



IAMC

INDUSTRIAL ASSET MANAGEMENT COUNCIL

Dispatch

a newsletter for corporate real estate executives

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Memphis Sessions Coming Into Focus

At the Fall 2004 Professional Forum in Memphis, five breakout sessions promise to deliver breakthrough knowledge and interaction.

On Monday, Sept. 27, "Global Outsourcing: The State of Direct Investment" addresses the subject that tops election-year debates, whether on C-SPAN or in corporate boardrooms.

On Tuesday, "How to Make Your Corporate Real Estate Organization Sarbanes-Oxley Compliant" is the perfect follow-up to the Tucson Research Roundtable on this topic. And "Global Portfolio Management and Offshore Outsourcing" follows up on the Monday session, addressing the practical day-to-day realities of getting things done on a worldwide scale.

"Ethics: A Business Approach or a Way of Life?" will invite attendees to examine how those daily practices and strategies fit into a personal, professional and organizational matrix of ideals. Wrapping things up on Tuesday, "Emerging Issues in Corporate Real Estate: A Scan and Prioritization" seeks out attendees' topical concerns for future IAMC programming and research. Register for the Forum now at www.iamc.org.



IAMC Member Company Leaders Size Up Sarbanes-Oxley

Perhaps it's no accident that both IAMC and the Sarbanes-Oxley Act marked their second anniversaries in June. To recognize the latter occasion, *The Wall Street Journal* asked eight high-ranking individuals to evaluate whether the Act was achieving the results it should, and two of those questioned are affiliated with IAMC member companies.

Logan Robinson, vice president and general counsel for **Delphi Corp.**, said that the overall law is a good one, but could use some tweaking of its executive loan provisions in order to clarify when something as routine as a relocation advance is permissible.

Arnie Hanish, chief accounting officer for **Eli Lilly & Co.**, said the review occasioned by the Act has helped fine-tune as well as document internal corporate controls. But the full-time employment of five people exclusively charged with fulfilling the Act's requirements, in

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**Fall 2004 IAMC Professional Forum,
Memphis, Tenn., September 25–29, 2004**

Member Company Leaders Size Up Sarbanes-Oxley

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addition to more outside auditor time, is resulting in what he called “significant” expense. Board members at both companies are devoting significantly more time to their governance duties.

IAMC member John Crisel is retired from Eli Lilly & Co.; IAMC member Robert Walker is manager of real estate services for Delphi Corp. For more on the IAMC Research Roundtable on Sarbanes-Oxley, held in Tucson, visit www.iamc.org.

Talented Professional to Head Up IAMC Marketing

To take the organization’s visibility and dynamism one step further, IAMC is proud to welcome new Director of Marketing Rya Hobart. She brings to the task a range of experience that includes public relations work with UPS International, Emory Healthcare and the Asian American Hotel Owners Association.

“I am delighted to join such a talented team and prestigious organization,” said Hobart. “I look forward to helping the association continue to raise awareness and build a strong brand identity.”

IAMC Advances With New Programs, New People

Edward Gibbon once wrote, “All that is human must retrograde if it does not advance.”

The leadership of IAMC takes that admonition seriously, which is why the association is rolling out two new, member-focused programs this summer: one establishing IAMC Regions and a second creating an Honorarium Program to fund new Active members.

The Regions Program, under the leadership of IAMC Active Member **Rich L’Ecuyer of Unisys Corp.**, will enable members of IAMC from around North America to meet regularly at local gatherings to learn, network and exchange ideas. While more information on this program will be shared at the Fall 2004 Professional Forum in Memphis, a groundswell of interest from several states has prompted the IAMC Board of Directors to authorize the creation of this program immediately.

Any IAMC member interested in establishing or participating in a Region should contact L’Ecuyer at richard.lecuyer@unisys.com.

The Honorarium Program creates a special fund to provide scholarships for

new Active members who otherwise would not be able to join IAMC and attend the Professional Forums. Each qualified Honorarium recipient, who will be selected by the new Honorarium Committee, will receive full membership, full registration at one Professional Forum and all travel costs, to be paid for completely by the new Honorarium Fund established by the Board of Directors.

Any IAMC member who would like to nominate a prospective Active for membership via the Honorarium Program should contact IAMC Membership Director Cathy Pierce at cathy.pierce@iamc.org.

Finally, IAMC is advancing its membership and marketing efforts not just with new programs, but also with new people. The new members of our team at IAMC Headquarters in Atlanta are Director of Marketing Rya Hobart and Web Designer Shannon Landin. Both are extremely talented and highly creative professionals who will make an immediate impact on the organization.

Advancing means rejecting the safe, comfortable road of staying put. As you can see, retrograding is not about to happen any time soon at IAMC.



by **RON STARNIER**
Executive Director
IAMC



Readers Weigh In on Official Publication

A June reader survey of *Site Selection* subscribers elicited 73 percent of its 285 responses from corporate executives and their real estate or other service providers.

And 74 percent of all respondents found *Site Selection* the most valuable magazine in its field.

It comes as no surprise that readers find “strategic insights” to be the most important attribute of a site location publication. In turn, the insights provided by readers will help drive the official publication of IAMC to greater

heights in its enterprising reporting and analysis.

Readers also are on the lookout for practicality, breaking news, project profiles and corporate interviews. They’ll find all of that in the July “IAMC Report” issue of *Site Selection*.

The issue features exclusive reports on IAMC member company **BASF’s** Chinese experience and IAMC member company **Pfizer’s** Global R&D facilities profile. This special issue also includes a jam-packed “IAMC Insider” section, as well as an IAMC progress report.

At the IAMC Fall Professional

Forum in Memphis, *Site Selection* editors will engage a roundtable of IAMC members in a focus group, bringing even more attention to how the magazine can best serve both the membership and the industry at large.



Pfizer Global R&D headquarters in Groton, Conn.

Research and Resources

The federal **bonus depreciation** law that allows companies to depreciate an additional 50 percent of the value of new equipment in the first year of ownership is about to expire. First passed to help U.S. business in the wake of Sept.ember 2001, and then bolstered by the rise to the 50-percent level in 2003, the law applies only to equipment

placed into service by the end of 2004. Covering a range of equipment — from office furniture to plant machinery and vehicles — the law has helped companies of many sizes invest the money saved in hiring and expansions.

By looking at the city-state tax bill for a hypothetical family of four that earns

\$90,000 a year, drives two cars and saves money for college, *Kiplinger's Personal Finance* published the following list of **lowest-tax municipalities**, based on evaluating the most populous cities in each state:

City & Hypothetical Tax Burden:

Cheyenne, Wyo.	\$2,200
Houston, Texas	\$3,257
Jacksonville, Fla.	\$3,480
Memphis, Tenn.	\$3,481
Sioux Falls, S.D.	\$3,585
Las Vegas, Nev.	\$3,744
Manchester, N.H.	\$3,814
Anchorage, Alaska	\$4,151
Phoenix, Ariz.	\$5,077
Seattle, Wash.	\$5,387

Now match the above with these just-released results from the 2002 Census of Governments Survey of Local Government Finances — School Systems. Nationally, public elementary and secondary education revenues from all sources went up four percent in 2002, to \$419.8 billion. But expenditures were up six percent, to \$435.3 billion. The following 10 jurisdictions were the **highest-ranked in per-student spending** in instruction and support services. Whether they spent it well, of course, is the \$435-billion question.

Territory	\$/Student 2002
Dist. of Columbia	\$13,187
New York	\$11,546
New Jersey	\$11,436
Connecticut	\$10,001
Massachusetts	\$9,856
Vermont	\$9,678
Alaska	\$9,586
Delaware	\$9,271
Rhode Island	\$9,178
Pennsylvania	\$8,841

A report published in May by pharmaceutical intelligence firm Cutting Edge Information says that drug companies on average spend about 37 percent of their **R&D budgets** on clinical trials and related services. "Accelerating Clinical Trials: Budgets, Patient Recruitment and Productivity" also reports that trials on average last 30 percent to 42 percent

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SPONSOR spotlight Amarillo Economic Development Corporation

Top-drawer companies from the aerospace, food service and back office sectors are choosing a certain Texas Panhandle city, and their choice of Amarillo is due in no small part to the efforts of the **Amarillo Economic Development Corporation** (AEDC, at www.amarillo-tx.com).

Bell Helicopter's V-22 Assembly Center is at the heart of the Pentagon's helicopter upgrade program, which calls for the construction of 280 aircraft. Those aircraft will be built in Amarillo, where Bell is in the midst of a 113,000-sq.-ft. (10,498-sq.-m.), \$8.5-million expansion that lifted off in December 2003. It's just the first phase of growth that could see the company employ up to 1,700 people by 2011.

Food service product distributor **Ben E. Keith** is taking advantage of 53 acres (21.5 hectares) donated by AEDC for the building of a \$20-million-plus, 200,000-sq.-ft. (18,580-sq.-m.) distribution facility. Expected to be at full operation within three years, the facility will be an anchor for a planned distribution park.

Meanwhile, another \$20 million is being invested by **Blue Cross and Blue Shield of Texas** in a new

80,000-sq.-ft. (7,432-sq.-m.) customer service center that will employ up to 550 people at the new Point West Business Park. AEDC is providing an incentive grant in the amount of \$5,175,000. An initial payment of \$2,000,000 will be provided to assist the company with up-front expenses for land acquisition, architectural, and engineering costs. The remainder will

be paid when Bell has achieved its targeted employment level.

Help with expenses is something Amarillo residents find automatically, as their cost of living, most recently measured in the first quarter of 2004, is nearly 10 percent below the national average.

As for land, high on the AEDC's available property list are two industrial sites of 500 acres (202 hectares) and 340 acres (138 hectares), served by IAMC member railroad company **BNSF**.

Since its inaugural year of 1990, AEDC has engaged 110 projects, and overall wage and salary employment has increased by 28 percent.

AEDC is a new IAMC sponsor at the Forum Partner level, and will host the Tuesday evening dinner on the roof of the Peabody in Memphis.



Amarillo Economic Development Corporation

Real Business Value



Textron subsidiary Bell Helicopter is getting a lift in Amarillo.

Research and Resources (continued from page 3)

longer than expected. A summary of the report is available at www.acceleratedclinicaltrials.com.

The Studley Effective Rental Index (SERI) 2004 report, published in June, shows that **office rents** have been declining by an average annual rate of 6.5 percent since 2000. Net rent, which accounted for 72 percent of total rent at the rental rate peak in 2000, dropped to only 61 percent for 2003. Operating expenses has increased in share from 14 percent in 2000 to 19 percent in 2003. Real estate taxes also increased in share from 11 percent in 2000 to 16 percent in 2003. The full report may be found at www.studley.com.

IAMC Honorarium Makes Debut

Thanks to the support of IAMC's generous family of sponsors, selected non-member corporate real estate officers may now be considered for a prestigious one-year honorarium that awards them with one year of IAMC membership, travel costs to one IAMC Forum and registration at two Forums. Visit www.iamc.org for more information about the program's eligibility criteria and nomination process.

Meeting of the Minds

The IAMC Board of Directors will meet July 21-22 at IAMC headquarters in Norcross, Ga.

A new report from Frost & Sullivan says **radio frequency identification** (RFID) applications generated revenue totaling \$1.7 billion in 2003, and revenues are expected to grow to \$11.7 billion by 2010. However, a delay in establishing standards may stunt that growth. "With the exception of electronic product codes, the industry is still fragmented in its choice of standards for emerging applications," says Frost & Sullivan Research Analyst Karthik Nagarajan. For more on RFID, see the May 2004 issue of *Site Selection*.

The CIBC World Markets' U.S. **Employment Quality Index** (EQI), released on June 21, has fallen eight points since 2001, reflecting "the recent trend towards lower-paying, less stable, self-employed and part-time jobs at the expense of higher-quality jobs in sectors such as the transportation, utilities, natural resources and manufacturing industries." Both self-employment and part-time employment rose by five percent between January 2002 and May 2004, while regular employment rose by just 1.7 percent. Recent hiring trends are beginning to boost the index, with improvements in the natural resources, construction and professional sectors. The full report is available at <http://research.cibcwm.com/res/Eco/EcoResearch.html>.



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IAMC is managed by Conway Data, Inc. McKinley Conway, Founder Conway Data, Inc., also publishes *Site Selection* magazine (www.siteselection.com), the official publication of IAMC.

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George Bootes, vice president, **Rio Rancho Economic Development Corporation**, serving the fast-growing city of Rio Rancho, in Sandoval County, N.M., outside Albuquerque. The most recent large corporate project in Rio Rancho was Intel's \$2-billion investment in the city, cited among the company's many recent projects in the July 2004 issue of *Site Selection*.

Brian Corde, director, location strategies, for **Mintax, Inc.** The New Jersey-based Mintax is a national leader in securing economic incentives for companies looking to take full advantage of the many

credits and incentives available via local, state and federal programs.

Jeffery B. Edwards, vice president, client services, **Economic Development Corporation of Utah**. Utah EDC saw investments in June from Inline Plastics and Tire Factory.

Brian Krieger, director, **Linx BC**. Vancouver, British Columbia-based Linx has been the crucial economic development partner for many of the customer contact center projects that have found a home in the province.

MEMBER CHANGES

Ben Cole has retired from South Carolina-based **Santee Cooper**. The new designated representative for the firm will be **George Haygood**, Manager of Economic Development. Santee Cooper serves over

38,000 retail customers in Berkeley, Georgetown, and Horry counties and supplies power to the municipalities of Bamberg and Georgetown, 32 large industries, and one military installation in North Charleston.

Robert Alexander, acting director, economic development, will be the new designated representative for the **Portland Regional Partners**. Portland Regional Partners for Business is a non-profit organization of public & private economic development organizations in the Portland, Ore., metropolitan area.

Judi Hilton, national director of operations, is the new designated representative for corporate real estate service provider **CRESA Partners**. She is headquartered in Boston, Mass.