





Our mission

Moss & Barnett's mission is to provide our clients with legal services built on a foundation of dedication, quality, and integrity.

We accomplish our mission by:

- Utilizing our longevity, strengthened by more than 100 years of service to clients.
- Personalizing our approach with each client in order to grow with them into the future.
- Assembling the appropriate legal team recognized for excellence in multiple disciplines.
- Aggressively working to understand the unique challenges facing each client in order to provide the best quality solutions and efficient service.
- Striving to anticipate the needs and exceed the expectations of each client.

Rick Johnson, Susan Rhode, Rick Kelber, Tom Shroyer, Dave Senger, and Curt Smith



GREETINGS to our many clients and friends! As this edition of our Report to Clients shows, Moss & Barnett continues to grow and evolve with our clients and the legal profession. In doing so, we honor and embrace our heritage as a firm that traces its origins to the founding of Jessie Van Valkenburg's law practice in 1896.

The winds of change continue to transform the legal profession. The Internet now predominates as our primary means of communication, facilitating vastly greater efficiency in the negotiation of legal transactions and legal document preparation while generating new forms of e-commerce that have themselves become the focus of new legal disciplines.



For example, our intellectual property practice area now deals extensively with the protection of trademarks that have been rendered both more valuable and more vulnerable by the Internet. while our patent attorneys prosecute and litigate patents claiming inventions in the use of the Internet for methods of doing business.

The Internet also serves as the venue for extranets that Moss & Barnett has established for clients to allow them direct access to their files and our work product and to facilitate their comments, questions, and even direct revisions. In the future it is possible that most of our clients will be able to access their files and records directly through ultrasecure website portals. In addition, this fall Moss & Barnett is launching its new website, which includes many new features and content as well as affording more transparency about our firm to users. You can access our new site at the same address, www.moss-barnett.com.

Another change sweeping through the legal profession is the continuing wave of law firm consolidation. Law firms continue to combine into large, multi-city, and even international firms. This process is transforming law firms at all sizes and geographic locations. The Twin Cities has been largely immune to this process, and while most observers expect that this will soon change, Moss & Barnett has no plans to participate.

One thing that will never change, of course, is the need for highly talented and effective legal counsel. To meet this need, Moss & Barnett continues to hire attorneys across the entire spectrum of experience levels, as reflected elsewhere in this report. The exceptional quality of our lawyers is recognized year in and year out by several highly selective peer group evaluated professional directories: Minnesota Law & Politics' "Super Lawyers" and "Rising Stars," The Best Lawyers in America, and Chambers USA. Looking to the future, we also reached out this year with an innovative joint venture with a client to recruit first year law students for summer and school year internships focusing on the legal needs of public utilities in order to foster the training of lawyers with the tools necessary to practice in this increasingly important area of our economy.

In closing, we offer our very best wishes for your well-being and success - along with our most sincere gratitude for granting us the opportunity to be of service.

Dave F. Senger

RICHARD J. KELBER

THOMAS I. SHROYER

CURTIS D. SMITH

RICHARD J. JOHNSON

SUSAN C. RHODE

The winds of change continue to transform the legal profession.





At Moss & Barnett, we are dedicated to helping our clients reach their goals, both business and personal, whether establishing a business or seeking redress for wrongs, whether for profit or for service to the community. Here are some of our clients' success stories.

SELLING A BUSINESS

To fulfill the desire of our clients to complete the sale of their business within a short period of time and address all the issues involved.

Recently the owners of Copper Sales, Inc., a national market leader in metal roofing, building panel and architectural metal products, decided to sell their business. They wanted to close the transaction as quickly as possible.

David Johnson, a member of our business law practice area, first started doing work for Copper Sales more than 25 years ago. When the owners decided to sell to a large multinational company, David and a team of Moss & Barnett attorneys and paralegals helped negotiate the terms of a multi-million dollar transaction, negotiate provisions that limited future liability of the sellers for issues that might arise after the sale from conditions existing before the sale, and structure the transaction to satisfy the owners' tax and other concerns. In addition, members of the team helped identify and resolve issues regarding antitrust, intellectual property, product warranties, financing, employment and ERISA, environmental and regulatory concerns, and multiple manufacturing and distribution facilities. Given the size of the transaction, closing within 90 days was a significant challenge. The focused work of our team helped the Copper Sales owners meet their timing needs and receive the tangible rewards of building a successful business.



David Johnson, Sue Lecy, Chris Stall, Mike Nixt, Glen Schumann, and Yuri Berndt were part of the team working on this transaction.



HELPING TO PROVIDE HOUSING

To clear various legal hurdles and arrange complex ownership structure and financing so that our client, Alliance Housing Incorporated, could build Hiawatha Commons, an 80-unit workforce housing and retail project at Minnehaha Mall in Minneapolis.

To get this project off the ground, a team of Moss & Barnett lawyers, led by real estate lawyers Chuck Parsons and Paul Zisla, spent two years dealing with many legal and other challenges. The project had support from neighborhood groups, city, county, and state officials, and foundations. Funds to cover the \$12 million cost were provided by foundation grants, government loans, private equity, low income housing tax credit equity, and many mortgages. Our team worked to coordinate the ownership structure, financing, and the allocation of secured interests in the property for the various lenders.

Alliance was ready to start construction when one of the mall parcel landowners changed his position and made his support of the project, and his agreement to take the legal action needed to clear the title, contingent upon receiving support from the other mall parcel owners for his plans to expand the discount store located on his parcel. Our client's co-developers, who own other parcels at the mall, decided not to consent to that plan because the expansion would interfere with their buildings. The project stalled.

When we determined that discussions were fruitless, we went to court and won an emergency injunction to separate the discount store expansion from the Hiawatha Commons project. As a result, the discount store owner backed down.

In a letter to the firm, Herb Frey, the executive director of Alliance, stated, "Simply put, Hiawatha Commons would never have happened without the lawyering of Moss & Barnett. As always, it was quality work and, this time, lots of it."

Hiawatha Commons is nearing completion. It is the latest project of Alliance Housing Incorporated, a nonprofit corporation focused on providing housing and other services to those unable to obtain housing in the general marketplace.



Chuck Parsons and Paul Zisla led a team of attorneys from our various practice areas to complete this project.

FINANCING BUSINESS GROWTH

hallenge To help Rural Cellular Corporation ("RCC") dramatically expand its business.

Moss & Barnett has represented RCC, a regional wireless provider, since 1990 and has helped it grow. RCC went public in 1996 and has since acquired four other carriers and expanded from providing service primarily in northern Minnesota to parts of fourteen other states. To finance these acquisitions and its capital needs, RCC needed multiple rounds of equity and debt financing.

The wireless business requires substantial capital investment in infrastructure in order to provide exemplary customer service. Therefore, it was imperative that RCC refinance its outstanding debt in order to increase cash flow.

Moss & Barnett assisted RCC by negotiating a new bank line and serving as securities counsel in the issuance of more than \$600 million in debt securities. Structuring the refinancing required analysis of all outstanding debt instruments to determine whether the new financing was allowed and, where necessary, designing the new debt to conform to existing requirements. We were able to do this and, in the end, provide RCC with more financial flexibility.



Working on this complex, multitiered project were Rick Kelber, Jim Rubenstein, and Deanne Greco of our corporate finance practice area.





Cindy Ackerman, Dave Senger, Joe Socha, and Nancy Kiskis, members of our estate planning practice area, worked on this and similar projects.

SHARING GOOD FORTUNE

To assist an individual with significant assets in accomplishing her desire to share her good fortune by giving back to her community.

Members of our estate planning practice area discussed with this individual her desire to contribute in a way that she could witness the impact of her gifts. She had three specific goals: to make gifts to charities that supported causes that she cared about, to establish a scholarship program in which she is able to select the recipients personally, in particular, individuals with financial needs who are graduates of her high school, and to provide monetary assistance to individuals who have suffered personal hardship and economic loss.

With our counsel, she was able to design a charitable foundation through which she is able to achieve all three of these goals and see the positive impact of her contributions on the quality of life in Minnesota.

RECOVERING LOSSES

To assist the sellers of several small telecommunications companies in recovering huge financial losses due to the fraudulent acts of the purchaser of their enterprises.

Ten individuals had sold their local telecommunications companies to a Fortune 500 company as part of an industry "roll-up." Half of the consideration received for the sale was stock in a subsidiary of the acquiring company. Before the sellers could realize any value in this consideration, the acquirer filed for Chapter 11 bankruptcy and the stock became worthless.

ution

The sellers retained Curt Smith, chair of Moss & Barnett's litigation practice area, who filed an action in the United States District Court for South Dakota, alleging securities fraud, common law fraud, and breach of fiduciary duty. The case presented complex legal issues under both federal and state securities laws, including the application of the Sarbanes-Oxley Act of 2002 and the Private Securities Litigation Reform Act of 1995. The case was settled with the defendants' insurer, and the plaintiffs were awarded damages of \$2,000,000, despite the effort of the purchaser to file for bankruptcy protection.



Curt Smith, chair of our litigation practice area, worked on this complex project.



The professionalism we stress at Moss & Barnett is focused not only on our service to our clients, but also in our service to the greater community. Several of our team members have been recognized for this service, including those in the following stories.

Tom Judd and Adrienne Summerfield



Prior recipients of the award include Connie Scholfield (2001), Chuck Parsons (2002), and Tom Keller (2003).

PAUL VAN VALKENBURG SERVICE AWARD

In 2001, Moss & Barnett established the Paul Van Valkenburg Service Award to recognize personnel who make outstanding volunteer contributions to the community through bar-related organizations, pro bono work, cultural activities, and other charitable organizations. The award is named after our retired partner, Paul Van Valkenburg, whose volunteer career defined the award and set an example of the spirit of service and dedication that we seek to promote and recognize throughout our firm.



In 2004, we recognized **Adrienne Summerfield**, a paralegal in our family law practice area, for her tireless contributions to several organizations. Adrienne has been one of the captains of the Race for the Cure/Shop for the Cure fundraising activities that support the Susan G. Komen Breast Cancer Foundation. She volunteers to work during the race and one night a week at the Shop for the Cure store for the month before the race.

She has worked as a volunteer facilitator with Hennepin County Family Court to help establish, implement, and maintain the *pro* se litigant program, spending a couple of mornings a month to work screening cases and assisting *pro* se litigants.

Adrienne is also involved with various activities at her synagogue and raises funds for other charities, including the American Cancer Society and the March of Dimes. In 2002, Adrienne and her late husband, Arthur, traveled with a group organized by Books for Africa to Botswana and South Africa to deliver donated school books and school supplies to the local schools.

In 2005, we recognized **Tom Judd**, an attorney in our business law practice area, for his service to several community organizations. Tom became involved with Arc Hennepin-Carver in 1995 through the encouragement of two other Moss & Barnett attorneys – Rick Johnson and Paul Van Valkenburg, both former presidents of Arc. Arc's mission is to provide advocacy on behalf of and a variety of services to persons with intellectual and developmental disabilities. Until recently, the Twin Cities was served by two chapters of Arc – one on each side of the river. Effective January 1, 2006, these two organizations merged into one, a transaction in which Tom was instrumental. At that time, Tom became co-chair of the Board of Directors of the newly merged Arc Greater Twin Cities.

In September 2006, Tom was elected to the Board of Directors of the City of Lakes Chamber of Commerce, an organization that addresses the needs and concerns of business in the Minneapolis metropolitan area.

Tom may be best known at the firm for his work with Simpson Shelter. From working as an overnight volunteer to soliciting donations of clothing for guests of the shelter and furniture for those moving into new housing, Tom has contributed on many levels.

Moss & Barnett congratulates Tom and Adrienne for their generous contributions to the community!

PRO BONO ATTORNEY OF THE YEAR AWARD

Tom Sheran received the Second Judicial District's Pro Bono Attorney of the Year award for 2006. This award was in recognition of Tom's intense and long-standing work as a volunteer with the Children's Law Center of Minnesota (CLC).

As a volunteer for CLC, Tom represents children who are the subject of "Children in Need of Protection" (CHIPS) proceedings. These proceedings are usually initiated by a social worker petitioning the court to intervene on behalf of a child whose parents are abusive, neglectful, or otherwise fail to provide for or protect the child. CHIPS proceedings almost always entail temporary removal of the children from their homes and may result in the loss of parental rights. CLC takes the position that a child who is the subject of a CHIPS proceeding has a due process right to representation by an attorney. Part of CLC's mission is to provide that representation through staff attorneys and volunteers.

Since Tom began working as a CLC volunteer in 2000, he has represented a total of nine children, four in Ramsey County, four in Hennepin County, and one in Isanti County. His goal is to ensure that his clients' voices are heard. His tasks include both helping the children understand the process and ensuring that the system is as responsive as possible to their needs. His work may also include identifying and obtaining appropriate services for the children from other social agencies and assisting these children with other legal issues they may face. As long as the children remain wards of the state, usually until they reach age 18 or are adopted, Tom will continue to represent them. He has also served as a faculty member for seminars focused on training CLC volunteers.

Tom, a member of our litigation practice area, was also recently elected chair of the Antitrust Section of the Minnesota State Bar Association. Within Moss & Barnett, Tom provides an excellent example of true professionalism and continues to build our firm's legacy of pro bono service and dedication to important legal needs within our community.



Tom Sheran



HENNEPIN COUNTY BAR ASSOCIATION PROFESSIONALISM AWARD

Susan Rhode's first career choice was theater arts. After discovering that the path to success in that field was difficult and financially challenging, Susan decided to try another path. Her new choice was law, and it was an excellent one – for Susan and for Moss & Barnett. In May 2006, Susan, a member of our family law practice area since 1987, received the 2006 Professionalism Award from the Hennepin County Bar Association. This award is given annually to the Hennepin County attorney who best exemplifies professionalism, public service, and integrity. We believe she is the first family law practitioner to earn this prestigious award.

Susan exemplifies professionalism in many ways. She is active in several bar-related organizations, and she has been a frequent CLE presenter. Among her activities are serving as vice-chair of the Fourth Judicial District Ethics Committee, as president of the American Academy of Matrimonial Lawyers, Minnesota Chapter, and as president of the Friends of Children Board of Directors. She is also a member of the Warren E. Burger American Inns of Court.

A graduate of the Hamline University School of Law, Susan served for two years as a judicial clerk for Appellate Judge Doris Ohlsen Huspeni of the Minnesota Court of Appeals.

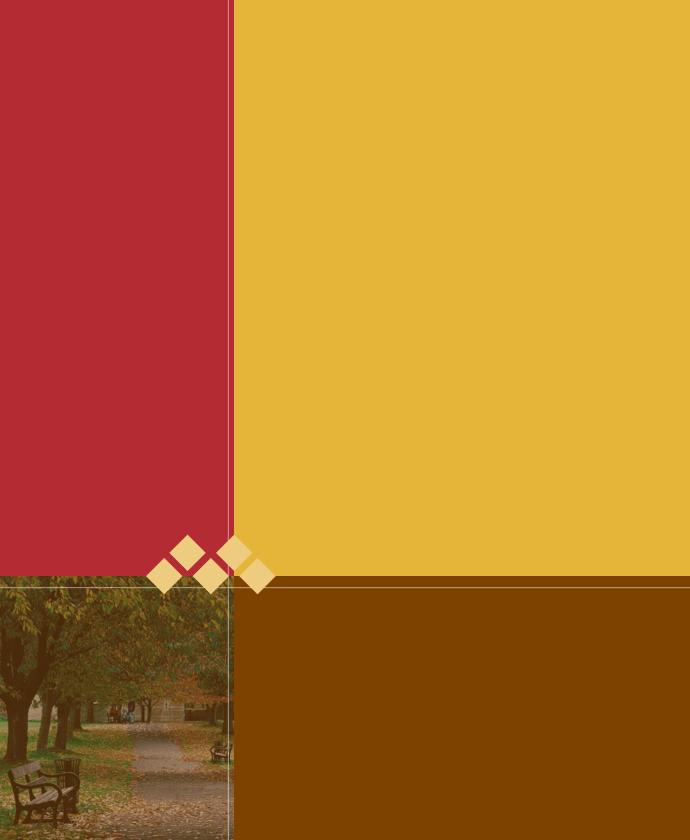
She is listed among practicing Minnesota Domestic Relations attorneys in *The Best Lawyers in America* and this year received the third highest number of votes in the balloting for Minnesota's "Super Lawyers" by *Minnesota Law and Politics*.

Susan currently serves on our Board of Directors and has contributed to the firm as co-chair of our family law practice area, as a member of the Associate Committee, and as our law firm's ombudsman.

We congratulate Susan on this honor and thank her for her past, present, and future service to the bar and our community.



Susan Rhode



COMMUNITY

While we pursue our professional goals, we also endeavor to improve the quality of life in our communities. Members of the Moss & Barnett team apply the same dedication to service to provide excellent leadership and make significant contributions to causes important to them and their families. Here are some of their stories.



Many Moss & Barnett employees take part in fundraising activities for charities. Two of our colleagues have gone above and beyond the call of duty to take on greater challenges.

Thanks to individuals like Cathy and Chuck, and their supportive families and friends, important research on breast cancer and HIV/AIDS continues – always in search of a cure.



Cathy Walkowiak, a member of our IT department, participated in the 3-Day Walk for Breast Cancer in June 2005. The Walk is staged in several cities around the country. The Twin Cities Walk covers 60 miles, approximately 20 miles per day, beginning at the Minnesota Zoo in Apple Valley, winding through several suburbs, and ending at the State Capitol in Saint Paul.

Cathy helped to organize "The Woods Women," a group of 19 walkers who raised more than \$85,000, \$4,500 of it through Cathy's own efforts, in memory of her mother, who died in 1976, and a friend who died in April 2005. The 2005 Twin Cities' 3-Day Walk had 1,600 participants and raised a total of \$4.5 million.



Chuck Parsons, an attorney in our real estate practice area, has been biking in the Red Ribbon Ride for four years. The funds raised by this event benefit nine organizations in Minnesota dedicated to providing education about HIV/ AIDS prevention and assistance to those living with this disease. This fourday, 300-mile ride, held in mid-July, begins at the Mall of America and winds

through southern Minnesota before ending in Richfield.

Chuck and his wife, JoAnne, have been volunteer cooks at Grace House I for 13 years and are familiar with the struggles of victims of HIV/AIDS and the progress that has been made in treating this disease. Chuck is part of Team Oz, 120 riders and crew that in 2006 raised more than \$160,000, of which Chuck raised \$5,500. Overall, the 453 riders in the 2006 event raised approximately \$620,000.

For both Cathy and Chuck, these events provide an opportunity to make a contribution to a cause important to them, honor the victims of these diseases, and educate others and themselves.

One way to work toward improving our communities is to become involved in local government. Several of our attorneys have taken that step.

Paul Zisla, a member of our real estate practice area, has served on the City of New Brighton Planning Commission for 16 years. The Planning Commission's mandate is to advise the City Council regarding land use and development, zoning, variances, site plans, and subdivisions.

Phil Young, a member of our litigation practice area, has served on the Eden Prairie City Council for four years. The Council's current focus is developing a 30-year land use plan. Recently, Eden Prairie was named one of the top 10 places to live in the United States by *Money* magazine.

Mike Nixt, a member of our business practice area, has served for six years on the Planning Commission for the City of Ramsey and is currently chair of the Commission and of the Board of Adjustments. The Board determines whether to grant variances to specific landowners that allow land use not otherwise permitted under the City's zoning ordinances.



Paul Zisla, Mike Nixt, and Phil Young





Marcy Frost, an attorney in our business law practice area, currently serves as co-president of the Sisterhood of Temple Israel in Minneapolis. This group of approximately 600 members is devoted to serving the Temple and supporting the community through social and educational programs, fundraising, and community service. The Sisterhood provides a wide range of programs for its members, including a book club, study sessions, holiday events, speakers,

social action projects, and a biennial retreat. It also reaches out to the entire congregation through its sponsorship of post-religious service snacks, the lighting of ritual candles, and acknowledgment of life cycle events. Marcy has been a member of the Sisterhood for five years and has served in various officer positions. Along with her co-president, Marcy has oversight responsibility for all activities of the group, including fundraising, membership recruitment, communications, and the Temple Israel gift shop. Marcy also serves on the Board of the Midwest Federation of Temple Sisterhoods.



John Boyle, an attorney in our litigation practice area, has served on the Board of Overseers of St. John's School of Theology and Seminary in Collegeville, Minnesota since 2000. John is a graduate of the School of Theology, with a Master of Arts in Theology. Prior to attending law school, he was Director of Campus Ministry and Director of the undergraduate Ministry Preparation Program at St. John's. He currently serves as chair of

the Board of Overseers, which is responsible for operations and policies of the School of Theology and Seminary, and serves on the development, executive, and membership committees. John believes his background in theology and his service as a lay minister have helped him be a better attorney.



John Boyle and Marcy Frost



Cindy Ackerman and Joe Maternowski



Joe Maternowski, chair of our environmental practice area, recently joined the board of Eco Education, a nonprofit organization focused on developing programs to educate urban

middle and high school students about environmental issues. Eco Education's efforts are aided by many partners, including the Minneapolis and St. Paul public schools, state environmental and natural resource agencies, local watershed districts, and corporate and individual sponsors.

Founded in 1991, Eco Education has developed programs for teachers in the Minneapolis and St. Paul public schools that help them provide hands-on environmental learning experiences and encourage them to become involved in environmental issues in their own communities.

Eco Education's student programs include a wide variety of projects in the students' neighborhoods, including: water quality testing of local lakes, wetland restoration, recycling programs, and urban gardening. The students also use these projects to inform others in the community about environmental issues and the actions each person can take to improve and preserve the environment.

Joe's interest in Eco Education stems from his professional focus on environmental legal issues as well as from seeing his daughter's enthusiastic participation in Eco Education projects at her school.



Cindy Ackerman, a member of our estate planning practice area, has turned her passion for the arts into a significant contribution to the arts community in Plymouth.

When the city established a Fine Arts Council, Cindy became a director, helping with numerous projects, including the Plymouth Community Theatre. This nonprofessional group has mounted six productions since its first in 2003. Cindy helped the group receive tax exempt status from the Internal Revenue Service.

The Fine Arts Council also worked with other leaders in the Plymouth community to establish the Plymouth Community Foundation in order to provide local residents a vehicle for donating financial gifts to the arts and other endeavors in Plymouth. Cindy was a founding member of the Plymouth Community Foundation and served on its board for three years. She is currently a trustee and assists with some of its projects.



To provide the best quality service to our clients, we need first-rate personnel at all levels and in all disciplines. During the past two years we have been fortunate in adding the following attorneys who have demonstrated the professionalism and dedication to quality that are essential to our success.











Intellectual Property

David L. Biek joined our intellectual property practice area in December 2004. Prior to joining Moss & Barnett, he spent several years in a private firm in Chicago, trying patent, trade secrets, and trademark infringement cases. In 1994, he became the first in-house IP attorney at Cargill, Incorporated. David is a graduate of Case Western Reserve University Law School.

Gregory L. Koeller joined our intellectual property practice area in August 2005. Before joining our firm, he had his own patent and trademark practice in Minneapolis. Greg is a graduate of William Mitchell College of Law.

Litigation

J. Vincent Stevens joined our litigation practice area in January 2005. He is a graduate of the University of Minnesota Law School.

Matthew P. Kostolnik joined our litigation practice area in December 2005. He spent several years with a local trial law firm before joining Moss & Barnett. He is a graduate of the University of Minnesota Law School.

John P. Boyle joined our litigation practice area in February 2006. Prior to joining Moss & Barnett, he was a partner with a high-profile litigation boutique in Minneapolis. John is a graduate of the University of Minnesota Law School.

Real Estate

Jonathan J. Solberg joined our real estate practice area in April 2005. Prior to joining Moss & Barnett, he was director of real estate for a national restaurant company and a Fortune 500 company food wholesaler/retailer. Jon is a graduate of the University of Minnesota Law School.

Jennifer A. Reussé joined our real estate practice area in May 2005. Before she joined our firm, Jennifer served as associate general counsel for a multifamily housing developer in St. Paul and as a real estate negotiator for Target Corporation. Jennifer is a graduate of American University, Washington School of Law.

Estate Planning

Joseph G. Socha joined our estate planning practice area in June 2005. He is a certified public accountant and has a Master of Business Taxation degree from the University of Minnesota. Joe is a graduate of William Mitchell College of Law.

Creditors' Remedies

Matthew B. Johnson joined our creditors' remedies practice area in July 2005. Prior to joining our firm, he was associate corporate counsel and counsel to the Ethics and Professional Responsibility Committee at ACA International, a trade association of debt collectors, debt purchasers, creditors, and attorneys. Matt is a graduate of the University of Minnesota Law School.

Michael T. Etmund joined our creditors' remedies practice area in February 2006. He is a graduate of William Mitchell College of Law.











PRACTICE AREAS

For Individuals

Family Law Wealth Preservation and Estate Planning

For Businesses

Banking and Commercial Transactions Business Law Closely-Held Businesses Creditors Remedies and Bankruptcy Employment Law Environmental Law Intellectual Property Litigation

- Appeals and Motion Practice
- Business Litigation
- Commercial Litigation
- Construction
- Intellectual Property
- Professional Liability
- Securities
- Shareholder Disputes

Mergers, Acquisitions and Corporate Finance

Real Estate

Regulated Entities

- Communications
- Energy Regulation
- Municipal Communications





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