

Special Meeting
Wednesday August 12, 2015

Call to Order: 7:00 p.m.

Present: Don Sitter, Wendy Gustofson, Mary Anne Daniel, Travis Stolp

Absent: Dave Edblom

Also Present: Clerk A.K. Cox, Attorney Tim Strom

Audience: Don McTavish, George Sundstrom, Darcy Rolf

Wendy asked if we could do 5 minutes of public comment at the beginning and 5 minutes of public comment at the end. Don Sitter explained that this is a working meeting for the Town Board.

Don Sitter gave background information that has brought us to today. The dollars remaining in the Community Center fund are causing a lot of friction in the community and we need to get past this. So far we have approved 4 projects with a value of approximately \$62,000.00. Projects that have requested funding after the fact have so far not been successful. The purpose of this meeting is to discuss amongst ourselves what the criteria we need to decide funding are. \$100,000.00 was dedicated to the new addition.

Public Comment: Approximately 10 minutes for comments to the Town Board of Supervisors.

- Darcy Rolf addressing some rumor mill items: overheard conversation that members of ABC or other are making some sort of profit from the construction. It is not true.
 - Don Sitter: George has been open about this issue right from the beginning that ABC would not ever make a profit from being on the board of ABC. This is not a concern from the Town Board's perspective.
- Darcy Rolf second issue: the four after the fact, Tim you have written up some facts that after the fact is basically ok I certainly hope you bring that up.
 - Tim Strom: the town board could contribute to an already completed project, it is a bit backwards but the question remains does this benefit the town as the user of the community center?

Public Comment Closes: 7:08 p.m.

Working Session: Tool Box Special Meeting

Don: we need some sort of rational to deal with the after the fact additions.

Discussion points

- We cannot support or subsidize schools directly but we can as users of the community center support its use.
- Differentiate between the Community Center/School.
 - When the kids are in school they are part of the education process, during the day they are subsidized by the educational community if they come back to play basketball or hockey or whatever in the evening they are then part of the community center.
- The Halloween Carnival is school sponsored, the community is there but it really isn't a community center event.

Wendy: it (the Halloween Carnival) is school sanctioned it is specifically designed to raise funds for families of the community who want to send their kids to Wolf Ridge which is the schools sponsor. There are people who are not part of the school anymore who continue to put hours into the carnival even though they no longer have children in school. Phil Strom had written a list of groups who continue to use the community center such as Boy Scouts, Girl Scouts, Basketball on Saturdays, Cub Scouts, non-profits use the school at no charge.

Don: we need to figure out if the new addition benefits those groups or not.

Mary Anne: I don't think the contention is whether those groups are using the building or not I think the issue is, is the new part of the building necessary when the old part of the building isn't being filled.

Wendy: we need to get better figures on usage.

Travis: there were people, depending on the school district they lived in the value of their houses was all over the map. At some point we need to say there is a value for the school to be there because the school is thriving it increases the value of my house. At some point there is value to the community because the school is there.

Tim: I agree that good schools increase your property values.

Travis: it increases people's desire to live in the township.

Tim: there is a huge value to having a school there is a value to having businesses, what is the benefit to the town as a community center?

Wendy: cities will offer discounted interest rates.

Tim: I'm not aware of anything that allows a town to do that (use discounted rates) I can look into it but I am using it as an analogy. We have to look into what we have powers to do. That property has a school on it but I'm not aware of how that gives us the power to give them money.

Travis: it seems like we are just wasting our time there has to be another way to go about it. It seems that it doesn't matter how we go through the justifications we seem to have our minds made up. So this has to go through a big process.

Don: that is what we are here to discuss tonight is to try and get through that hurdle. We don't have the power to give it (money) to the school, and we cannot use the argument of indirect benefits.

Travis: that is where we are getting hung up why can't we use indirect is it a legal thing?

Tim: it is a legal thing Travis.

Wendy: what if we said we have x number of dollars to spend on bricks and mortar and we are investing in property in the township.

Tim: we are investing in a community center that we can use x number of hours per year. There are a number of objective things we can use. The schools use of the room encourages 170 days per year that classroom is being used 8 hours a day for educational purposes it seems to me we would at least have 7 meetings per year it might be closer to 1% of the use for the community.

Wendy: so if the building is open 1300 hours per year open to the public from 5 to 10 per night. What is the likely hood it will be used that much.

Tim: availability of use would be evenings/weekends. What is the likely hood of actual use? X amount of dollars for a classroom but that isn't for a year (analogy). What do we think of the use of that, community use once a month for 2 hours per time 24 hours value of it over time, ratio of users between schools use and the town use. I've looked at these factors for each of these rooms I'm looking at x dollars. You are talking about making a significant expenditure of town funds. How do we measure the anticipated amount of use?

Wendy: I made a comment that Phil Strom didn't appreciate, it seems to me as a business person if at the end of the day what we are talking about is use someone should be actively approaching and telling people this is an excellent place to meet, that would make it more tangible. If use is what we value it on somebody needs to wear a hat and quit talking about clubs that will pay for use. It is what we all want to see.

Don: we have to be able to justify use before we can give funds based on community use. We don't know how much it is used today. We have more than what we need in classrooms the 4 new classrooms doesn't add benefit to the community. We could go out market and base our use on true actual numbers; the pay-out could go on for 20 years.

Wendy: really what ABC is looking for is to get the loan paid down and they need the money now. I don't think it is the bad thing I think it is weird that it is happening now.

Mary Anne: Thank you for saying that but I don't think that is the community resident's responsibility.

Wendy: I think when I go back to the resolution (See Special meeting minutes May 15, 2002 Resolutions #10) I see that fund of money as ear marked for a project that was going to happen and now they are going back to get the money.

Mary Anne: if they are going back to get the money ear marked and paying down ABC's debt it isn't even a benefit to the school. It doesn't seem that we can just hand over money to pay down their debt.

Wendy: when I think of the debt I think of it as a community debt. Who is hurting if the school goes belly up? The students are going to get hurt.

Don: who put us in that hurt position?

Wendy: you know Don I don't know. We have to move forward this is morally bankrupting and truly at risk and putting our property values at risk.

Don: my problem with that is and Tim has been absolutely clear, we cannot subsidize schools. If we give the money to ABC we are subsidizing the school and we are also paying for something the State of Minnesota is going to pay. If the money goes to ABC there is no benefit to the children. If the township people don't get a value out of it and if the students don't get a value out of it then what is the point?

Tim: taking off my lawyer hat, is their situation that dire?

Wendy: I know that the money was ear marked as bricks and mortar money it is supposed to be bricks and mortar.

Tim: if the town had over extended itself and if the town went to the school and asked for help they couldn't help they don't have the power. That is one aspect of it, if we can provide for better programs that is one thing but if we are bailing out the school we do not have the power to do that.

Travis: I think the reason they didn't come to the township they figured they knew they weren't going to get it (the money). The electorate decided to vote on new board members and here we are today with the majority flip flopped, I get the whole legal thing.

Mary Anne: they did come to the township the town board did have to make some legal changes.

Tim: we had to transfer the title and signed off on any number of documents to get the loan (ABC).

Mary Anne: Phil explained that they would get \$440,000.00. Their yearly payments would be \$250,000.00 there would be a substantial amount of money left over and yet they had to borrow more money. When the whole process started they explained to the board they would be financially solvent.

Wendy: was there any talk about this money during that time?

Don: the resolution was brought up. Every dollar was spent on the school while we owned the school. In 2012 the town would promise its residents it would not go into debt to own the school so ABC came to the Town and said give us the school we would put on the 4 classrooms. The Town had no input into the new addition. When the Use Agreement was signed it said that the CCF (Community Center Fund) was owned and managed by the town. To come back to us and say we owe them money I have a problem with that.

Tim: the original resolution was May 14, 2002 (Tim read from the special meeting minutes). This town board today cannot bind a town board 10 years from now. The town owned the property and as owner the lease payments were coming in. It is generally recognized there are a lot of people who want the money used over there (North Shore Community School and ABC Inc.) but we as Supervisors need to spend the funds legally. In 2012 we now no longer own it (the school) there is no lease aid coming in. The intent of the resolution at the time was we need to structure this don't go raiding that fund, future town boards.

Wendy: 2012 use agreement says (Tim read from the use agreement) paragraph 7 the parties recognize that the funds remaining in the CCF (Community Center Fund) are town funds and may be used by the town for any lawful purpose. . . In asking for that money to go to the brick and mortar which can be done after the fact I see no problem.

Tim: it has to be as a community center.

Wendy: we need to market it as a community center.

Tim: and figuring out a basis by which we can do this. We don't have to be down to the penny but here are the various factors so dollars can be used for that room.

Wendy: it is marketing.

Tim: I could also say to the board, once we figure it out, then lets write it up, here are the hours we think we are going to use, if it is available, if we take this amount of money and divide it over the useful life of the building and whatever relevant factors we are looking at x dollars as a reasonable contribution. We would have a written document by which we could prove to the court, we would have facts to support it and follow the law.

Don: if we can find a legal way to give the money are you guys ok giving the money if it only goes to pay off their debt?

Wendy: I see it as an investment to the benefit and the health of the community.

Mary Anne: do you know the financial status of ABC?

Wendy: no I don't do you?

Travis I don't know.

Tim: you might be well aware that they are in some financial issues we need to look at community use and we believe the amount is x and here is why.

Wendy: I don't have any clue as to what the financial status is. I followed it up and asked Phil if the school is paying their bills, Phil said absolutely we are paying our bills

Mary Anne: If we go through the matrix are we going to have to know what each room costs to really get an accurate idea.

Tim: ABC can tell us what it costs for this and that.

Wendy: if I am out marketing the property to rent I would be going to fair market value. I would apply that number and get pure market value.

Don: I think that is a great point, they asked for a portion of the building costs, if it can go to the market of use we can figure it out. Is there a reason they can't use one of the old classrooms for these? What is so special about the new classrooms? Could we charge more rent for those classrooms?

Tim: A business plan that is a factor of it but it is broader than that there are groups in the community we aren't even going to charge.

Don: when I suggested we pay as we go it brings up the elephant in the room because ABC needs the money now.

Wendy: if we are going to do a pay as you go is another group of people come back in 18 months and sit at this table and question what we've done.

Travis: what if the money is gone in 10 years.

Wendy: you put a freeze on it.

Travis: let's get rid of the money and deal with it.

Don: we've been dealing with this for 2.5 years. It is getting better we got rid of \$62,000.00.

Travis: it feels like we didn't even get to the meat of the issue.

Wendy: because of this guy (pointing at Tim).

Tim: we talked about this at the June and July meetings we are talking about an expenditure of very large amount of money.

Travis: we paid a check to Donald Holm Construction, I didn't even get to talk about it and not one of us has had a chance to discuss where the money went because this is taking up so much time. We never had a chance to even talk about it.

Don: we spent a year and a half talking about everything, you weren't there we held two or three public meetings we had time lines. It is a huge deal to me,

Travis: money is flying out the window here we don't even have time to discuss it at our board meetings because we are talking about this. I get the feeling that if we don't talk about it, it will just sit there

Don: after the fact the money is going to pay ABC's debt it is so wrong to me it is their project, we had no input in it, we have no input in anything but we give the money for the after the fact proposals; the \$70,000.00 for the classrooms, \$84,000.00 for the art room and \$14,000.00 for the greenhouse. We can work around and come up with numbers. I keep asking myself is this right you gave \$84,000.00 to a classroom that was already built?

Travis: it depends on whether they want to get benefit out of it.

Don: what did the community gain?

Travis: that's why we are hung up we will come up with numbers and vote on it. We are wasting our time this is the value we are doing our due diligence we as a board.

Don: we will not be discussing this tomorrow (at the town board meeting).

Wendy: I don't see how we are coming up with a toolbox if we are coming from a philosophical difference.

Travis: I don't think I can express how I'm feeling and what I'm thinking.

Mary Anne: I don't think going retroactive paying for something that is already built.

Tim: is there value to the township using those facilities for community center purposes. Phil brought it up at a meeting and it's the use agreement which does not anywhere expressly says that if ABC builds new classrooms that the town has the right to use those classrooms. They will not bar us from using those classrooms but the use agreement needs to be amended to allow use of those classrooms by the community. There is a glitch in the use agreement.

Don: The other option is to leave the use agreement as it is and then the requests go away. The other thing is when we signed the use agreement we had 4 classrooms and a greenhouse we now have 4 classrooms and a greenhouse.

Travis: we need to make the toolbox, I'm going to ask you guys to get over the after the fact, what bothers you the most are your noses are out of joint?

Don: what we are considering paying for the taxpayers through the department of education have already agreed to pay for. The state authorized the project and they made their arrangements. The department of education has already agreed to pay for the addition.

Travis: if it wasn't for the school the town wouldn't have money in the community center fund.

Don: if it wasn't for the town the school wouldn't exist. We owned that building we followed the resolution to the letter. You seem to be an advocate of the school.

Travis: I am an advocate of the school.

Don: wouldn't you prefer to see the money go to improve the school? The state has already paid for that improvement. Handing them money at this point will not benefit the students or teachers, not one iota. Are you ok with that?

Wendy: what do you see is the use of the toolbox, I see smoke and mirrors

Don: the security system isn't installed yet, I want tools to say this amount is going to benefit the school/this amount is going to benefit the town if we decide to do that.

Travis: we need to agree to disagree, put the tools in the toolbox and move on.

Tim: may be the survey the response is due on the 17th. One of the things the survey will give the town board is how the town is using the meeting rooms and classrooms.

Mary Anne: that would be one desired outcome that would be part of our toolbox. We would have Tim look at whatever we have decided.

Don talking toolbox

Percentage of the cost of construction

Don: irrelevant

Wendy: market value

- It is difficult to get a true cost of construction example used – art room.
- Security system is a different issue – we can put a value on that.

Don: when it is used as a community center what is the value of the security system?

Tim: from a legal standpoint when people are using it as a community center that is our primary focus.

Wendy: that would include someone setting off a bomb when no one was in there so the security system would need to include bricks and mortar.

Tim: it is a question of judgment. There is a value for both entities security for the whole building from both sides.

Wendy: I can think of twice in the last year of damage to the building and there are no cameras etc.

Tim: the toolbox is a guide, it should be an aid and a help.

Don: I think I heard building cost is not a way to consider value.

Travis: In a sense it would be nice to have a baseline for cost to come up with a value.

Don: what I was trying to do was narrow down all these options. It might come back in market value. I think the cost of construction will come out.

Travis: I think at the end of the day it will come out.

Don: I'm trying to get to the tools; one option is to look at the cost of construction, but if we look at the market value then we have something, then we have a number we can work with. Available hours vs likely to use hours.

Wendy: until we find out what is out there construction value won't work either.

Travis: I think that will be a debatable point we don't know what the likely use is.

Wendy: there are lots of buildings around being used. Until we find out who is willing, money is being spent on community education.

Don: why haven't they used ours?

Wendy: whose responsibility is it?

Mary Anne: we had two community education employees and the community education program did not survive.

Wendy: I'm not talking about us developing community education programs I'm thinking of finding people to use the space.

Don: I think Mary Anne was trying to say we've tried to find people to fill the space it didn't do well. I think we need to find someone to give us facts and say in 5 years we will give x number of dollars for this purpose.

Wendy: it depends on who is here in 5 years.

Don: I'm just using 5 years as a number but we have it completely set up.

Mary Anne: and of course future boards can change their minds.

Wendy: I struggle with that. Whatever we are going to come up with I'm ok saying payments over time but I'm not ok with depending who is sitting on the board and facing having to do this all over again.

Don: question Tim if we reserve the funds today for a project based on a hard and fast formula, would they have a choice doing that? If we talk about future.

Tim: if a future board decides to spend money on roads it is town's money they can do that.

Travis: I don't like future funding I want to get it done now and be done with it.

Mary Anne: I thought you'd feel that way.

Travis: I think a lot of people would like to see the money spent now.

Mary Anne: I agree that the money is splitting the township.

Wendy: scratch the payment idea.

Travis: I'm not saying just get rid of the money I'm saying we need to come up with a way to get rid of the money. Let's come up with a way to get rid of the money.

Don: I was throwing it out as an option so scratch that.

Travis: come up with a value over time such as lifetime of the building.

Wendy: we can do that and if we can see evidence that there is a market value – real money.

Don: what is the market value of an art room?

Wendy: market value has to come in the tool box in the form of people are willing to pay x number of dollars for the space. Whoever comes to the town board for funding has to provide a letter of intent showing market value.

Don: if we say to ABC or whoever?

Wendy: the toolbox has to say whoever is requesting the money has to show fair market value in the form of a letter of intent or whatever.

Don: we rejected the storeroom because it didn't fit the project. We need to have market value, a letter of intent.

Wendy: you need to provide something in a form to show us fair market value of use. If you are asking for money for a room, you are telling us there is community use, show us documentation that this is what people pay in other places. Show us fair market value in terms of something we can look at.

Mary Anne: a letter of intent?

Wendy: some of these might not have a monetary value, comparable value would then work.

Don: when they come in with a proposal. A letter of intent showing comparable use value with how many times a year they will use it. Which group and why this space is unique.

Wendy: I don't think that is any of our business.

Don: Tera Freeze rents the space every week, here is a letter of intent, we are going to use it once a week, we need x number of dollars. If they come with a proposal and it's already being done or it might be done.

Wendy: why would we give them money for a room that is already being used? I think we need these things for everything that is going on in the school.

Don: market value, letter of intent, what else would we need to see?

Wendy: I think that is sufficient.

Don: And the scenario?

Wendy: (filled out the scenario) I think some of these things will make more sense once they bring them forward. I think this could be so much more of a community center the opportunity to use this facility to show talent and use talent. I see the school/community center where we can cross generationally have a lot of exciting things happening. I want to be the person going out and getting the people to use it.

Travis: but the problem is that there isn't a tangible value in there.

Wendy: its work, it's going to be work.

Travis: I think there is a value but we can't put actual numbers in there.

Tim: it always helps to have hard numbers but that shouldn't disqualify the supervisors within reason I believe it is fair to attribute x dollars.

Travis: I think when it comes to value to the community I don't think we can come up with hard numbers.

Wendy: if I can show that the art room is worth \$5000.00 per year I'm saying I can do this with all 4 classrooms so the request is now worth \$20,000.00. I have numbers, I'm saying I could do it with one, I'm saying that here is a \$20,000.00 request for all 4 classrooms.

Don: so if you find one group to rent it?

Wendy: you make an assumption you are going to be able to rent the entire space. Based on the value of one.

Don: why don't you go 18 times \$5000.00? There is no way you are going to have that many groups renting every month.

Wendy: then set your own matrix.

Don: why doesn't it justify one?

Wendy: the bank doesn't do that.

Don: the bank asks for your business plan.

Wendy: you have to come up with a matrix of your own whatever works, come up with a matrix on one.

Mary Anne: I'd like to see it done on one and follow it for a year. If someone brought me two separate rental agreements I would do two. I would assume if someone is renting an art room they are renting it for a different reason than a classroom.

Travis: I think there has to be a little speculation I think that I'm not saying you have to put a parameter. If you can come up with two there are potentially four. I don't know we really need to lock that parameter in as far as the toolbox. The scenario is figuring so much per year over the lifetime. Come up with a baseline for the lifetime. We had the classrooms already there is something to be said that buildings constantly have to be improved.

Don: it is not the town's responsibility to maintain the building.

Travis: it is hard to believe we gave the building and we say we have lifetime use.

Don: that is exactly what we did and that is exactly what we are saying. Take a look at this (Don passed the Use Agreement to Travis to read).

Travis: it is a little front loaded.

Don: the school is a 2 million dollar asset that could have been sold and the funds dispersed to every citizen in the township so we traded the building for use of the building. We figured there was 40 years of use, take a breeze through at what the town spent year after year after year. We spent lease aid funds we shouldn't include that in any discussion, that doesn't even include the 3 room addition.

Travis: I guess we have to agree to disagree.

Don: I think you are basing your current thoughts on some misinformation.

Travis: why can't we revise the Joint Use Agreement?

Tim: it's a contract.

Wendy: that was Phil's request.

Mary Anne: The Town can revise it anytime we can walk away from it, ABC cannot.

Wendy: I don't know abolishing it makes sense.

Travis: we as a board have a right to review the Joint Use Agreement and make some changes.

Tim: one of the things we can do to the whole package is to revise it.

Travis: as a board we need to move forward. I thought there was a proposal to go 50/50.

Don: it isn't legal we can't do that.

Mary Anne: I thought there was a proposal to split the fund and set it aside for future proposals.

Wendy: that was the amendment.

Mary Anne: that money wouldn't get used for anything else.

Travis: I wasn't in agreement with that because we wouldn't have come to an accord.

Wendy: it isn't the question of the money.

Travis: let me finish. We do 150,000.00/250,000.00 we're going to say 250,000.00 is going to the school, going to ABC.

Wendy: but we. . .

Travis: we need to come to an agreement. We need to agree on the financial amount and send back to ABC and say come up with justification.

Mary Anne: but Travis you are the one who voted against it.

Wendy: but Don told me he would give it if he could see Justification.

Mary Anne: the \$62,000.00 of proposals we put together by groups other than ABC and I think there is good intention and good will out there to give the money.

Wendy: were all of those three we passed started somewhere other than ABC?

Don: the arboretum and planting benches was not, the remainder originated elsewhere. Here's the rub we passed \$62,000.00 and George read me the riot act. I think they need the money now.

Travis: no matter what we do it's going to come down to the money.

Wendy: I think we are forever stuck if anything comes forward for things that have already been built unless we can show some tremendous amount of usage potential (by the community) that's where the philosophical log jam is.

Tim: Travis is on the right point. We get actual good data on the school what kind of market value space might have all the factors we have talked about. If we were to say x would you guys agree to modify the use agreement and we never talk about this subject again. The folks from the school the proposals they submitted there is no meat on those bones. You don't have to agree there are reasonable basis for the high range and a reasonable basis for the low range.

Wendy: why did we go to the JUC for the money? The JUC referred to the old building.

Tim: the use agreement talks about new buildings and old buildings. When it talks about what we get to use it talks about the current facilities. We defined the use as the current facilities. Phil's point is when we are making an accord between us let's fix that glitch.

Don: Phil had many other items that he wanted to be changed.

Travis: if they thought they were willing to work with us now if they felt like we came to an accord you give us something. It feels like the toolbox. . . it feels like every individual proposal we are going to have to do that.

Tim: you need to do this for us, we need to have one proposal.

Mary Anne: I'm not going to be ok for cutting them one check to spend down their debt.

Travis: we aren't going to come to terms with this.

Mary Anne: I'm not going to agree with writing one check to spend down their debt.

Travis: so come to us and give us a proposal for \$250,000.00. We need to put our own personal opinions aside.

Don: my proposal to her was that, we still have to go through the Joint Use Committee you can't just push the easy button and come up with the answer.

Wendy: but Travis it isn't the money that's the issue here it's that there are people at the table who don't want to underwrite something that's already been built and we have ABC who . . .

Travis: but they need to justify it.

Wendy: but hold on, we'll give you \$250 thousand and we are never going to discuss this ever again then the Joint Use agreement would be dead.

Tim: I don't think that's true but it would be justified or appropriate for the school to go to the town or the town to go to the school and say for \$5000.00 I have a good proposal.

Don: I think the Joint Use committee will still exist but the money issue with be gone.

Travis: the big debate about tangible over intangible if we could come to terms with an amount.

Don: we can't approve intangible benefits.

Travis: don't you think it would be better as a board to agree? I don't think that is ever going to happen.

Don: why not? We did agree on \$62,000.00 worth of proposals.

Travis: maybe ABC wouldn't have been on board with some of the proposals if they knew the other proposals weren't going to be approved. We are trying to get together and move forward I think that would be ABC's position. They don't see the benefit in repurposing the slab or the hockey boards or the trails but they were handing the carrot across the table to get their proposals passed.

Wendy: can we get back to the tool box? When they come to us to say here's what we want we need to have a criteria.

Tim: reviewed the basis.

Don: I think we have to look at past usage to figure out future usage in combination with what we discussed before.

Travis: I am willing to transfer the money to ABC if they can come up with a justification for it.

Don: I would use the term reserve I am willing to reserve the money for that proposal.

Tentative date for the next special meeting: Tuesday September 1st 6:00 p.m. Confirm at tomorrow's Town Board meeting.

Adjournment: