

**ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY  
BOARD OF DIRECTOR'S REGULAR SESSION  
February 23, 2006**

**Present**

JoAnne Zito-Brause  
Louise Lazur  
Mike Zoske  
Dana Pruhs  
Ken Stout

**Present**

Bill Smith  
Joelle Hall  
Jana Hayenga  
Jeff Sinz  
Dan Coffey

**Excused**

Mary Jane Michael

**Staff/Guests**

Kevin Kinney  
Wendy Mikowski  
Healia Palmer  
Krin Kemppainen  
Kevin Dee

**Call to Order**

Ms. Zito-Brause called the meeting to order at 5:03 pm. Ms. Zito-Brause reviewed the ACDA meeting manners.

**Review of Agenda**

Ms. Zito-Brause asked for a motion to move item D under old business to the first discussion so Mr. Dee will not have to stay for an extended period of time; Ms. Lazur moved and Mr. Zoske seconded the motion carried. There were no changes to the agenda,

**Chief Operating Director's Report**

- Mr. Kinney had nothing new to add and asked if any had questions which needed to be addressed. There were no questions.

**Minutes**

Mr. Zoske moved to accept the minutes from Jan 5, 23 & 26 as printed; Ms. Lazur seconded. The motion passed.

**Public Comment**

No public comment was scheduled.

**New Business**

**A. Parking reallocation –**

- Mr. Zoske moved to pass the parking reallocation as requested by management; Ms. Lazur seconded.
- Ms. Hall asked if the rate raise for the 6<sup>th</sup> Ave garage will be only temporary. Mr. Kinney stated yes, but in the discussion held on Monday he stated he would be willing to hold off on this item if the Board wanted him to, but he believes the only way we are going to get the daily traffic out of the garage is to raise the rate. Ms. Lazur stated she doesn't think the question is whether to raise the rate or not, it is whether it is temporary or permanent, because the statement that was made it feels like we are gouging the customer and once the construction is completed the rate will drop down, which doesn't make for good neighbors.
- Mr. Zoske stated it will be a 2 year project and by that time we should be looking at raising the rates again anyway. Ms. Hall stated we can revisit the issue at a future time but as a Board making the decision to raise the rates she wants it reflected that in the 2 year time frame this may or may not be the same Board members, she thinks it should be considered that we don't drop down the rates. To charge people more to park at the least convenient

time in downtown it might be better to stay at the same rate and not drop back down once done. If for some reason parking drops off the issue can be revisited. Mr. Coffey asked for clarification. Ms. Hall explained the discussion held at the work session and the reasoning behind the price change for the 6<sup>th</sup> Ave garage.

- Mr. Pruhs asked what would happen if we did nothing and didn't raise the rates. Mr. Kinney stated it is possible it may work out like we are hoping which is jury parkers and Marriott moving to other places to find short term parking so we can move displaced parkers into these 2 facilities. His fear is jury parkers will continue to come here rather than walk from the substitute location which is lot 12; however if it is a \$1 an hour here and they realize to park in the garage will cost \$5-\$6 to and to park on lot 12 will cost \$2 that will be enough insensitive to park over there.
- Mr. Pruhs asked what the Mayor's office thinks of this. Mr. Kinney stated typically for rates we let the Mayor's office know but they don't voice an opinion.
- Mr. Kinney went on to state the first 3 items proposed in the request are absolutely necessary; creating the on street permit zone, moving the jury parkers into lot 12, and getting the Marriott valet into lot 17. The rate increase will help to create room in the 6<sup>th</sup> Ave garage by helping to encourage the jury and Marriott parkers to use the other facilities instead of coming here.
- Ms. Hayenga stated this will also give monthly parkers a spot because right now they are coming in and finding the garage full. Mr. Kinney stated we also have waiting lists for the garages and we know we have to provide parking for displaced parkers when the convention center project starts.
- Ms. Zito-Brause asked for a vote on the motion; Mr. Pruhs and Ms. Lazur asked for clarification on the 4<sup>th</sup> item because of the discussion.
- Mr. Zoske amended the motion to accept managements request for parking reallocation but revisit the \$1 rate for the 6<sup>th</sup> Ave garage in 2 years; Ms. Lazur seconded. The motion carries

B. Tour Bus zones –

- Mr. Kinney stated this would be a contract with the Downtown Partnership and they would operate the loading zones during the tourist season. Ms. Hall moved to accept the request; Ms. Hayenga seconded.
- Mr. Zoske asked for Mr. Kinney to explain how ADP will handle the bus zones. Mr. Kinney stated they will in March bring to us their downtown proposal for summer 2006 and that will include a staff person to greet tourist as they get off the bus. Ms. Lazur asked if we were paying them a management fee to do this. Mr. Kinney stated it will be part of the package we contribute to which we will have the opportunity to say how we want it done. This discussion will be held in March.
- Ms. Hall stated she would be interested to know how will this affect Mr. Webb's ability to get the buses to park down in front of the market or are we going to have to be competing. Mr. Kinney stated this is primarily a solution because the major user of Mr. Webb's loading zone was Royal Caribbean; however the issue of whether he can get a loading zone there is not an issue for us to decide that is traffic engineering and we will be talking with them about what should or shouldn't be happening on 3<sup>rd</sup> Ave.
- Mr. Coffey stated the motion is to enter into an agreement with ADP or give the Executive Director the authority to enter into agreements. Mr. Kinney stated the proposal is to bag meters on Friday, Saturday and Sundays so they can greet tour buses on 4<sup>th</sup> Ave. Mr. Coffey

asked if the details are known, because his impression is the proposal is forthcoming. Mr. Kinney stated the proposal is a request for funding from the ADP, they will be asking for funding for the summer downtown promotion. Mr. Coffey stated so we know what they are going to do we just don't know what it is going to cost. Mr. Kinney stated yes.

- Ms. Hall stated she thinks Mr. Coffey and Mr. Kinney are talking about 2 different things. Mr. Kinney is talking about the bagging of meters in agreement with Royal Caribbean. The ADP proposal will be for requesting funding from ACDA, which will include a staff person to greet the buses among other things; that is the part that is forthcoming. Mr. Coffey asked what this motion is for. Mr. Kinney stated to create the bus loading zones and bag the meters. Mr. Coffey stated thanks.
- Ms. Hall asked if the relationship with Royal Caribbean was a written commitment or a handshake. Mr. Kinney stated that is a sensitive issue with them that is why the contract we are going to have is with the ADP. Royal Caribbean doesn't want to be identified as the company that took away 10 parking spaces. But they will have a greeting station within Ship Creek Center, so that is where they are going to park.
- Mr. Sinz asked if bagging meters is affective on weekends. Ms. Hayenga stated yes it is, and if he parked at one of the bagged meters he would be towed. Business owner are actively involved in ensuring bagged meters stay empty for buses. Mr. Kinney stated we did it last year and it worked out very well.
- Ms. Lazur stated the contract is going to be with the ADP, how much revenue will ACDA lose on Fridays. Mr. Kinney stated Fridays will be the only day we will lose revenue; with 10 meters you could expect approximately \$4 a meter.
- Ms. Zito-Brause called for a vote on the motion. The motion carried

C. Planet Walk –

- Mr. Kinney stated the Rotary is asking for \$10,000 or any portion there of to complete this project downtown. He passed out a spread sheet showing the revenue we have for downtown promotions.
- Ms. Hall stated today she noticed for the first time the planet sign, or they are very small. She asked how we going to be recognized for this contribution. Mr. Kinney stated the kiosk will be right behind the sun on 5<sup>th</sup> & G which is very large. The kiosk will have 3 sides and one of it will have general downtown information which could possibly include where to park downtown. Ms. Hall stated in their letter they told us what they are doing but they haven't told us how they are marketing it or how it will be used. Do they have a plan in getting the public out to see it. Mr. Kinney stated he knows the Imaginarium uses it some but he doesn't know the specific answer to the question.
- Ms. Lazur asked Mr. Kinney what kind of money he was thinking, because she would rather see the money spent of a downtown ice rink. Mr. Kinney stated from his perspective they have done a lot of private participation and received a lot of money from a lot of different sources they raised almost \$1/2 million, ACDA, for better or for worse, is a major player downtown and he thinks we should be on the list of contributors. To him \$10,000 seems like a lot, maybe half that would be nice.
- Ms. Hayenga moved to donate \$5,000 to the Planet Walk; Ms Lazur seconded.
- Ms. Hayenga stated maybe as a friendly amendment to the motion we place a freeze on giving money until we have a procedural steps in place for how we assess requests and how

they move through the Board. Mr. Kinney stated he does think the discussion at the work session and running request through the marketing committee is appropriate.

- Ms. Hall and Mr. Sinz had question on reading the spread sheet Mr. Kinney passed out. Mr. Kinney answered their questions.
- Ms. Hayenga stated another way to look at the planet walk is this is another tool for the ADP to use for marketing downtown and she sees it as a benefit for the downtown. Ms. Hall asked if we know how long the planet walk will be up. Ms. Hayenga stated forever, it is all along the bike path and there are people using it.
- Ms. Zito-Brause called for a vote. The motion carried

D. 2005 Allocation to Reserves –

- Mr. Kinney stated Ms. Palmer passed out a December 31 balance sheet. We did have discretionary spending of a little over \$700,000 that we could allocate, but we are recommending putting \$500,000 into the reserve account for future development, repair and replacement. Mr. Zoske moved to accept the request; Ms. Lazur seconded.
- Mr. Sinz asked for clarification on the allowable use for the reserve funds, how we might use it, and what specifically can the money be used for. Mr. Kinney stated for example, we know in the next 15 years we will have to replace existing facilities and since the day APA was created there has been very little effort to prepare for those times when we are going to have large expenses. When we set this account up the concept was: 1) to be able to make the major repairs or replace major facilities when the time came. 2) Or prepare ourselves so we can better afford new facilities when the time comes.
- Mr. Sinz stated he is trying to understand what we are trying to do; are we funding depreciation for a specific purpose, or are we putting money aside either to do renovation/repairs or do something else, how restrictive is this account? Mr. Kinney stated the Board can re-designate the funds at any time. The initial concept to fund depreciation is so that when got to the end of a useful life of a facility, the replacement fund would be there. But, there has been concern at the Board level about the new developments and whether the reserve accounts can be used for new developments.
- Mr. Coffey asked if this was actual cash reserve, Mr. Kinney stated yes. Mr. Coffey stated if this is done then there would be \$2,790,000 in reserve. Mr. Kinney stated yes, the typical way he talks about it is at this point, we should have \$18 million in reserve to match depreciation, so we are under-funded by \$14-\$15 million in our reserve account.
- Mr. Sinz stated he doesn't know how comfortable with this practice. He doesn't object to the notion we have cash and put it in a fund he doesn't consider a reserve. There is a distinction in accounting between a designation and reserve. Reserve typically means it is legally restricted for some purpose, designation means a Board like ours saying this is what our plans are for this money. He feels this is appropriate and there is nothing wrong with what we are doing, but he thinks from a financial policy prospective, we should visit the notion for funding depreciation as a matter of policy; it's not something that makes good financial sense in the long term for an organization.
- Ms. Zito- Brause asked for a vote on the motion to allocate \$500,000 to reserves. The motion carried.

E. JC Penney Paint Contract –

- Mr. Kinney passed out a spread sheet with the results of the JC Penney bid proposals. He stated management will ask the Board to approve the exterior contract tonight, because we are having trouble checking references on the apparent low bidder for the interior painting, and he would like to hold that one over until March. He pointed out the apparent low bidder on both proposals has written us a letter admitting they made a mistake; the cost of the paint is very close to the cost of the bid. We think they bid the labor and not the materials, they have asked to be released and we let go. Management would like the approval for JKM Contractors for the exterior painting project they have worked for us and the city before and did well. We plan to move forward with the interior contracts in March. Mr. Smith moved to accept management's request; Ms. Hall seconded.
- Mr. Coffey stated he doesn't understand why we have 2 separate proposals out; he feels we would get a better deal if only 1 proposal for both interior and exterior was done. Mr. Kinney stated actually both jobs will be done simultaneously.
- Mr. Pruhs asked if we wait until next month to award the interior contract could the company ask for a modification to the contract and increase the price and what are the legal ramifications for holding up a contract to check references. Mr. Kinney stated the bid has to stay open for 60 days and we have a firm commitment on the price of the material. Mr. Pruhs stated we should spend our money on making sure they, (the contract winners), comply with completing the job instead of checking references; who's to say how reliable those are, after all there is only \$1,000 difference in proposals. Ms. Hall stated you mean awarding the contracts (interior & exterior) to the same company. Mr. Kinney stated we couldn't award both contracts to JKM, unless we have a valid reason to reject Yukon Pipeline Support Services.
- Mr. Coffey asked what the RFP said. Mr. Kinney stated it was a bid not a RFP. Mr. Sinz stated it was a lowest responsive bid, which means the lowest bidder wins the contract. Mr. Pruhs stated then we shouldn't wait until March to award, we need to act. As a contractor, we are opening ourselves up problems if we find issues with the references. Mr. Stout asked what experience we have had with Yukon. Mr. Kinney stated none. Mr. Stout stated he has heard only good about JKM, and they do a lot of projects all over, and it seems to him it would be appropriate to give them both contracts. Mr. Kinney stated the difficulty is with an invitation-to-bid, we have to give it to the lowest responsive bidder.
- Mr. Coffey asked what the companies references have to do with anything. Mr. Kinney stated to show whether their responsive or not, they have to show us similar project completed in the past. Mr. Coffey asked if this has been done yet. Mr. Kinney stated he gave us a list and we are in the process of checking we are waiting for return calls. Ms. Hayenga stated the assumption here is, if references come back and are not to the level we expect, then do we tell them their references do not meet our expectations and therefore you are no longer part of the package. Mr. Kinney stated if we call a reference, and they say they do not know this company then we know they were not truthful. Ms. Hayenga stated if the reference says they did ok, do we make a judgment call or what. Mr. Kinney said no, we have to confirm they meet the minimum requirements, which is that they have done projects like this before.
- Mr. Pruhs stated he suggest Mr. Kinney do the same due diligence with JKM before awarding the contract, regardless of what we know from past experience. Mr. Kinney said yes, the Operations Director has been asked to confirm the references and he was trying to complete the process before the meeting tonight. Ms. Lazur asked if the fact we have worked

with JKM in the past count for anything. Mr. Pruhs stated no, you are only as good as your last job, what if your last job was a bust. Mr. Coffey stated Mr. Pruhs is right everyone needs to be treated the same particularly if you end up rejecting Yukon and use JKM for both projects, Yukon could turn around and make a complaint.

- Mr. Pruhs stated he is recommending we hold off on awarding the contract for the exterior painting until we can also award the interior contract, because of the risk factor involved. Mr. Sinz stated he would prefer we make both awards subject to a due diligence process by management, in order to confirm the low bidders are in fact responsive in every way. That includes verification of references and all other checks we would typically do in a competitive bidding process. Mr. Pruhs agreed with Mr. Sinz so the process can be moved along. He wanted to stress the due diligence needs to be parallel and equal everybody needs to be treated the same.
- Mr. Smith accepted the friendly amendment to his motion and move forward with both proposals, subject to due diligence and confirmation of responsiveness. Ms. Zito-Brause called for a vote. The motion carried.

#### F. 4th Avenue Theater

- Ms. Mikowski passed out copies of a 3 year preliminary Pro Forma. Mr. Coffey asked why ACDA is involved. Ms. Mikowski stated, because in conversation it was discussed that if the 4<sup>th</sup> Ave Theater comes under the city, then ACDA may manage it and the Board requested any information available on this subject.
- Ms. Hayenga asked for clarification on the 3 year projections; who put the numbers together and where did they come from. Ms. Mikowski stated they are numbers based on what is currently performed in the facility.
- Mr. Pruhs asked if due diligence had been done or are we taking it at face value by the present owner. Ms. Mikowski stated there currently is no due diligence. Mr. Pruhs asked if a professional organization was going to look at it to see about increasing revenue or reducing cost. Ms. Mikowski stated from what she understands, if the bond passes and it comes into the hands of the city, we will have a lot of work ahead of us to figure out what we will do with it. Mr. Pruhs asked what the chances of the bond passing. Mr. Coffey stated a campaign will be done and we will have to wait and see.
- Ms. Hayenga asked when the appraisal is due. Ms. Mikowski stated she will have it the next day. Ms. Hayenga asked when it would become public. Mr. Coffey stated the rule is 2 days after receipt.

### **Old Business**

#### A. HSS Building –

- Mr. Kinney stated there is no action necessary this month it will come back in March for discussion.
- Mr. Coffey asked what is the role of ACDA relative to Health & Human Service building and the Marlow project on 3<sup>rd</sup> & Cordova, how is that our business. Ms. Zito-Brause stated the project is in the queue for the development committee to consider whether or not we are going to take on, they are doing their due diligence and one of the issues was to determine if this is indeed where HSS wanted to go, this is an informational piece for the Board. Mr. Kinney stated there has been no decision that we should participate. Mr. Coffey stated from what he understood, there was going to be a proposal made to HHS, and he wanted to know

where ACDA comes into this. Mr. Kinney stated they have no desire to own a building. Mr. Coffey stated, well Mr. Marlow has a desire to own a building. Ms. Zito-Brause stated no, he has just offered to build it. Mr. Coffey stated so ACDA's role would be the owners and acquires on behalf of the municipality. Mr. Kinney said yes, but there has been no determination we should do that.

- Mr. Coffey asked what would happen to the 9<sup>th</sup> & L property. Ms. Lazur stated it would be ours. Mr. Zoske stated that is not necessarily true; in Mr. Marlow's proposal, he is asking the state for \$34 million and us to fund the other \$15 million and rent the property to HSS, and he recommended the old 9<sup>th</sup> & L building be torn down and the lots be sold with the money coming to ACDA to offset the \$15 million. Mr. Coffey state he would hope ACDA avoid this type of sole source kind of practice, just as a general rule. Ms. Zito-Brause stated the development committee is looking at it to decide if we should even go near it.
- Mr. Pruhs stated he thinks the building committee mentioned to Mr. Marlow, and we suggested he get a resolution from the assembly supporting this concept before we get any more involved. Ms. Mikowski concurred with Mr. Pruhs' statement.

B. Ad Walls – Mr. Kinney

- Mr. Kinney stated management and the marketing committee recommendation is to allow Northwest Strategies to sell and promote ad walls with Board approval before posting. Ms. Hall moved to accept the recommendation; Ms. Hayenga seconded.
- Ms. Lazur if the marketing committee will be looking at the ads before bringing before the Board. Mr. Kinney stated yes.
- Mr. Pruhs asked if we pay them money on a consulting basis to come up with this or will they take a percentage of the revenue. Mr. Kinney stated they do everything and send us a check. Mr. Pruhs asked what is the cut on this venture. Mr. Kinney stated he thinks it is 50/50. Ms. Hayenga stated they did have a sheet in the back of the handout, but the marketing committee thought was a little overstated, so they asked them to come back with a realistic statement of revenue that we would split 50/50 and they have not come back with that. Basically they would run all the ads, engage other businesses to run the ads and we would have final say on the ad then receive 50% of the revenue.
- Mr. Coffey stated we need to cover not only the split of the revenue but production cost and approval, which we have; we should to have a full contract before final approval. He also wanted to note that Mr. Mackey, one of the owners of Northwest Strategies, is a partner with him for the Aces.
- Mr. Pruhs stated he agrees with Mr. Coffey on viewing the whole package; since he wasn't too sure about the split, or the details and he wanted to know if this was an unsolicited offer or did we go out and ask for proposals. Mr. Kinney stated we did an RFP for a marketing firm 2 ½ years ago and they were the winners. Actually and at the end of this year we will be going out for another RFP. Mr. Pruhs asked if this proposal fall under Marketing. He was told yes.
- Mr. Sinz asked if we didn't just extend this contract. Mr. Kinney stated yes. Ms. Hayenga stated it would be helpful if we did have copies of the full proposal, which we asked them to have for this meeting. It is important we all look at it to see what they propose number wise and partnershiping.
- Ms. Zito-Brause asked if we are discussing holding off on this proposal until we see the full proposal. Ms. Hall asked if Ms. Hayenga has been talking to Northwest Strategies. Ms.

Hayenga stated it was Mr. Kinney, but she sat in on one meeting which they discussed the proposal and they still haven't gotten back to us on it yet. Ms. Hall stated she thinks Mr. Coffey's point is well made, that they will probably have a cut, which is the agency type fee, we want to make sure that they are on the hook; that their 50% covers all the design, material and production. Mr. Kinney stated yes it does.

- Ms. Zito-Brause asked if the motion to approve is withdrawn. Ms. Hall state yes it is. Ms. Zito-Brause stated this item will be tabled until March.

C. Mt. View Purchase – 2006-03 –

- Mr. Kinney stated management recommends approval of this resolution, which will allow the Land Trust time to obtain the grant and bring outside money into the project. Our effort to obtain the Wilhour Trust property, which this resolution will help achieve whether they get their grant or not.
- Ms. Mikowski stated originally the last resolution was to just purchase the Wilhour property but, the Land Trust came back to us indicating they had the opportunity to apply for a grant. The grant will not be available in time for them to close on the Johns RV property, so they asked us to purchase Johns RV now and when they do get the grant, they will pay us back; however if they should not obtain the grant by November 15, they will transfer title of the Wilhour property over regardless.
- Mr. Sinz asked if the relative value of the property between the acquisition date and their subsequent acquisition date will be adjusted to reflect appreciation in the property; so in other words we are not going to buy it at a fixed price, hold it for 6 months or more then transfer it to them at the original purchase price. Mr. Kinney stated that sounds entirely fair, we are going to do it based on appraisals so we can date the appraisal at the time of transfer. Mr. Sinz asked if there will be 2 appraisals, one when we acquire and the other when we transfer. Mr. Kinney stated we will just hold the appraisal until we transfer. Ms. Mikowski stated appraisals are good for 6 months, so if this goes to 8 months we can do an update to the existing one but, she doesn't know if the value will change in a 2 month time frame. Mr. Sinz stated he just wants to make sure we are not acquiring it and locking in a price to their benefit over some period of time, there needs to be some recognition of the appreciation. He had talked with Ms. Ward about this and got the impression this would be done but he doesn't see any indication this is being done.
- Ms. Mikowski stated she wasn't aware of that; basically the Land Trust came to us and asked us to do a hold on their behalf, as a courtesy to the overall development itself. (3 talking at once) She said if the Land Trust gets a grant for \$1.1 million and the property is reappraised at \$2.2 million what do we do? Mr. Sinz stated he thinks it is appropriate for us to facilitate acquisition of a property that we want to support their access to, but not appropriate for us to incur significant cost to do that, as an alternative to that and there is a concern about uncertainty he thinks we could negotiate an appreciation factor with them in advance where we would agree to transfer the property at some pre agreed to price but it should not be the acquisition price.
- Mr. Pruhs asked if we are taxed on our property. Mr. Kinney stated we don't pay tax we pay MESA, which is roughly equivalent to property tax. Mr. Pruhs asked what will happen during the 6 months we hold the property. Ms. Mikowski stated all the expenses associated during the time of our ownership will be paid back to us by the Land Trust

- Mr. Coffey asked what the land we are buying is currently being used for. Ms. Mikowski stated it is currently an RV Park with 1 residence. Mr. Coffey asked if we have to worry about trailers and relocation. Ms. Mikowski stated no we don't. Mr. Coffey asked why we are buying this property. Ms. Mikowski stated to assist the Land Trust. Mr. Coffey stated our goal is to end up with the Wilhour Trust land after all is said and done. He was told yes. He asked if we had title reports on both pieces of properties, again he was told yes. Mr. Pruhs asked if we had an environmental assessment. Ms. Mikowski stated there is an environmental assessment on the Wilhour Trust. Mr. Pruhs asked about the property we are going to own for 6 months, what if we find some type of environmental issue after purchase.
- Mr. Sinz stated he thinks that is even more of a reason to enter into a very hard agreement with the Land Trust, that we will acquire this property and we will agree to trade it on some date certain in the future at a specific price subject to specific terms. Specifically, address we are acquiring the land as is on their behalf, and to the extent if an environmental issue surfaces we don't want to be held responsible. He thinks we can contract this purchase that way. Ms. Mikowski stated that has been done, we did agree that should we purchase this land on their behalf, we are not to be held accountable for anything that is currently on that property during our ownership. Ms. Zito-Brause asked how that was done. Mr. Kinney stated it was in the draft agreement. Mr. Pruhs asked about prior ownership which he is more worried about. Ms. Mikowski stated we will not be held accountable for any actions on that property.
- Mr. Coffey stated he assumes we have something more in-depth than the resolution like a purchase and sales agreement and who prepared it. Ms. Mikowski stated muni legal and the Land Trust. Mr. Coffey asked why we wouldn't make the deal so we wouldn't have to worry about a second set of appraisals, why November is the key month and why are we accommodating the Land Trust. Ms. Mikowski stated the Land Trust has an opportunity to apply for a grant and they have been told there is \$1 million out there that there is a 90% guarantee they will obtain; however, it will take 6-8 months to get it. Mr. Kinney stated their right to purchase the RV Johns property expires at the end of this month so they have asked up to purchase it for them. Mr. Coffey asked if they have a contract to purchase now and they are going to assign it to us. Ms. Mikowski stated yes, it has already been assigned should we agree to do this.
- Ms. Zito-Brause asked if someone would like to make a motion to approve this resolution. Mr. Zoske asked if we were going to make changes like Mr. Sinz suggested. Mr. Kinney stated those are not in the resolution, those are in the purchase and sales agreement. Mr. Smith stated then we are agreeing in concept to this resolution detailed in the purchase and sales agreement. Mr. Kinney stated we could add a Section 2 that basically says the deal would be structured so that there are no costs to ACDA.
- Mr. Pruhs stated he thinks we are hanging way out there, and he doesn't mind the resolution if it stated that there is a purchase agreement we could look at and get a comfort level with, because he hasn't seen it. It is kind of like the Board's due diligence, he assumes the attorneys and Land Trust have worked a great deal that covers everybody, but he still doesn't feel comfortable since he hasn't read it. He feels this needs to be done for the greater good, but just doesn't know if all the details are enough to create a comfort level doing it.
- Mr. Zoske stated it is his understanding this has to be done by February 28. Ms. Mikowski stated correct. He said if we don't do it, does the Wilhour Trust go away and we won't be able to acquire it. Ms. Mikowski stated that is correct.

- Mr. Coffey asked for clarification of the Wilhour Trust going away. Ms. Mikowski stated from her understanding from the Land Trust, the reason this was fast-tracked is because there are other offers from other entities to buy Johns RV. Mr. Coffey stated but we don't want to own Johns RV, we want the Wilhour Trust. Ms. Mikowski stated should the Land Trust not be able to obtain Johns RV... We want to own the Wilhour Trust and to get that, we need to assist the Land Trust. The Land Trust needs to perform by the 28<sup>th</sup> otherwise they lose the opportunity to purchase Johns RV. Mr. Kinney stated if the Land Trust gets Johns RV, they plan to do what they were going to do on the Wilhour Trust and then the Wilhour Trust becomes available to us. If they don't get Johns RV then we don't get the Wilhour Trust.
- Mr. Coffey asked what they have planned. Ms. Mikowski stated the Wilhour Trust will assist in accommodating the School District and ML&P and the development as a whole. A section of the land will be given to the School District and with the substation expansion. Ms. Zito-Brause stated it gives us more leverage in making those arrangements.
- Mr. Coffey stated he will put a policy issue out for discussion; the idea here is to get additional land for the POB Montgomery development by taking private land and placing it into public lands and taking risks. We have 2 questions: is this a good public policy and is it relatively risk-free. Ms. Mikowski stated basically we are looking at what we can do to enhance the current development that is underway with POB Montgomery. That would be acquiring the Wilhour Trust that would give us a chance to put a Phase II, and look at possibly putting in a residential development or other type of use that would go back to the private sector. The risk is very minimal as far as doing an assistance to the Land Trust and trying to assist them in exchange to acquire property that will only enhance the existing development.
- Ms. Hall stated we have talked about this several times and now there is a legal document somewhere, we don't have the purchase and sales agreement here. That is problematic because we need to make a decision in 8 days and that makes people uncomfortable. So, she would like items like this thought through a bit more. She feels pinned up against a wall and doesn't know how we end up in these types of situations or if this is just how real estate works.
- Mr. Sinz asked if he understood the resolution correctly: Does it say the Land Trust has agreed to purchase Johns RV from us at some date certain. Ms. Mikowski stated yes, on or before November 1. Mr. Sinz stated he thinks it says something about us buying a portion of the Wilhour Trust, if not it should. He also agrees with what Ms. Hall stated. But, he feels we are very close to approving the resolution if a few key things are changed or included. He is wondering if in this resolution, there is in fact a written agreement involving the Land Trust acquiring the property from us at some date certain, if we do this it would be comforting to him.
- A discussion was held to determine the exact wording of the resolution between members of the Board.
- Mr. Sinz stated he was told the Land Trust has the money to buy the property or he might have misunderstood something. So, we are going to buy this property then trade it for the Wilhour Trust property and a net exchange of cash. Mr. Sinz asked if we know who is paying who. Ms. Mikowski stated there are Rasmussen funds; however she has been told it is not enough to purchase Johns RV. They (Land Trust), would like to reserve those funds if given the opportunity to get a grant and use grant funds verses Rasmussen funds and then they could take the Rasmussen money and put it back into this property they are trying to

acquire. Mr. Kinney stated what they presented to us last month, was that they were going to use the revenue they got from our purchase of the Wilhour Trust to purchase Johns RV.

- Mr. Pruhs asked where a copy of the purchase and sales agreement was. Ms. Mikowski stated it was at City Hall. He asked why it wasn't attached to the resolution. Ms. Mikowski stated when we brought it to the Board last month, we were going to try and purchase the Wilhour Trust, then they came back to us and she didn't know if it was in the best interest to tell them no, sorry you can't apply for the grant. They could pay for it with Rasmussen money, but then do we really want to look like we weren't assisting them with grant money. Mr. Kinney stated on the issue of why it is not here, it is simply because we did discuss it last month. This is just a tweaking of what was approved, so it may not have been intentional, but the decision was that we really did not need to do that much education on this resolution.
- Mr. Stout asked what the consequences of not doing this tonight. Mr. Kinney stated purchase agreement on Johns RV expires and someone else purchases it, and we do not have the ability to acquire the Wilhour Trust, which makes it more difficult for us to come to agreement with ML&P and ASD.
- Mr. Pruhs stated he thinks any time that there is something for the Board to vote on, there should be lots of backups and supporting documentation. It's not just this resolution but anything we may spend money on, it should show we have it in the budget if we quickly look. If we did that it would alleviate a lot of anxiety. Also, he wanted to know if not doing this will cause ML&P, ASD, or POB Montgomery some more money than what has been planned along. Ms. Mikowski stated correct. He said so, right now we are going to take the risk so no one else spends more money and to enhance the future development. He was told yes.
- Mr. Sinz stated the key for this whole concept is we are buying time for the Land Trust to allow them the opportunity to receive grant money to acquire the Johns RV property. The original plan, the one we agreed to last month, was we would simply buy the portion of the Wilhour Trust we wanted and they would take the proceeds and buy Johns RV, there wouldn't be any 3-way swap. Now we are buying them time to acquire grant funds.
- Another discussion was held to determine the exact wording of the resolution between members of the Board.
- Ms. Zito-Brause asked for a motion to approve the resolution. Mr. Sinz moved we adopt the resolution including the amended language as proposed by Mr. Coffey; Ms. Lazur seconded. The motion carried.

#### D. Salary Survey –

- Mr. Kinney stated management's request at this time would be for the Board to endorse changing from current Range and Step system to the Performance-based system, with a Broadband range attached in the Board packet. Ms. Lazur moved to accept management's request; Mr. Zoske seconded.
- Ms. Lazur stated this is the right way to go, to make ACDA a professional organization and to reward performance, as opposed to being paid for working 40 hours a week is a great idea.
- Mr. Kinney stated he wants to Board to understand this is not completing a task this is just the beginning of a task we will be going through with Mr. Dee on developing performance evaluations.
- Mr. Pruhs asked if this will affect the budget. Mr. Kinney stated no it will not affect the 06 budget.

- The motion carried.

F. Saturday/Sunday Market –

- Mr. Kinney stated we have no action at this time, but will be carrying it on the agenda until some things start to happen.

**Department Reports**

Finance –

Nothing to add

Data Processing –

Nothing to add

Marketing & Public Affairs –

Nothing to add

Customer Service/Enforcement –

Nothing to add

Operations –

Nothing to add

Employee Relations –

Nothing to add

Development Committee –

Nothing to add

Ms Zito-Brause adjourned the meeting at 6:43 p.m.

Respectfully submitted by:

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Bill Smith, Vice Chairperson