



High Tech Meets Heritage at Valspar VAST Center

The Valspar Applied Science and Technology (VAST) Center is a good reminder never to judge a book by its cover. Located on the Valspar campus in east downtown Minneapolis, the building's stately, century-old brick exterior and arched windows reflect the company's history, even as researchers inside are shaping the future.

The VAST Center opened in 2014 after 13 months of construction that have transformed previously vacant space into world-class laboratories for Valspar, a global leader in the paint and coatings industry. At the same time, the project restored and preserves the structure's historic architecture.

The 170,640 s.f. project presented a number of design and construction challenges, starting with the building, or rather buildings, themselves. The structure is actually two buildings: a five-story timber framed structure, originally a paint manufacturing facility, built in 1903; and an adjacent, three-story concrete warehouse built in 1912. While structurally very sound, the buildings' age and previous functions required thorough investigation and remediation to prepare for the new role.

For example, the original century-old building drawing records wouldn't reflect the variations and settling that had taken place over the years. Instead, once gutted down to its original exterior and core walls and columns, the entire structure was scanned with a 3D laser scanner to create a highly accurate 3D structural model for use in planning the MEP design, fabrication and installation. Scanning took six weeks to complete, far less time than the traditional process of taking field measurements, marking up drawings and turning these over to a CAD drafter to be drawn.

"As a result of the scan, we learned that the floor levels were off by 8" from one end to the other, and the building was 8" longer than it should be," said Brad Harvey, KA

"Moving the headquarters back to the historic building which now serves as both the Valspar Headquarters and Applied Science and Technology Center indicates the commitment Valspar has made in east downtown. We are now back to where we began – and where we belong!"

—Jackie Barrett
facilities manager, Valspar Corporation



Owner: Valspar Corporation

Architect: Hagen, Christensen & McIlwain Architects

Project manager: Brad Harvey (Phase I); Ken Franco (Phase II)

Assistant project manager: Dustin Kempf

Project superintendent: Ben Mergens

Project assistant: Anne Schiller

Project accountant: Sally Svec

project manager. "Our MEP subcontractors were able to bring the scanned building model into their software and accurately coordinate their ducts and pipes before they fabricated them."

The 3D laser approach greatly expedited the construction schedule, saving an estimated six months in the process, Harvey added.

Valspar and the project team took a highly respectful approach to restoring the building, which is on the National Register of Historic Places. The project included restoration of original window frames, hardwood floors, brick surfaces and the five-stories' original entrance. Unique historic artifacts and discovered features are incorporated throughout the VAST Center, providing evocative reminders of the industrial past such as steel track doors and a resin tank that survives as a focal point in one of the conference rooms. Original timber support beams have been conserved throughout the five-story building. When some oversized timbers had to be removed to make way for ductwork, they were reclaimed and repurposed into millwork used in the showroom desk and throughout the building.

At the same time, the building is served by extensive mechanical systems to provide sufficient ventilation and air exchanges throughout the building. Advanced fire protection systems are also employed throughout the facility, which maintains the stringent safety standards of a MNSHARP work site.

The KA project team also supported the client's safety values, successfully completing Minnesota OSHA's Construction Health and Safety Excellence (CHASE) Level 3 program on the site with a full time safety director on site. The project accrued some 185,000 worker hours, all without a lost time accident.

Earlier this year KA completed additional office finishes to house executive and support roles at VAST.

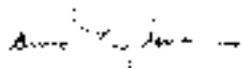
"Moving the headquarters back to the historic building which now serves as both the Valspar Headquarters and Applied Science and Technology Center indicates the commitment Valspar has made in east downtown," said Jackie Barrett, facilities manager, Valspar Corporation. "We are now back to where we began — and where we belong! Clearly, 'it matters, and we are on it!' Both projects were successful because of the hard work and dedicated team members from Kraus Anderson!"

Chairman's Column

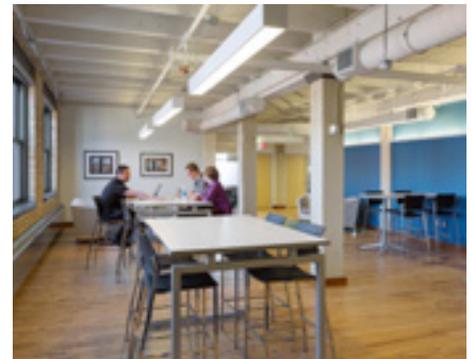
Remember the term, growing pains? If your business is bursting at the seams with growth, you're not alone. KA is proud of our service to many fine companies as they manage their dynamic growth. This issue highlights our recent work for repeat clients like Valspar, IRET, Flint Hills Resources and Park Dental, as well as some of the work we're doing for new clients. Our construction and real estate teams are well attuned to the opportunities and challenges of the corporate markets, and we're increasingly working together to maximize opportunities for clients, whether through new construction, retrofitting, relocation or development.

Of course, nobody's schedule slows down during a move or a construction expansion. Regardless of whether we are working on corporate sites, healthcare campuses, education facilities or other projects, KA's teams are well-accustomed to managing projects in occupied buildings, on active campuses and in proximity to busy public areas. Our teams are very sensitive to maintaining conditions for existing operations, and work in close communication with the client and other stakeholders to ensure that safety, quality standards and productivity are all upheld as the project proceeds. It is a painstaking process, and our people take pride in getting it right.

We look forward to helping you with your growing business needs.



Vice Chairman, Kraus-Anderson® Companies, Inc



Summer is Eventful at KA Realty

With new tenants, a strong portfolio and traffic-building promotions, Kraus-Anderson Realty is pumping up the volume this summer.

“We’re seeing increased occupancy rates across the board at our properties, including retail, office and industrial,” said Jeff Hildahl, director of leasing and marketing at KA Realty. Highlights include the recent opening of the new 20,000 s.f. Arc Value Village thrift store at Valley West Shopping Center; and the addition of a 4,675 s.f. Park Dental Group in the newly renovated 4200 W. Old Shakopee Road building, both in Bloomington. Both properties have been part of KA Realty’s portfolio for more than 30 years.

“We approach key properties as long-term investments,” said Jerry Sand, vice president of properties for KA Realty. “Where the location and demographics are solid, we are able to reinvent tenancing and amenities to address changing market conditions.”

While market trends fluctuate, family appeal is a constant. KA’s shopping center property managers see strong results in implementing family-friendly promotional events to build traffic and tenant relationships at centers such as Southtown and Valley West in Bloomington; Market Street Station in Chanhassen; and Champlin Plaza in Champlin. In recent months these shopping centers have hosted a range of family events, such as popular “Doodle Workshops” led by Minnesota children’s book author and illustrator Nancy Carlson; carnivals, facepainting, magic and music. Tenant participation for the promotions has been strong, with several stores contributing handouts, games, activities or coupons during the events.

“Even in our high-tech age, human connection is so important, and so effective,” said Cindy MacDonald, director of properties for Kraus-Anderson. “We’re proud to present artists like Nancy Carlson to promote reading, creativity and the simple, powerful message to all children that ‘You are Special.’”

Kraus-Anderson owns, manages and leases over 4 million square feet of commercial property, including office, industrial and retail shopping centers.

KA Raises the Roof for Roseville 3075 Long Lake Road Industrial Project

A dated warehouse has been transformed and repositioned following comprehensive reconstruction in Roseville, Minnesota, for client Investors Real Estate Trust (IRET).

Centrally located on an 11.5-acre site with ready access to rail and Highway 35W, the Roseville 3075 Long Lake Road project replaced an outdated industrial warehouse with a new state of the art facility. Demolition included about 200,000 s.f. of existing warehouse and construction of a new 203,004 s.f. facility with elevated 32-foot clearance roof, 31 dock doors and 50-foot grid bays with two drive-ins.

Care was taken to enable the sole existing tenant, Hood Packaging, to maintain operations and quality standards throughout construction. The new elevated roof was installed to span over and around Hood Packaging’s building, creating a cohesive appearance. The old roof was then removed with protective barriers in place to enable Hood to maintain operations.

The project incorporated a number of sustainability initiatives, including the selection of local materials and contractors. Glass, roofing, precast and EIFS all were locally sourced. The asphalt from the existing parking surface was ground up and recycled. Existing steel from the demolished warehouse was recycled. Concrete slab and footings were ground up on site and reused as base. Over 12,500 tons of concrete and over 500 tons of steel were recycled from the demolition. Construction also added landscaping infrastructure including two retention ponds to address stormwater management goals.

The completed facility provides a clean, contemporary look including prominent glass entries and a spandrel entrance on Hood’s entry.



KA Director of Properties Ken Vinje with KA’s MaryAnne London and Carolyn Johnson at Southtown Shopping Center, Bloomington, MN



Owner: Investors Real Estate Trust (IRET)

Owner’s representative: Oliver Real Estate Services

Architect: Mohagen Hansen

Project manager: Paul Carlsted

Project superintendent: Owen Slettedahl

Project assistant: Andrea Carlson

Project accountant: Mary Amlee

Kraus-Anderson Builds for Flint Hills Resources

As a major provider of the energy that keeps Minnesota running, Flint Hills Resources never rests. The company's 1,000-acre Pine Bend Refinery is the largest continuous construction site in the state of Minnesota, employing approximately 1,000 professionals in fields such as engineering, environmental science and construction. An average of 2,500 contractors are on site on any given day. Kraus-Anderson is a part of that ever-changing landscape.

Recent KA projects for the client include the new three-story 140,000 s.f. Flint Hills North Construction Building, providing workspace for more than 500 engineers, designers and construction managers on the site. The new facility allows for consolidation and reorganization of office employees, some of whom were previously operating out of office trailers.

KA continues construction on a 16,000 s.f. lab facility expansion at the Pine Bend refinery. The existing laboratory, in which scientists perform about 35,000 tests each month, remains in operation throughout construction.

Both buildings are designed by TKDA Architects and constructed with state of the art sustainable strategies and will meet or exceed all building efficiency codes. A major provider of transportation fuels used in Minnesota and throughout the Upper Midwest, the Pine Bend refinery is one of the cleanest, most efficient and safest refineries in the nation.

"Flint Hills Resources' goals for their projects are to come in on budget, on time and with zero safety issues," said KA Project Manager Jon Kuenstling. In addition, each project presented different challenges driven by their different functions.

"The North Construction Building was considered outside the plant security fence, so our challenges were pretty typical and included environmental protection, site stabilization, winter construction issues, material delivery and manpower planning," Kuenstling said.

The current Flint Hills Laboratory Addition and Remodel project presents entirely different challenges due to its location within the plant security fence and the requirements of the existing petroleum products testing lab to remain functional 24 hours per day, seven days per week during construction. "The safety and security requirements for the lab project are far more demanding and time consuming," said Kuenstling.

"Extra communication and planning is required to prevent potential disruptions such as vibrations and dust from construction activity or fumes from construction equipment or material," he said.

Kraus-Anderson has performed eight projects for Flint Hills over the past 10 years, ranging from roof revisions, corridor partition and storage racks to a 135,000 s.f. maintenance and warehouse facility and the 91,000 North Administrative Office Building, completed in 2008.

KA staff pre-planning, scheduling, continuing construction and safety education, constant communication (written and verbal) with the subcontractors, architect, engineers and owner and diligent budget management are all key components of the project team's approach.



Owner: Flint Hills Resources

Architect: TKDA

Project manager: Jon Kuenstling

Project superintendents: Jeff Moore and Randall Haram

Project assistant: Kristy Casper

Project accountant: Karen Melander

The Intelligence of Cyber Resilience



by Keith Burkhardt, Vice President, Kraus-Anderson Insurance. Article reprinted from CIO Review magazine.

Picture that scene in every James Bond movie where the evil organizations reveal their next secret plan to disrupt the status quo, cause chaos and wreak monetary or political harm. Unfortunately, cyber attackers are replicating that scene every day!

Like lipids, pollen and crabgrass, cyber attacks are an unwanted, but endemic fact of American life. And despite the best efforts of spam filters and firewalls, resistance is futile. Some amazingly unsophisticated approaches, like phishing, are still a player in more than two-thirds of all cyber attacks over the past 2 years. Moreover, even if your company has the best prevention systems in the world, your data is still exposed to many business partners, any of whom could be major targets for cyber crime, from healthcare to financial services. Thanks to the marvelous connectivity of our economy, a data breach is as contagious as the common cold.

The bad news is, at some time in the next year, your business will be touched by a cyber breach.

The good news is, you can shorten the duration of the misery and recover quickly. If you're prepared.

Step One: Admit You Have a Problem

Recognize that, regardless of your size or industry, you are an easy target for a basement genius teenage hacker or an organized network focused on harvesting money from gullible computer users.

We hear about another corporate juggernaut getting scuttled by a cyber breach every few weeks, but those headline-grabbing events are just the tip of the iceberg. In fact, 94 percent of cyber breaches happen to companies of fewer than 1,000 employees; and, in many cases they don't realize they've been compromised until weeks later. By that time, what started as a trickle has erupted into a full-blown dam burst, and the fallout is devastating, in terms of disrupted business,

lost sales, shaken confidence, and client exodus. Sixty percent of the companies that suffer a data breach are no longer in business six months after the breach. **Source: Verizon 2014 Data Breach Investigations Report

From Shaming to Sharing

The good news is the sheer prevalence of cyber crime has coaxed the business community away from its earlier pattern of avoidance, shame and denial, into a more proactive stance of information sharing. Today more companies, platforms, and tools are emerging to facilitate the sharing of patterns and approaches of cyber attacks, leading to growing threat intelligence as the business community unites across industries and from multiple perspectives in battling a common foe.

Businesses are trending away from sometimes disjointed IT strategies to using Managed Services Providers who can provide a comprehensive cyber security solution, including Intrusion Detection Systems (IDS), real-time alerts, and effective user education. The burgeoning wisdom is outsourcing cyber security monitoring to alert to any spikes in data system outflow or inflow that may indicate intrusion; with the goal of reducing the time lapse between breach and discovery.

"Sixty percent of the companies that suffer a data breach are no longer in business six months after the breach."

The Race is On

Shared intel on breach experience has also underscored the fact that discovery and response needs to outrun the spread of the attack in order to be effective. Seventy-five percent of attacks spread from victim 0 to victim 1 within 24 hours. In response to these sobering statistics, both houses of Congress have recently passed cyber security information sharing bills. Shortening the time between discovery and response is crucial; which means that, in addition to Intrusion Prevention Systems (IPS) and Intrusion Detection Systems (IDS), you need a financial plan in your Cyber Resilience program. While insurance might be part of this plan, let's be clear with our terms.

Cyber Liability ≠ Cyber Risk

Businesses often confuse a Cyber Liability program with that of a Cyber Risk program and feel they are resilient to cyber attack. However, legally, the fact you had a breach doesn't immediately obligate you to make payments to parties affected in terms of lost information: they still have to prove damages.

Moreover, a Cyber Liability policy doesn't cover the effects of the breach on your company.

A proper Cyber Risk program, on the other hand, focuses on simultaneously mitigating the immediate financial requirements and responding to the long term effects of a breach on one's own company. It addresses the question, how do I finance a cyber-event?

Uncomfortable Conversations in Cushy Chairs

To answer that question, IT needs to sit down with the C-Suite and calculate the expenses you'll need to respond to a cyber attack. Factor in potential lost profit, ongoing non-variable expenses, the impact of not serving your customers or accepting your vendors or being rejected by them, and how long before you can reestablish trust again.

Once you've figured out how much money you'll need, you'll also need to calculate how quickly you can get your hands on those funds. How fast can your company move \$5 million in cash? What would be the impact if you can't use your system? Prefunding one event may be a workable option. If your cash velocity is slow, then Cyber Risk insurance might be the right path.

Insurance Isn't Always Sure

While we're on the subject of insurance, be aware that the industry is experiencing some chaos when it comes to meeting the coverage requirements on cyber-attacks. Traditionally, insurers provide policies that respond to claims with a claim process developed prior to the digital age. Hence, the challenge to the Industry is providing coverage that provides financial resources within the new Cyber Breach claim timeline. There are a handful of insurers with strong financials and claims paying reputations that understand and are experienced in responding to this new risk paradigm with policies that account for restoring the system, including the technical, regulatory, legal, and related communication expenses.

Are you Cyber Resilient? If the answer is yes, then your management team has already war gamed a cyber breach and has a detailed plan for who will need to be contacted externally and internally; what systems may be affected and require replacement; and a disciplined communications process that positions your company to maintain its customer and vendor relationships post-cyber event. If you aren't accounting for the risk, you are violating one of the fundamental principles of business. As sure as SPECTRE targets James Bond, an organization is aiming a sneak attack on you. Be ready.

KA Capital Finances for Virtuoso Construction LLC

As the saying goes, if you want something done right, do it yourself. A young, growing concrete contractor in western North Dakota is working with Kraus-Anderson Capital to expand its service capabilities for greater quality and schedule control.

Established in 2012 and headquartered in Watford City, ND, Virtuoso Construction is operated by partners Rick Deutsch, Jesse Hoff and Roger Scott and provides a full range of concrete work to commercial and residential clients — excavating, grading, curb, paving, footings and walls, slabs, and decorative concrete, among other applications.

“If it can be done with concrete, we can do it,” says Deutsch.

The company’s recent purchase of a new Cemco Model 275 3D Concrete Batch Plant replaces rental equipment to greatly speed its production and better control quality and response time. The purchase was financed by KA Capital.

The new plant boosts production from 30 yds/hour to 150 yds/hour and positions the company to handle projects from the start of dirt work to finished concrete, keeping nearly every task in house for better quality and schedule control, Deutsch said.

“One of our biggest hurdles was getting concrete delivered to our projects when we needed it,” said Deutsch. “With all of the large infrastructure projects, commercial buildings, and residential construction going on, the other ready mix suppliers were extremely overbooked. No matter how much equipment we had in the field or how well our crews performed, the inability to get ready mix was crippling. None of us had ever batched concrete before, but it was something we knew we needed to do if we wanted to see any measure of success.”

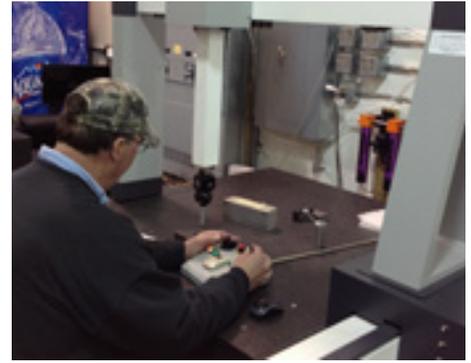
Deutsch was referred to KA Capital by Steve Tufto from Kinetic Leasing.

“Kinetic has been with us from the start out here,” said Deutsch. “They helped us get our first excavator and many things since then. The batch plant was a bit more than they wanted to bite off, so Steve referred me to Mick Uzendoski at KA.

“With KA’s help financing the new plant, we have greatly increased productivity and capabilities supplying ready mix to job sites,” said Deutsch.

“Mick and the staff at KA were great to deal with. He took the time to come out to Watford City and meet me, see what we are trying to build, and understand the importance of a high capacity plant to our business. This was a big purchase for us, and Mick worked with us every step of the way to get it done.”

For more information on financing opportunities through KA Capital, contact Mick Uzendoski at 888-547-3983.



Above top: Mick Uzendoski with Scott Kramer, president, Melrose MetalWorks, beside the FMS system financed through KA Capital. Above bottom: Precision equipment such as this Zeiss CMM enhances the company’s capabilities.



2015 Volume 33, No. 104

Editor, *MaryAnne London*; Writer, *Mary Kaeding*

Kraus-Anderson® Quarterly is published for clients, associates and employees of Kraus-Anderson®.

523 South Eighth Street, Minneapolis, Minnesota 55404 • Phone 612 332-7281

Founder, *Lloyd Engelsma (1913-1997)*; Chairman, *Bruce Engelsma*; Vice Chairman, *Daniel Engelsma*

Kraus-Anderson Construction Company is an AA/EEO employer.

www.krausanderson.com



RACING TO A STRONG FINISH

KA Bike Duluth Festival kicked off its second year August 15-16. Designed to build community and spotlight Duluth's outstanding outdoor recreational amenities, the family-friendly event featured races, tours and activities for cyclists of all skill and experience levels, with proceeds going to Cyclists of Gitchee Gumees Shores (COGGS) and the Duluth Area Family YMCA. The sold-out, 15th annual KA Walleye Classic live release fishing tournament was held June 13 in Bemidji, capping off a successful run which has to date raised over \$600,000 for local charities. Photos: Left, the action at the KA Bike Duluth Enduro race; below from left: KA Bike Duluth Festival volunteers; morning at Lake Bemidji during the start of the 2015 KA Walleye Classic; 2015 KA Walleye Classic champions Lauren Ras and Paul Kuhn.

