully integrated corporate services and long-term, expert advisors who understand their business and serve their interests.

Gone are the days of luxury lobbies, on-site amenities and a seemingly endless demand. Owners are at a dis-

To attract the few tenants with space needs, landlords need to speak to the bottom lines of potential tenants.

advantage at today's bargaining table. To attract the few tenants with space needs, landlords need to speak to the bottom lines of potential tenants. Accordingly, many tenants in existing space are looking to renew/restructure leases with cost-consciousness in mind.

Increasing Synergy

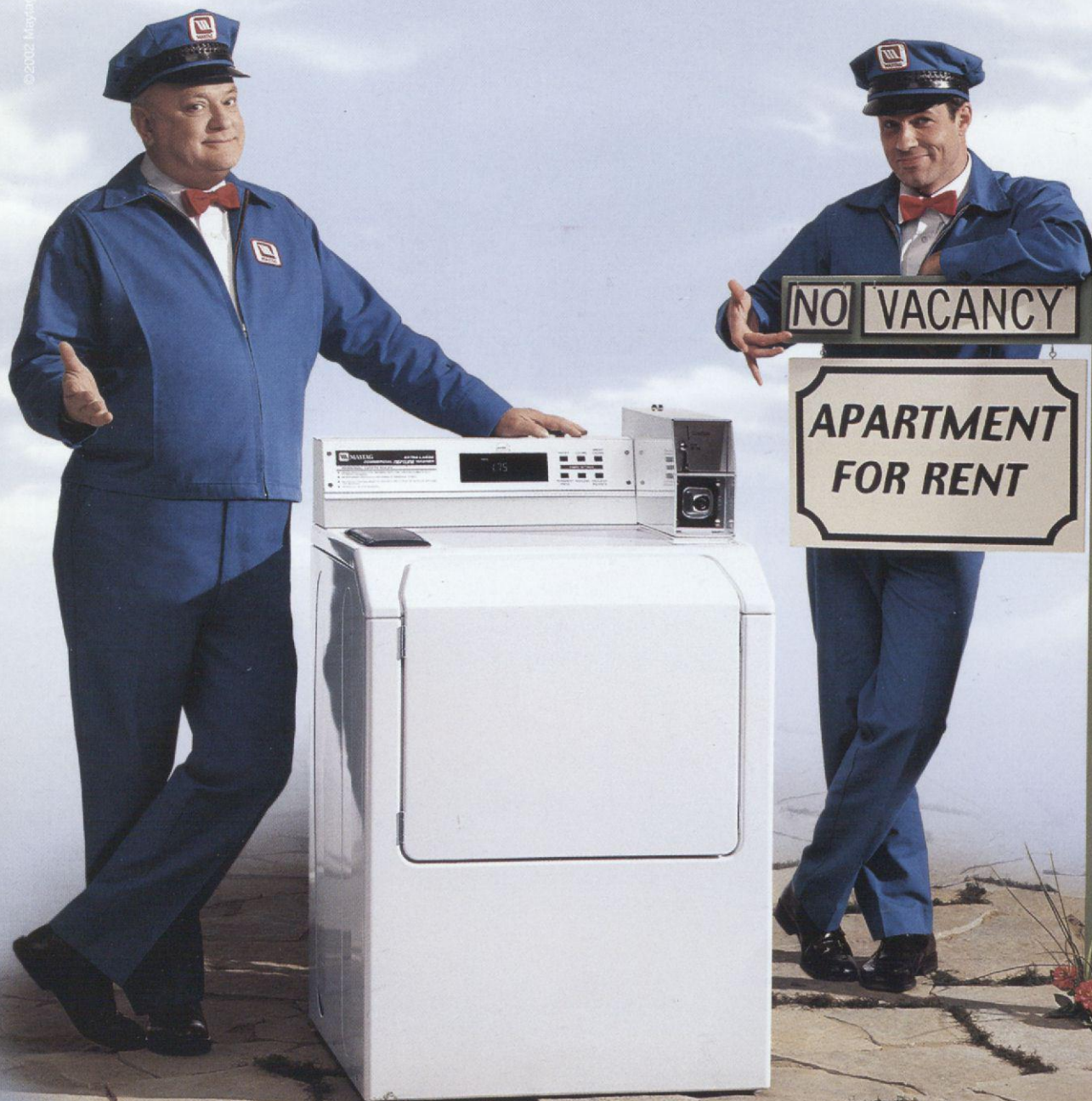
With the move away from deal-oriented brokerage and fast-and-furious negotiations, the dynamic of relationships across the table has also changed. There is an increased recognition that

tenants and landlords are not only committing to a space agreement but also a five-year or more relationship. And, considering current market conditions, tenants expect to be treated as assets rather than adversaries.

Additionally, with the increased prevalence of exclusive tenant representatives and the trend toward outsourcing, landlords are seeing tenant reps less as the opposition and more as facilitators of prosperous relationships. Good tenant reps make a point of understanding the landlord's needs to ensure compatibility with potential tenants. They actively educate their clients, providing accurate information to establish realistic expectations that ease negotiations.

In the final analysis, both service providers and landlords must enhance their service and product delivery to meet the evolving needs of corporate tenants. Advisors need to offer much more in the way of intimate corporate understanding, ability to serve in an exclusive advisory role and delivery of fully integrated services and bottom-line results. And property owners need to recognize flexible terms and synergistic relationships with tenants and their representatives are keys to filling space and maintaining occupancy. □

Mary Singer, CPM®, (msinger@cresapartners.com) is a CRESA Partners principal and William Goade is CRESA Partners founding chairman.



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Resident Information

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Name	CWS, LLC	Unit	1130	Lease To	07/01/2002
Address	Certified Public Accountants	Status	Current	Move In	07/01/1996
	1124 Chapala	Rent	4,000.00	Move Out	
City	Santa Barbara, CA 93103	Telephone	(805) 240-4162(0) - (805) 950-1181(04)		
any/yr	10/2001				

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Janed	0.00	0.00	218.57	9463	0.00	0.00	0.00	0.00
Janing	0.00	0.00	0.00		0.00	100.00	0.00	1,000.00
Janf	1,400.00	20.13	0.00		0.00	0.00	0.00	0.00

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