

BY JOHN VOMHOFF JR.
STAFF WRITER

When the founders of Urban Organics first visited the old Hamm's brewery on the east side of St. Paul a year ago, the long-vacant building was in disrepair. The walls were covered with graffiti and there were piles of trash left behind by homeless peo-

ple who had been living there. "You should have seen it. It was a nightmare," said Fred Haberman, a local public relations executive who is part of the Urban Organics team.

But Haberman and his partners saw potential in the 105-year-old building, and they're now transforming it into an indoor, urban farm. Most of

the birds have been cleaned up, and by mid-2013 there will tanks full of tilapia and racks lined with fresh lettuce and herbs.

Urban Organics will use an agricultural technique known as aquaponics, a symbiotic marriage of aquaculture (raising fish in tanks) and hydroponics (growing plants in water). The

nutrient-rich wastewater from the fish will be pumped to the produce growing on the racks above, and the plants then act as a filter for the water before it returns to the fish tanks.

FARM | PAGE 23



Retargeted:

Startup's cancer-fighting plan didn't work, so it goes fishing.

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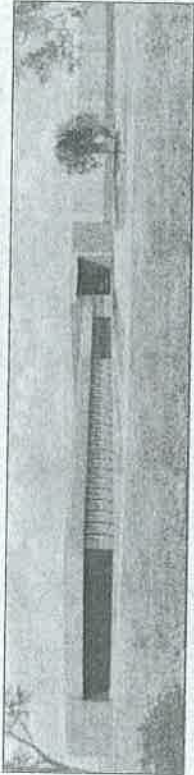


Promise of data-center building boom is sputtering

BY SAM BLACK
STAFF WRITER

An expected boom in data-center construction in the Twin Cities has been slow to materialize despite all it has going for it — prepped sites, government incentives and favorable national trends.

Three large data center projects — in Washington, Carver and Dakota counties — have been proposed by developers, but haven't moved beyond the marketing stage because there hasn't been enough demand,



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M. A. Mortenson has proposed this 125,000-square-foot data center in Chaska, but it won't break ground without a tenant.

even with the help of 2011 tax breaks passed by the Legislature aimed at landing such projects.

The 2011 law exempts companies from paying Minnesota sales tax on all purchases of equipment for any

new or refurbished data center that involves at least 30,000 square feet of space and \$50 million in investment.

So far, no projects have been able to meet those thresholds.

The first big deal to be announced was in November 2011, when Charlotte, N.C.-based Five 9s Digital said it would develop a \$75 million to \$100 million, 138,000-square-foot data center in Eagan that would open in the third quarter of 2012.

Five 9s lets its option expire in August. **DATA CENTERS | PAGE 23**

New faces at corporate boards raise costs

BY TOM SMITH AND JIM HAMMERAND
STAFF WRITERS

Four Minnesota companies increased pay to their boards by more than 25 percent in their last fiscal year, largely to bring on fresh talent. The biggest increases were at ValueVision Media Inc. and Northern Oil and Gas Inc. On the other hand, several public-company boards dropped

members, including Best Buy Co. Inc. and Imation Corp., and consequently paid less in compensation.

Overall, the total compensation represented on the *Minneapolis/St. Paul Business Journal's* annual Top 25 List of the highest-paid corporate boards rose by 6 percent this year. A more significant trend, however, is the sharp rise in board pay at the top and

drop-off at the bottom.

Overall, 16 companies gave pay increases to their boards, and nine paid less. Furthermore, 15 of the 25 reported at least one departure during the fiscal year we studied. That 60 percent ratio tracks with national numbers compiled by Equilar. A majority of the S&P 1,500 companies it studied (781

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SHOP-A-LOT

As undeveloped land in metro area dwindles, developers look for new solutions in old outlots. **Special Report | 12**

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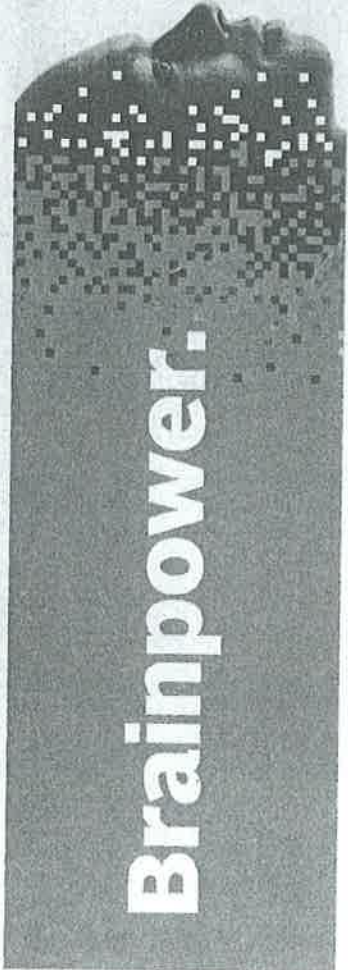
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DATA CENTERS: Big MN companies have built them here, but developers are left waiting for tenants

FROM PAGE 1

on the farmland it had picked for a site.

"A lot of our potential tenants were looking for an existing building where they could occupy it quicker and at a lower price," said Five 9s CEO Doug Hollidge. "We listened to the market and transitioned to putting an 87,000-square-foot building under contract."

It is now marketing space in a former Laystee bakery distribution center in Eagan. By using an existing building, Five 9s could lower asking rents from \$28 to \$14 per square foot per year.

The other two projects still waiting for tenants to start or expand are a data center in Chaska proposed by M. A. Mortenson Co. and a building in Washington County that startup firm IronGate Data Centers plans to convert into a data facility.

Economic development boosters envisioned the data-center tax breaks would land deals that add millions of investment to the state. Data centers are expensive to build and equip, with price tags reaching \$400 to \$700 per square foot. They don't usually generate a lot of jobs (a staff of 30 can often manage a 100,000-square-foot facility), but they pay property taxes and consume a lot of energy sold by local utilities.

There's been a national boost in demand for data-center space as more and more companies store their information off-site and turn to cloud-based data storage. The explosion of smartphones also is driving demand.

Minnesota has an advantage over some

WHAT'S A DATA CENTER?

A data center is a facility exclusively built or renovated to house computer, telecommunications and electronic storage systems. It is typically in an expensive, reinforced building, with redundant power supplies and beehive up environmental controls and security.

Demand drivers:

Growth of cloud-based IT storage and smartphone use; ongoing concern over disruptions in business due to natural disasters

A few large data center proposals:

- M. A. Mortenson Co., Chaska, marketing 125,000 square feet of new construction
- Five 9s Digital, Eagan, marketing a 187,000-square-foot renovation of a former bakery warehouse
- IronGate Data Centers, somewhere in Washington County, plans to renovate an 85,000-square-foot industrial building and is marketing 270,000 square feet of new space

states because of its low risk of natural disasters and chilly climate, which helps cool sensitive equipment. Several Fortune 500 companies already have data centers here, especially in health care, banking and retail industries, which helps prove the reliability of the area as a data center

hub. Minnetonka-based UnitedHealth Group Inc. and Minneapolis-based Target Corp. built new data centers in the West Metro in 2010 before the data-center economic-development law passed.

Tax break threshold too high?

The data-center tax breaks are helpful, but not game changing, said Dan Peterson, a broker at Colliers International | Minneapolis-St. Paul and a specialist in the data-center market.

"With at least 13 states with similar incentives, it's really the price of admission these days for states to have incentives like these to attract data-center development," said Peterson, who is marketing a 12-acre site in Chaska where Golden Valley-based M. A. Mortenson has proposed a 125,000-square-foot data center.

The Twin Cities is underserved for data-center space and has been pegged as an emerging market in the sector by national players, Peterson said. "Users are swirling... but we're not seeing things land quite yet."

The Minnesota High Tech Association has discussed trying to amend the 2011 law to get some of the thresholds for the tax breaks lowered, which could help the incentives match up with some of the phased developments that have been proposed, Peterson said.

One such phased project is by Minneapolis-based IronGate Data Centers, led by developer Ned Abdul. IronGate owns an 85,000-square-foot facility in Washington County and a 25,000-square-foot facility in Hennepin County. (It doesn't disclose the exact locations to maximize privacy.)

IronGate received some recent coverage for a 270,000-square-foot expansion it announced for the Washington County site, but it won't break ground on that until it lands one of the 100,000-square-foot users from the East Coast that are looking in the market, said Rory Johnson, president of IronGate. So far, IronGate's only deal is for an undisclosed tenant that is leasing about 2,000 square feet.

Greater MSP, the regional economic development agency, worked with IronGate to provide information about incentives and to help

There's still upside for the data-center market in the Twin Cities, said Mike Brown, a spokesman for Greater MSP.

There have been about three smaller data-center deals that Greater MSP was involved with in the past year, but none qualified for the tax breaks, Brown said. Those projects included a \$25.7 million, 33,000-square-foot project by Allina Health System in Anoka and an \$11

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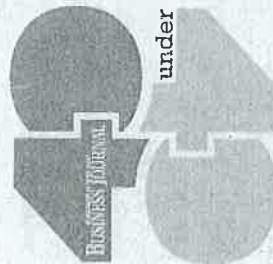
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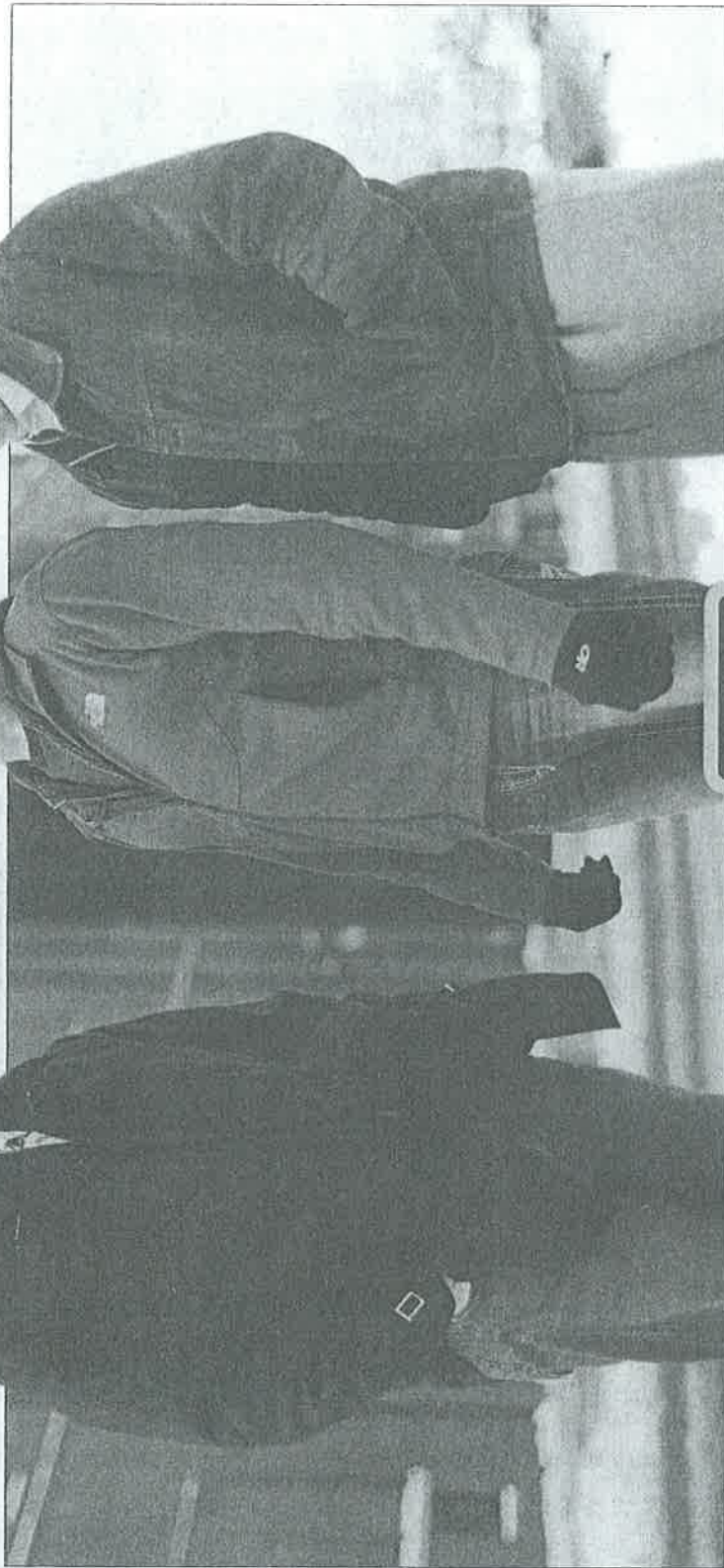
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December 21, 2012

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FLOOD TANK

NANCY KUEHN | MINNEAPOLIS/ST. PAUL BUSINESS JOURNAL

Fred Haberman, left, Dave Haider and Chris Ames are converting the former Hamm's brewery into an urban indoor farm that produces fish and greens.



Aquaponics

GROW BED

FISH TANK

Plot for farm in old brewery plows forward