

Date: September 29, 2015

Memo To: BOMA Local Association BAEs, Presidents, and Presidents-Elect

From: Membership Dues Task Force

Re: Report and Recommendations: New Model for Reporting Members and Paying Dues to BOMA International

Background

The Membership Dues Task Force was established by the BOMA International Executive Committee in June, 2014 to research and propose a more “fair and equitable” model for BOMA local associations to report members and pay dues to BOMA International. The goal of the Task Force was to recommend a dues model that would initially result in little or no change in total dues dollars to BOMA International, while providing both BOMA International and the local associations with opportunities to grow future revenue. The Task Force, originally composed of ten BAEs, met regularly by conference call and one in-person meeting between August and November, 2014 and also facilitated a discussion at the BAE Leadership Conference in October. An interim report was provided to the Executive Committee later that month, at which point six members were added to the task force representing the executive committee and other volunteer leaders.

These six new members began meeting with the BAE members via conference call in December. The expanded group continued to meet regularly via conference call as well as three in-person meetings in 2015 at the Winter Business Meeting, a meeting in Chicago, and the Annual Conference. At the Annual Conference, the task force also facilitated an open forum/discussion with BAEs and local leaders. A concept document which had been submitted to the Executive Committee in April served as the basis for the open forum discussion in June. The report, which considered a number of guiding principles, offered several concepts for consideration reflecting a combination of current reporting procedures and the application of market size data.

Based on comments and feedback from the June open forum, the Task Force revised its April report and submitted a draft to the Executive Committee on September 28. The Executive Committee has approved the report for distribution to the BOMA local associations for comment. Our goal is to receive comments and feedback between now and January, make whatever revisions are necessary to the report based on this feedback, and bring the report in the form of a final proposal to the February, 2016 Board of Governors for a vote. A Town Hall meeting is planned at BOMA’s Winter Business Meeting prior to the Board of Governors meeting in order to answer any remaining questions. If approved, the new plan will be implemented with the 2017 budget.

Current Model for Calculating BOMA International Dues

The current model for calculating dues payable by BOMA local associations to BOMA International requires all locals to calculate dues owed by the number of individual local members. While this is a fairly easy procedure for BOMA local associations with individuals as members, some of these locals have differed in applying the calculation to certain classes of local members (engineers, students, and young professionals, for example). For BOMA local associations with buildings as members, the current system requires these locals to convert building memberships to individuals for the purpose of calculating BOMA International dues. This conversion has been difficult to fairly and accurately apply because all individuals included in an overall building membership may not necessarily choose to pay for membership if individual membership

were an option. As a result, there has been confusion in the marketplace, inconsistencies with how rules and procedures are applied, and, in some cases, wide variances between dues paid by locals representing similar market sizes.

Proposed New Dues Model

Member Definitions

Definitions of members have been expanded and clarified to include all real estate asset types and all job titles and functions. Definitions for special membership types, such as engineers, young professionals, students, etc. have been clarified to eliminate confusion among local associations on whom to calculate dues. The attached Guidance Document/Member Definitions provides details.

Formulas to Calculate BOMA International Dues

After considering several possible new models and utilizing feedback and comments to date, including comments from the June open forum and a sub-group of building-based locals, the Task Force proposes that two formulas be utilized for calculating dues owed to BOMA International by the BOMA local associations. ***Please Note: The proposed dues formulas described below do not seek to change how BOMA local associations determine and assess local dues. This will remain the responsibility and prerogative of the BOMA local associations. However, how a local association determines and assesses local dues will determine which formula it uses to calculate BOMA International dues.***

- **Formula A** for BOMA local associations that define their members as individuals and/or calculate local dues on a per-person basis.
- **Formula B** for BOMA local associations that define their members as buildings and/or calculate local dues on a building or square-footage basis.
- Local associations that are not sure which formula to apply should contact BOMA International for guidance.
- All BOMA local associations will have the opportunity to offer BOMA International benefits along with their local benefits to all participants of the local association whether these individuals are used in the BOMA International dues calculation or not. International benefits include industry information/updates and discounts on registration fees and other products and services. See page 4, "Reporting Members to BOMA International," for details.

Formula A – For Local Associations that Define Their Members as Individuals and/or Calculate Local Dues on a Per-Person Basis

- These local associations will continue to calculate BOMA International dues by how many individuals are members of the local. Refer to Guidance Document/Member Definitions attached.
 - Every individual who is a member of the local association (F1 and F2) is counted when calculating dues owed to BOMA International, ***except*** that certain classes of members (students and young professionals, for example), are excluded from the calculation but ***only if*** they are assessed free or significantly reduced local dues (defined as a 50% or more reduction).

- For associate members (F3), locals will include at least one person from each associate member company or firm that is a member of the local in its dues calculation to BOMA International.
- Payment to BOMA International will be calculated using the same sliding scale currently in place, subject to an annual adjustment according to BOMA’s Annual Dues Resolution. This resolution, approved by BOMA’s Board of Governors, allows BOMA International to adjust dues annually by the Washington, D.C. consumer price index.

First 15 members..... \$328 each, or \$197 each (joining after June 30)
 Next 16-40 members..... \$316 each, or \$190 each (joining after June 30)
 Next 41-70 members..... \$297 each, or \$178 each (joining after June 30)
 Next 71-100 members..... \$279 each, or \$167 each (joining after June 30)
 101 and over..... \$251 each, or \$151 each (joining after June 30)

- Contact information for individual local members on which dues are calculated will continue to be provided to BOMA International.

Formula B – For Local Associations that Define Their Members as Buildings and/or Calculate Local Dues on a Building or Square-Footage Basis.

- These local associations will use a combination of per-person and square-footage formulas to calculate dues owed to BOMA International.
 - For building members, the following formula will be utilized (note: the following formulas shall be applied to all member building types, based on actual member square footage, not market square footage).
 - \$.001 multiplied by the first 30 million rentable square feet of all local member buildings, plus
 - \$.000785 multiplied by the remaining rentable square feet of all local member buildings
 - These formulas are subject to annual adjustment per BOMA’s Annual Dues Resolution.
 - If the local association has government-owned (City, County, State and GSA), non-profit, or similar special categories of membership for which it does not calculate local dues by square-footage, but rather assesses a flat rate or some other discounted rate, do not use the formula above for these members. See the next step below.

PLUS

- Payment for government, non-profit, special categories, and associate members will be determined using the same sliding scale currently in place and referenced under Formula A; however, payment will be the lowest available rate (currently either \$251 or \$151 depending on join date and subject to adjustment per the Annual Dues Resolution), subject to BOMA International verification that the local qualifies for the lowest available rate based on overall membership.
 - For each government-owned building (including City, County, State, and GSA), non-profit, or similar special categories of membership for which the local does not calculate local dues by square-footage, but rather assesses a flat rate or some other discounted rate, the local association will treat these local participants as individual members for the purposes of calculating BOMA International dues. The local will include at least one (1) member per building in the BOMA International dues calculation.
 - For associate members (F3), locals will continue to calculate BOMA International dues by the number of individual members. At least one person from each associate member company or firm that is a member of the local should be used in the calculation. See Guidance Document.
- Locals utilizing Formula B will continue to provide BOMA International with contact information for its building representatives and individual government, special category, and associate members.

Verifying Annual Dues Calculations

Each year, BOMA local associations will be required to complete a form showing how their estimated dues for the following year will be calculated. The form will be signed by the BAE and local President. The BOMA International Board of Governors reserves the right to audit any local association to verify the international dues calculation.

“Reporting” Members to BOMA International

As indicated above, each local association will continue to provide names and contact information for its members to BOMA International. For locals using Formula A, this will include individual members as well as associate members. For locals using Formula B, this will include building representatives; individual government, non-profit, and/or other special classes of members; and associate members.

In addition, every BOMA local association will have the opportunity, at its discretion, to share additional contact names with BOMA International of individuals who are receiving local benefits but may not be included in the BOMA International dues calculation in order for these individuals to receive BOMA International benefits. This could include, for example, young professionals and engineers who are receiving free or deeply discounted dues locally or the building employees who may not be the primary building representatives – but are being serviced by the local association and receiving local benefits. A new database identifier (i.e. F5) will be used to identify these individuals.

We are not suggesting that BOMA International will extend benefits to non-members. Rather, BOMA International will extend benefits to all local participants being serviced by the local association. By offering your members BOMA International benefits, the local association reinforces the value of participating

locally, strengthens its competitive advantage in the local marketplace, and enhances its overall member benefits package, to include discounts on registration fees for the annual conference and other events, discounts on publications and other products/services, access to the member-only section of www.boma.org, participation in committees and task forces, as well as receiving industry news and information.

Implementation and Phase-In

- Assuming approval of a new dues model at the February, 2016 Board of Governors meeting, the new procedures will be implemented with the 2017 budget.
- Any BOMA local association experiencing a significant increase or decrease in dues will be able to phase in the change over a period of years. Phase-in plans and procedures will be developed.
- BOMA International's Bylaws and Federation Agreements will be updated where necessary to reflect the new dues model and implementation.
- BOMA International will determine a new method for assessing annual IDF payments to approximate the same level of funding achieved through the current method.
- Weighted votes at the BOMA Board of Governors meeting will continue to follow current procedures based on total dues paid by each local association.

Next Steps

- The Task Force and BOMA International's Executive Committee will initiate a communications and outreach campaign to the BOMA local associations to explain the new proposed procedures and answer questions. This may include: email correspondence; phone conversations with individuals or groups; webinars; presentation at the October BAE meeting; and personal visits/presentations where and if necessary.
- The Task Force will update the Executive Committee at its November meeting on the progress of its outreach campaign and discuss any additional changes to the proposal, and a revised report will be shared with all BOMA local associations.
- A Town Hall meeting will be held at the 2016 Winter Business Meeting to present any additional changes and answer questions.
- The proposed new model will be brought to a vote at the February, 2016 BOMA Board of Governors Meeting.
- Legal documents will be reviewed and revised, and dues audit policies and procedures established for approval no later than June, 2016.
- Staff will develop forms and procedures and update IT systems to support the new dues procedures in order to be ready for dues invoicing in the fall, 2016.

Attachments:

Task Force roster, Guiding Principles, Guidance Document/Member Definitions

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Guidance for BOMA Local Associations

BOMA Member Definitions for Purposes of Calculating BOMA International Dues

- **Principal/Additional Members** are individuals or entities (companies or corporations, for example) that are members of the local and involved in the ownership, management, leasing or development of real estate such as office, corporate, governmental, medical, educational, industrial, cultural/sporting, retail, financial, religious, hospitality, manufacturing, warehousing, multi-unit residential, and mixed use facilities.
- **Associate/Allied Members** are individuals or entities that are members of the local and who provide a product or service to the real estate industry. In addition to vendors and suppliers of real estate products and services, associate/allied members may also include companies/firms providing legal, accounting, and architectural services, for example.
- **For purposes of calculating BOMA International Dues:**
 - **Principal/Additional Members (F1s and F2s)**
 - Calculate BOMA International dues on ALL members of the local association with the following titles or functions regardless of any discounts or special offers provided locally:
 - Owners
 - Investors
 - Developers
 - Brokers/Leasing Agents
 - Managers and Assistant Managers (Including but not limited to: Property; Building; Asset; Operations; Regional; General; Real Estate; Portfolio; and Facility)
 - Engineers (Senior, Chief, Lead or other titles conveying similar function, status, authority, etc.) that are not contracted employees and are associated with a Principal Member in the management of real estate.
 - **Associate/Allied Members (F3s)**
 - Calculate BOMA International dues on at least one person from each Associate/Allied entity that is a member of the local association.
 - **Other**

If a BOMA local offers any of the following categories of membership for free or at a reduced rate (defined as 50% or more reduction), these local members are NOT included in the International Dues calculations. However, contact information for these members may be shared with BOMA International as an added benefit to these individuals to receive industry information from BOMA International. If full dues or less than a 50% discount are assessed, they **MUST** be included in the BOMA International dues calculation.

 1. **Students** - Student Members must be full-time students, currently and continuously enrolled in at least twelve (12) credit hours pursuing a real estate-related degree or Business Major at an accredited university or college (physical campus or online); must have a valid student ID and not currently employed on a full-time or part-time basis within the real estate industry. Exception is made for those employed in a real-estate related internship.
 2. **Developing Professionals (aka in some locals as Young Professionals, Emerging Professionals, etc.)** – A Developing Professional member must be employed by a

Commercial Real Estate Company or Owner and would normally fall under the Principal Member category, with five (5) years or less experience. Waiver of BOMA International dues may be claimed for this category of local membership for a maximum of two (2) years, regardless of local association policy. **Please Note: If an individual is already a Principal Member, he/she is not eligible to fall under the Developing Professionals category.**

3. **Engineers** – Any engineers not included in the definition under Principal/Additional (F1 and F2) members above.
4. **Academic Professionals** – Academic Professionals consist of those who instruct full or part time on a collegiate level in disciplines such as real estate, investment, development and facilities management and who are not employed by a Commercial Real Estate company, Owner, or entities that provide a product or service to the real estate industry.
5. **Transitional Member (aka “Friend of BOMA”)** – In the event a designated representative of a Principal Member is terminated or resigns from employment, the local can convert their membership to a Transitional Member for the next dues cycle or until the individual is employed, whichever comes first.
6. **Support Staff** - This membership will be open to an individual employed by a Principal Member to include Administrative Assistants, Accounting staff, Tenant Coordinators and Security personnel. These individuals support the day-to-day operations under the Principal Member.

Membership Reporting and Dues Task Force Guiding Principles

1. The Goal of the Task Force is to develop a method that is ethical, simple, fair, durable and equitable for each local to determine their dues payable to BOMA International
(Alternate wording: The Goal of the Task Force is to develop a dues calculation method that is ethical, simple, fair, durable and equitable.)
2. Membership Structure is different than Dues Structure, for example:
 - a. Member defined as Building vs. Individual (includes 1 rep/company)
 - b. Dues calculation: per person; 1 person/RSF; 1 person/Company; per RSF
3. Each local has the ability/right to determine their membership & dues structures
4. Some locals will pay more dues, some will pay less
 - a. A phase in period may be needed if payments increase or decrease
 - b. A phase in period may be needed for new locals
 - c. Consider growth opportunities through market penetration
 - d. Provide for a minimum dues amount from a BOMA local
5. Reporting Structure & dues amount is not tied to a local's budget (value provided in the local above Baseline Standards increases local dues)
6. Promote and incentivize growth -- at both the local and BOMA International levels
 - a. Do not limit growth
 - b. Should be flexible in order to add other niches as they develop in markets (i.e. MOB, industrial, etc.)
 - c. Consider growth opportunities through market penetration
7. Use independent and verifiable metrics
 - a. To enhance transparency
 - b. Provide for periodic measurement by a third party to reassess & adjust
 - c. Include an auditing policy that is easy to enforce
8. Various dues models will be explored; a single model may not be the final result
9. Be what is right for BOMA as a whole (the BOMA "enterprise") and strengthen the entire BOMA organization which will enhance financial growth and the BOMA brand
(Alternate wording: Be what is right for BOMA as a whole (the BOMA "enterprise")
 - a. Strengthens BOMA International and Locals
 - b. Enhances the financial growth
 - c. Enhances the BOMA Brand)

**BOMA International
Membership Dues Task Force
2015**

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Janice Parham, BAE, BOMA Cleveland

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Brian Harnetiaux, BOMA Vice Chair, BOMA Orange County

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Richard Kenwood, BOMA Philadelphia

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Coleen Spratt, BOMA Executive Committee, BOMA Seattle-King County

Boyd Zoccola, BOMA Indianapolis

Staff

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Faides Zilemba, Vice President, Finance and Administration