

NCREIF
Minutes of the Real Estate Information Standards (REIS) Council Meeting
FRIDAY, NOVEMBER 5, 2004

On Friday, November 5, 2004, a meeting of the REIS Council was held to discuss a variety of standards projects and initiatives. The meeting was open to all interested parties. Jeff Kiley, Chair of the REIS Council, led the discussion. The meeting focused on the following topics: 1) the REIS Constitution; 2) compliance and verifiability; 3) proposed performance measurement changes; 4) proposed technology and data standards; and 5) proposed accounting changes. Prior to the meeting the participants received the minutes from the June meeting and a draft of the Constitution. At the meeting the participants received: 1) a summary of proposed Chapter 5, Technology and Data Standards; and 2) a draft of an exposure draft of a proposed amendment to the Notes Payable Accounting Standards.

REIS Governance and Constitution

After discussions at the June Council meeting, the Constitution was re-drafted to: 1) clarify the duties and composition of the Standards Board; 2) enable standing committees to designate Council representative(s); 3) clarify voting rights and duties of Council members and 4) include a flowchart of the standards setting process. In accordance with the voting provisions of the Constitution, it was determined that a quorum of voting members was present and a vote was taken to approve the Constitution. The motion passed unanimously and the Constitution will be presented to the Board for approval after certain minor corrections.

Compliance and Verifiability

The Council discussed the question of whether REIS are written in a manner which allows for an objective determination by a third party as to a manager's compliance with REIS. Initial discussions indicated that compliance requirements should be specific and verifiable via persuasive evidence of compliance. It was agreed that additional work was required in terms of the question of verifiability and that such work would be conducted through a combination of standing committee efforts together with a REIS Task Force, (which is expected to be formed in the future). Each Council representative was requested to begin discussions on this topic within the ensuing standing committee meetings and report on these activities to the Council. It was agreed that this is an important topic which REIS must address and it generated significant interest from the Council.

Ongoing Standards Initiatives

Chapter 3- Performance Measurement

Roger Lerrick, a Council representative from the Performance Measurement Committee summarized the efforts undertaken to re-write of REIS Chapter 3 – Performance Measurement, resulting from the anticipated first quarter 2005 approval of Gold GIPS. The proposed performance measurement standards in Chapter 3 provide guidance for property, investment, fund and composite reporting where GIPS may be silent or subject to interpretation.

During the conference, the Performance Measurement Committee approved the draft document and as such the members of the Council did not have time to review the document prior to the meeting. Several Council members indicated that the Council must have adequate time to review proposed standards changes (i.e., re-writes for conforming changes; prospectus, exposure drafts) substantially in advance of the meeting in order to make the most productive use of meeting time.

A discussion ensued as to whether REIS should be changed to no longer require compliance with GIPS and whether an all-inclusive set of performance standards should be contained within REIS. . The Council indicated that the nature of such a change in REIS would require a written discussion of the purported merits of the change and would require adherence to the standards process outlined in the constitution. Roger agreed to continue to work on the draft document in order to highlight the significant issues and in order to provide a draft of the exposure draft to the Council.

Chapter 5- Technology and Data Standards

Sandy Jacolow, the Council representative from the Information Management Committee, presented a summary of proposed technology and data standards for REIS. The proposed standards recommend that: information management systems and related software applications are capable of generating and deciphering XML files; and OSCRE standards are adopted to facilitate data exchange. Although initially drafted as a requirement, the use of XML was later changed to a recommendation in order to accommodate current data transfers which are not XML. The Council requested that Sandy prepare an Exposure Draft for review and comment by the Council as soon as practical. An exposure draft is expected to be drafted in early 2005.

Exposure Draft – Accounting and Valuation of Debt

Jeff Kiley presented a draft of an exposure draft for the valuation of notes payable. The exposure draft proposes that all notes payable, whether property, investment or fund level, must be marked to market using the existing guidance in paragraph 3.05 of the NCREIF Market Value Accounting Manual. Certain aspects of the exposure draft were requested to be highlighted in the document. An updated exposure draft is expected to be presented for Council approval in early 2005.

Other Initiatives

Lastly, the Council addressed future initiatives including: an update of the glossary (Chris Meyer); the treatment of advisory fees in calculating performance (Joe Cappelletti); and IRR calculation requirements (Joe D'Alessandro). All of these initiatives are in varying stages of completion and will be addressed by the Council as appropriate.

The next Council meeting will be held on February 23, in Salt Lake City, Utah.

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List of Attendees
FRIDAY, NOVEMBER 5, 2004

<u>Name</u>	<u>Company</u>	<u>Voting (Y/N)</u>	<u>Committee</u>
Neal Armstrong	RREEF	N	Accounting
Scott Brown	State Street – Private Edge	Y	Performance
Joe Cappelletti	RREEF	N	Performance
Denisa Hall	Prudential	Y	Accounting
Sandy Jackson	KPMG	Y	Accounting
Sandy Jacolow	Newmark	Y	Info. Mgmt.
Ken Kalman	Cushman & Wakefield	N	Info. Mgmt.
Ellie Kerr	JP Morgan Fleming	Y	Valuation
Jeff Kiley	PWC	Y	Chair
Marybeth Kronenwetter	REIA	N	Coordinator
Carol M. Kuta	UBS Realty	N	Accounting
Roger Lerrick	Legacy Partners	Y	Performance
Simon Mallinson	IPD	N	Research
Maritza Matlosz	SSR Realty Advisors	N	Performance
F.C. Neil Myer	The Townsend Group	Y	Database
Joyce Niggley	RMK Timberland Group	Y	Timberland
Melissa Ozturk	RREEF	N	Accounting
Beth Prezembel	Lincoln Advisory Group	N	Performance
Mark Roberts	Invesco	Y	Research
Claire Snedeker	Snedeker Consulting	N	Accounting
Robin Ziegler	Invesco	N	Accounting