

EXCHANGES

A quarterly publication of The Real Estate Exchange

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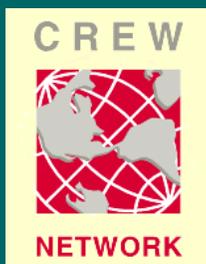
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of the
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Women
Network

State of the State Starts off the Program Year with Something Big...

Peter Goia (head economist for CBIA), Patrick Wellspeak (partner of Wellspeak, Dugas and Kane), John Palmeri (head of Hartford Economic Development Commission) and Lieutenant Governor Kevin Sullivan comprised a vibrant and diverse panel for this year's State of the State. With Elaine Sarsynski as moderator, the panel overviewed the general Connecticut economy, real estate, Hartford development issues and State topics effecting real estate and the upcoming election.

As Selectwoman for Suffield, Elaine Sarsynski framed the overall discussion within the challenges faced by many suburban communities. Five issues define the pressures faced by communities: pressure to provide services at affordable tax rates, building commercial tax base, protecting community character, continued improvements for education and schools, and enhancing town centers. Due to communities' limited resources, many look to State grants and programs to fund open space purchases, and to supplement school building/renovation budgets

Peter Goia discussed opportunities and challenges in Connecticut's Economy. Growth is mixed based upon industry. Fairfield is doing better than Hartford, which is doing better than

Waterbury. Productivity and innovation are key components to the State's improving confidence. Aerospace is on the mend, but manufacturing and IT have had a rough ride from 2000 through 2003. State concerns mirror national concerns: health care costs, the federal budget deficit, terrorism and oil prices. To stimulate Connecticut growth we need to match employee skills to business needs, create a better climate to protect innovation, and retain and recruit young people into our workforce.

Patrick Wellspeak reviewed major real estate transactions over \$10 million and trends. Many 1031 buyers have driven down the cap rates on properties to 6 - 7%. The flood of 1031 buyers is creating more competition for product as buyers seek real estate in the dearth of other investment opportunities. In the low interest rate environment, buyers are more highly leveraging purchases. Real rental rate growth is two to three years away and local growth will lag the national economy.

Continued on Page 7

**Real Estate Exchange
President Bert Kaplowitz
welcomes guests to the
State of the State Program
in September.**





President's Column



Bert Kaplowitz, President

BE A MENTOR

My mother was right: It really does feel good to be on the giving end rather than the receiving end. Being on the receiving end makes you feel somewhat beholden (if I can use a somewhat antiqued term), while being the giver, makes you feel strong and empowered.

So what can we do to get that good feeling? Try being a mentor. Most people don't realize just how much they know about something until they start explaining it to someone else. Then you can just keep talking and talking, and hopefully convey useful, interesting information to the mentee. (No, there is no such word, but it works so well in this sentence, I couldn't resist.)

As members of The Real Estate Exchange, we have a wonderful opportunity to mentor those people who have recently entered the real estate profession. And let's admit it, while we probably work more hours than we want to, and we probably have more stress than we bargained for, nevertheless, we love what we do! So why not share our insights, knowledge and wisdom when it comes to our profession. A great way to do so is to support the "Rising Stars" of The Real Estate Exchange. This is a group of young professionals who have organized around the common denominator of commercial real estate. Here's some interesting background on this terrific group of young professionals:

- ◆ The group was formed by Sarah Roxburgh (an employee of Bartram & Cochran, Maura Cochran also being a founding member of The Real Estate Exchange) on an informal basis in November of 2002. The structured group, as it is currently known, was formed in January of 2004.

- ◆ The member database has 87 Stars signed up to participate in the group, but as in most associations, about half are actively participating at the Educational/Networking Sessions.
- ◆ The objective is: "The Rising Star program is aimed at attracting, training and retaining professionals new to commercial real estate. To be run as a co-operative effort among sponsoring firms, the program will allow those with less than four years experience to network and cross-learn aspects of the trade that fall outside of their formal training."
- ◆ There are no requirements for membership, except participation. They actively try to enroll new members that can positively influence and contribute to the group. They also invite current Rising Star members to bring any college interns working with them to programs or happy hours.

So what can you do to help this enthusiastic group of new real estate professionals? Offer to serve as a speaker at one of their educational sessions; make them feel welcome at The Real Estate functions; offer to provide information and serve as a go-to person when a question arises during their work day; move some business their way when appropriate, and sponsor a happy hours gathering.

For more information, contact Jenn Rancourt, current chairperson, at CB Richard Ellis 860.987.4734 or email her at jrancourt@cbre-ne.com.

2003-2004

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Northland Investment Corporation
860.525.9395 ext. 101

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Committee News

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The Program Committee

The last public forum of 2004, "Hartford is Happening", will be held on November 17, 2004 at The Hartford Club.

Maura Cochran of Bartram & Cochran will moderate a panel of recent investors in the Metro Hartford area. The panelist are:

- ◆ Rob Winchester, President and COO of the Waterford Hotel Group, which is developing the hotel in the convention center and the downtown Hilton Hotel;
- ◆ Leslie Cohen, Vice President of Development of Samuels and Associates,

which acquired the Konover portfolio;

- ◆ Tom Gissen, Corporate Executive Vice President of Ginsberg Development, the developer of the residential component of the Cigna Campus as well as Goodwin Estates;
- ◆ Michael Grunberg, Principal, Grunberg Realty, the purchaser of 280 Trumbull Street; and
- ◆ Jordan E. Slone, Chairman and Chief Executive Officer of Harbor Group International, purchaser of Statehouse Square.

Join us to learn about each of the deals and why these investors selected Hartford.

Sponsorship

Due to our switch from fiscal year to calendar year, the sponsorship continues for an extra 6 months, until December of this year. The sponsor coupons that were sent out last September, are good until the end of this year. The next sponsorship period begins January 1, with letters going out soon! Sponsorship questions may be directed to Rachel Gioia at 860-657-3822 until the end of the year. After January, the sponsorship contact is Bert Kaplowitz at 860-275-6279.

Membership

The Real Estate Exchange welcomes the following new Regular member:

Susan Clark
Partner
Blum Shapiro
29 South Main Street
P.O. Box 272000
West Hartford, CT. 06127-2000
(p) 860-561-6808
(f) 860-521-9241
sclark@blumshapiro.com

Call For Photos: Please look in your directory. If your information does not include a photograph, we urge you to send one to Richard Meehan for inclusion in next year's directory. The publishing deadline is mid-February.

Member in Motion: Marty Collier has taken a new position as Chief Financial Officer for Konover Properties Corporation. Her new contact information is:
342 North Main Street
West Hartford, CT 06117
860-570-2000
860-586-7498 fax

CREW Delegate's Report



Jackie Buhn, a member of Philadelphia CREW and the CREW Board of Directors, will be attending the November

Real Estate Exchange Executive Committee meeting. The event will serve as a transition meeting between the current and incoming REX Board members. Jackie will facilitate a discussion about Chairing Effective Committees.



There's No "Easy" Way to East Street

From The Real Estate Exchange's Easy Street Investment Club

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The Stop & Shop Supermarket Company
Updike, Kelly & Spellacy, P.C.
Wakim, Merlin & Randich, LLP

The Real Estate Exchange's investment club, Easy Street Investment Club Partnership, was featured in a 4-page article in the "Repair Shop" section of the November 2004 issue of BETTER INVESTING magazine, the official monthly publication of the National Association of Investors Corporation.

Formed in the winter of 2000, at the height of the longest-running bull market in history, Easy Street was started by members of the Exchange who wanted to learn more about investing in stocks and have some fun in the process. The beginning was rocky: the club lost literally 100% on one its

earliest purchases (WorldCom). However, the club's performance has rebounded, with sizable gains on later acquisitions. The article's author, in fact, concludes that "East Street Investment Club has done well, as shown by its being in a profit situation during these difficult recent years."

Meetings are held monthly; each member contributes \$50/month towards future acquisitions for the club's portfolio. No prior investment experience or knowledge is required for membership. Any Exchange member interested in joining should contact Sharon Craig at 860-674-9000 (scraig@casle.com).

16th Annual CREW Convention held in Toronto

Nine members of the Real Estate Exchange attended the 16th Annual CREW Network Convention which was held in Toronto from October 13-16, 2004. CREW now encompasses 54 member organizations, which were well represented in Toronto. **Business without Borders** was the title for this first international CREW convention, which offered numerous sessions with a broader geographic focus than prior conventions.

The Opening Session speaker was Marcus Buckingham, author of "Now, Discover Your Strengths." His spirited presentation focused on what makes a good manager vs. what makes a good leader. His discussion about focusing on enhancing people's strengths, rather than eliminating their weaknesses, was one of a number of points he made that gave a different spin to a topic that is often written and talked about. If his book is anywhere near as thought provoking and entertaining as he was in per-

son, it will surely be a good read

In addition to the many other excellent speakers at both the general and concurrent sessions, the convention again featured the Network Marketplace with exhibitors which included our own Sandy Fitzpatrick at the LandAmerica booth and Bob Cummings at the SS&C Technologies booth. Off-site sessions offered such opportunities as a boat cruise to learn about Toronto's waterfront transformation, or a tour of four Toronto neighborhoods undergoing adaptive reuse and revitalization. Adding in the early morning Netwalks, evening Dine Arouns, and the Keynote Dinner and Award Presentation made for a jam packed, high energy experience that is a signature of these conventions.

Next year's convention will be in Seattle from September 28 to October 1, 2004, so whether you are a veteran attendee or a first timer, mark your calendar now.



From our Members

Upcoming Events

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**November 4
Professional
Development Program
(Members Only)
Metro Center Cafe**

..

**November 17
Public Forum
The Hartford Club**

..

**December 2
Holiday Party
(Member/Guest)
Pam Torsiello's Home**

..

**For more information,
and to register:
visit our website
www.rexchange.org**

ReXtracurriculars

With the purchase of new 21 speed bikes for Mothers' Day 1998 Neil Freuden of EnviroScience Consultants, Inc. took up bicycle touring with his wife Andrea Levy.

After sampling Connecticut, Rhode Island and Maine, they traveled to France's Bordeaux Region in June, 1999. Riding 35 to 70 kilometers per day, they had plenty of time to see historic sites, museums and enjoy lunch. Evenings were spent with other tour members enjoying sumptuous dinners in chalets. Returning to France in 2001 they explored the Loire Valley (the Valley of the Kings). Autumn 2003 found them along the Tuscan coast. Neil and Andrea stayed in Agri-Tourismo Centers: farms which produce their own wine and food and



Neil Freuden and his wife, Andrea Levy, with their bikes on an old Roman bridge in Tuscany.

which feature small hotels.

Next Spring's adventure is a tour of the Provence Region of France.

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Eight members of the Real Estate Exchange attended the CREW National Convention in Toronto. In the back row are: Beth Judd, Katherine Lambert, and Marilyn Stoudt. The front row includes: Kathy Taylor, Bert Kaplowitz, Monika Ficek, and Sandy Fitzpatrick. Bob Cummings and Linda Spevacek are not pictured.



Rooting Out Terrorists Time to Expand Your Vocabulary

By Diana MacPherson, Robinson & Cole LLP

A Word From Our Sponsors

In appreciation of our sponsors, The Real Estate Exchange makes this column available to sponsor organizations that wish to submit real estate related articles and information.

To submit an article, contact

Lisa Sadinsky, Chair
Public Relations
860-808-3000

For information on becoming a sponsor, contact

Rachel Gioia, Chair
Sponsorship
860-657-3822

In an unexpected turn of events, attorneys, in their role as persons engaged in real estate closings and settlements (probably including leasing), may find themselves designated as “financial institutions” under federal law, and thereby responsible for determining if their clients are Specially Designated Nationals (“SDNs”) or Blocked Persons under the lists maintained by the US Department of the Treasury. Even if you are not an attorney, these laws create exposure to your future transactions.

The United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 - yes, that is its full name - (the “Patriot Act”) imposes many obligations on “financial institutions” to identify, report and avoid dealing with SDNs. These obligations are designed in part to combat money laundering activities by identifying and reporting “blocked persons” to prevent them from misusing the US financial system. Failure to report or identify such possible terrorists can result in sanctions including fines and jail. (Pub. L. No. 107-56, 115 Stat.272 (2001))

Executive Order 13224, issued by President Bush on September 21, 2001 (the “Executive Order”), prohibits any transaction or dealing by persons in the United States in property or interests which are “blocked” under the terms of the Executive Order. The interim final rules concerning property of Blocked Persons (31 CFR 594) state that any property or interests in property of Blocked Persons “that hereafter come within the United States, or that hereafter come within the possession or control of U.S. persons, including their overseas branches, are blocked and may not be transferred, paid, exported or otherwise dealt in” (Sec. 594.101). Sanctions for failure to comply include forfeiture; “any transfer after the effective date that is in violation of the rules) is null and void...” (Sec. 594.202)

The question that is most important in accepting clients and preparing for a transaction has become whether any particular party to the transaction is on the OFAC list. The real estate business has always been a risky business. But the assessment of the risks and the protective measures that now seem to be necessary under the Patriot Act and the Executive Order may put lawyers in the situation of balancing professional rules that prohibit divulging confidential information obtained under the attorney-client relationship against Patriot Act rules that require the attorney to perform due diligence on its own clients and then report them if the diligence reveals certain information.

So where is the list? The Office of Foreign Assets Control, Department of the Treasury (“OFAC”) maintains and updates the list of SDNs and Blocked Persons at www.treas.gov/offices/eotffc/ofac/.

The OFAC list contains thousands of names and more thousands of aliases. While matching services are available, it is not clear that attorneys or other financial institutions are yet performing the due diligence anticipated by the Act. Because the interim rules do not include attorneys or other parties participating in real estate transaction as “financial institutions”, attorneys do not at this time have an obligation to report SDN list matches to the government. However this is an interim exemption and attorneys must proceed with care and stay attuned to final regulations that may be issued.

So what is the problem? If the attorney finds out that a party is on the OFAC list, he or she must consider whether to delay or stop a closing to avoid the forfeiture provisions of the Executive Order. If the party is a client, the attorney must wrestle with the clash

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Hart Advisers, Inc.
Jeter Cook & Jepson Architects, Inc.
Konover Investments Corporation
Levy & Droney, P.C.
People's Bank
Q Real Estate
Real-Logic.Net
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Sentry Commercial Real Estate Services, Inc.
Shipman & Goodwin LLP
The S/L/A/M Collaborative
The Stop & Shop Supermarket Company
Updike, Kelly & Spellacy, P.C.
Wakim, Merlin & Randich, LLP

Patriot Act continued

between confidentiality obligations and federal disclosure requirements.

Lastly, the federal Financial Crimes Enforcement Network (“FinCEN”) issues advisories that provide some guidance on interpreting the application of the Patriot Act. These can also be found on the Treasury Department website at www.fincen.gov/pub_main.html.

If you are not an attorney, and you have read this far, you will realize that you

may also have responsibilities under the Patriot Act or the Executive Order and the related regulations if you fit within a defined category of persons. Or you may simply understand why your transaction may get caught in the reporting complexities created by these well-meant laws.

[I am indebted to Marc B. Friedman, Esq. of Hunt, Liebert, Chester & Jacobson for his detailed discussion of this topic in “Lawyers’ Obligations Under the Patriot Act”, as contained in the proceedings of the American College of Real Estate Lawyers, October 14-17, 2004. Panelists included Susan B. Hoffnagle, Esq. of the Real Estate Exchange.]

The Start of Something Big, continued from page 1

John Palmeri reviewed Hartford’s development highlights beginning with the City’s consolidation of Planning and development to streamline processes. The city is addressing the pent-up demand for housing through various initiatives; housing prices in the city are increasing. The State has been a strong advocate of Hartford as evidenced by the Six Pillar program and its investment of nearly \$800 million in the city. This investment has allowed the city to leverage \$1billion dollars of private investment and to diversify its economy into tourism (Adriaen’s Landing) and neighborhood development such as Charter Oak Marketplace.



Lieutenant Governor Kevin Sullivan championed many of the economic issues presented by Peter Goia. Changing economic and employment patterns are increasing the need for more highly educated employees; we need to invest in the human infrastructure. Employers are shifting the costs of benefits to employees and to government. The State tax system is “burdensome, unfair and foolish” when Connecticut citizens pay 40% higher property taxes than the U.S. average. Addressing real estate Lt. Governor Sullivan commented that Smart Growth may equate to some people as no growth. However, government/ private partnerships such as Blue Back Square are beacons in redevelopment. Without redevelopment our inner cities and older suburbs will decay. Hartford and the State have partnered to create excitement in the city: culture, dining, Riverfront Recapture, stabilized employment and new housing, but all these need promotion.

In concert, the panel presented a thoughtful review of Connecticut’s economy.

Lieutenant Governor Kevin Sullivan addresses the audience at the State of the State program.