

**ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY
BOARD OF DIRECTOR'S SPECIAL SESSION
August 11, 2005**

Present

JoAnne Zito-Brause
Bill Smith
Louise Lazur
Joelle Hall
Jeff Sinz
Mike Zoske

Excused

Hugh Gellert
Jana Hayenga
Mary Jane Michael
Ken Stout
Dan Coffey

Staff/Guests

Kevin Kinney
Robin Ward
Wendy Mikowski
Krin Kemppainen
David Irwin
Roger Stange
Chris Stephens

Call to Order

Ms. Zito-Brause called the meeting to order at 5:08 pm.

Review of Agenda

No changes were made.

Chief Operating Director

- Mr. Kinney introduced Ms. Wendy Mikowski, the new ACDA Projects Manager. He let the Board know he had her do research on POB Montgomery and passed out a memo on information obtained so far for the board to review.

New Business

A. Mt. View Project Memorandum of Understanding (MOU) –

- Mr. Irwin displayed a drawing of the property and highlighted areas which tie into the MOU to help the Board members understand terminology used in the MOU. The “Land” is the HLB land, which is the land outlined on the drawing. The “Property” is a portion of the “Land” everything in yellow and excluding out everything in purple. Mr. Smith wanted to know if the “land” or the “property” was the 25+ acres. Mr. Irwin said the 25+ acres was outlined in yellow.
- Mr. Irwin advised that as a condition of the MOU, the Municipality is responsible for acquiring the 3.6 acres of ASD property and the frontage property (4 lots next to McDonalds on Mt. View Dr) outlined in blue. This would total 1,100,000 square feet of land which is all the land outlined in yellow, minus the purple plus blue. If the Municipality is unable to obtain the property outlined in blue (before closing), then the sale would be off.
- Ms. Ward gave an update on status of obtaining the other properties. She attended a meeting with Anchorage School District and POB Montgomery representatives earlier in the day and received a verbal agreement to the concept. As to the other 4 lots, the Community Land Trust has issued a notice of intent to purchase. These are assignable, so ACDA can decide if they wish to purchase and bring them to the table or create an opportunity for the developer to purchase them at the same time. They are set up with the same closing dates.
- Mr. Irwin discussed the green highlights on the display which are the street right of way improvements that are part of the Municipality’s responsibility within the

- property. These improvements will allow street access to the property. Mr. Sinz asked what the status was of the street right-of-ways. Ms. Ward stated we have 2 areas to work on: one will be started once the 4 parcels have been purchased and the other is the Community Land Trust land - for which we will need to purchase right-of-way through them.
- Mr. Irwin stated per the MOU, the Municipality has the responsibility for doing the replatting. Based on the master plan, POB Montgomery will draw property and right-of-way lines that will get recorded simultaneously at closing. Once an acceptable plat, rezone, and site plan has been approved, we will close the deal. Mr. Irwin showed the Board the master plan which is going to Planning and Zoning. If changes are needed, they will come back to the Board with the changes for approval.
 - Mr. Irwin pointed out that POB Montgomery changed the master plan so if ML&P substation relocation (coordinated by the City) is delayed, it will not interfere with the building process because only 1 line will need to be moved out of the way. Ms. Hall wanted to know how this will reflect in the MOU since the move was a condition of closing. Mr. Irwin said it will probably stay as a condition.
 - Mr. Smith asked the total acreage this plan will entail. Mr. Irwin said it would be close to 1,100,000 square feet. With the completion of the ALTA survey, we will be able to get down to exact feet and inches, as specific plans are being put together for planning and zoning.
 - Ms. Zito-Brause suggested that the Board discuss the components of the MOU, stating we had a request for a change from Mr. Gellert and so we now have 2 documents to review. Ms. Ward explained the first one everyone saw was based on a "Net Line Land Cost Proforma" and the new document is a draft based on "Fair Market Value."
 - Ms. Zito-Brause asked for discussion of the differences between the two documents. Ms. Ward asked Mr. Irwin to speak to them since POB Montgomery prefers one over the other. Ms. Zito-Brause said she is concerned that the "Fair Market Value" version does not have the benefits going back into Mt. View. Ms. Ward said if we decide to sell the property at "Fair Market Value" then ACDA can be taken out of the equation and HLB can just sell it and no MOU would be needed.
 - Ms. Zito-Brause wanted clarification of how the formula-based MOU with Mt. View reinvestments impact the exact area of land being sold. Mr. Irwin said this is a 2-layer process which involves both sides. The first process is the design and development, which is taking the input from the Mt. View Community Council, Planning and Zoning, ROC, the Board and POB Montgomery, along with a letter of credit from POB Montgomery. This ensures that the development gets built. This is a development process which will be changing throughout the winter and from this process we will at a final land price.
 - The second layer is the reinvestment (wish list, goodies) items that go back into the project which again involves everyone but POB Montgomery. POB Montgomery will go out to design and price up the item, but the wish list itself will come from the Community Council, ROC and the Board. Since it is our community, the reinvestment may not even go back into the property (it could be used somewhere else in the community).

- Ms. Zito-Brause wanted to know what POB Montgomery's plans for the property would be if we sold it at "Fair Market Value." Mr. Irwin said, since we don't know what the land appraisal is, he wasn't too sure if POB Montgomery would do the project per the current plans.
- Ms. Lazur wanted to know if the Board decides not to go with an appraised value of the land, how the Board publicly justifies their decision. Mr. Kinney stated we are not looking at how much we can make, but at the value of what we get out of the deal. He went on to say the important part is to present to the Assembly the trade-offs we make and what is recommended for the project. The value is in what the City will be getting in return, which will be more than fair market value.
- Ms. Hall asked why we were looking at the 2 different MOU's. Ms. Zito-Brause said we had 2 people interested in the Fair Market Value, which would simplify the process and get the project through the Assembly with less difficulty.
- Mr. Zoske asked if the changes previously discussed have been fixed. Ms. Ward said they were not currently in the MOU but it has been noted and will be added in the next draft.
- Ms. Ward stated she will be meeting with the Mt. View Community Council to find out what they want for the reinvestments and that not all may be on the property. After this meeting, she will be bringing back their desires to the Board for possible inclusion in the deal. Mr. Irwin let the Board know that POB Montgomery will be there with the Board and will be a valuable resource for them. Mr. Kinney stated whatever proposal came forward to the Assembly, the Board needs to be comfortable their decision.
- Mr. Sinz asked Ms. Ward if she has a cost break down for any obligation the ACDA will be responsible for in this process. Ms. Ward stated she is working on a budget and cost break down. She will also go to HLB to request a loan for ACDA to help out in this process, since this is our first project and we currently do not have the funds. The loan repayment will be taken out of the proceeds of this project. She said she is working on the numbers but needs a signed MOU to give her more guidance in obtaining hard numbers to bring back to the Board. Once this is done, she can go out to get bids for things like the right of way and other infrastructure items needed for the project.
- Mr. Sinz then wanted confirmation from Ms. Ward that if once we sign the MOU, and she gets all the hard numbers for the budget and figure out the deal doesn't work, as expected, we can still walk away. Ms. Ward responded that we will not go into a purchase and sale agreement if it doesn't add up. Mr. Irwin agreed with Ms. Ward.
- Ms. Zito-Brause asked if the due diligence period will be until October 31, 2005 or if this date needs to be extended out. Mr. Irwin said he is comfortable with the time frame since POB Montgomery has been gathering the needed information and will have their end ready by that time. Ms. Ward also feels confident we can meet the deadline.
- Consensus from the Board was to not choose the "Fair Market Value" MOU but rather concentrate on formula-based or "Net Line Land Cost Proforma" MOU. Ms. Zito-Brause recommended everyone take the time to look through and read the "Net Line Land Cost Porforma" to discuss any issues needing to be addressed.

- Ms. Lazur made a motion for the Board to move forward with the “Net Line Land Cost Proforma” MOU, Mr. Zoske seconded. The Board identified the following for corrections:
 - i. Everything that says Development Agreement should be changed to Purchase and Sales Agreement
 - ii. Legal description of property in second paragraph needs to be filled in
 - iii. Date of October 31, 2005 used, for end of Due Diligence Period
 - iv. “Memorandum made” date needs to be entered (p1)
 - v. Substantial completion (item u) needs to be filled in by MOA Attorney (p3)
 - vi. Definition of Survey needs to be entered as defined by MOA attorney under section 3 (p4),
 - vii. Section 10 – Termination item b – change to Purchase and Sales and should say; “Any date Before October 31, 2005” (p10)
 - viii. Section 17 needs date, also says Development Agreement (p11) – change to Purchase and Sales Agreement
 - ix. Mr. Irwin identified the following recommendations: Under section 5 – “Obligations of the Parties” add after 5.1 a new section 5.2 that states something like this: “By August 25, 2005 the Authority will either approve of budget for such above items or terminate this agreement.” (p5) This would make the current section 5.2 become 5.3. (p6)
- Ms. Zito-Brause asked for a vote on passing the “Net Line Land Cost Proforma” MOU. The motion passed unanimously. Ms. Ward will now make the changes to the MOU for the Board to sign at the August Board Meeting.

B. Block 48 – Mr. Kinney briefed the Board on the garage construction issues facing downtown in the next couple of years and how it will cause a loss of parking spaces. The south half of Block 48 belongs to Koniag, and they have asked if we would like to lease and operate it as a temporary parking lot. Diamond Parking is also interested in obtaining the lot. Mr. Kinney said 2 things could possibly happen: 1. we negotiate a deal with Koniag to operate the lot as a temporary parking lot or 2. Diamond Parking negotiates a deal. When Anchorage Parking needs to find parking for our customers, during the loss of parking spaces caused by construction, we need to pay Diamond prices to sub-lease spaces. All Koniag is asking us to cover is their cost during the time of the lease, which they will itemize for us. They have said it is approximately \$110,000-\$130,000 range a year. Mr. Kinney said to get this lot ready for use would cost \$50,000-\$80,000. Ms. Lazur asked where individuals will be parking during construction. Mr. Kinney explained the current plan and said if we had this space, it would help with parking. Mr. Kinney said we should only break even, but it will help us meet our customer’s needs during the time of construction. Mr. Zoske made a motion to authorize Mr. Kinney to set up negotiations with Koniag to obtain a temporary parking lot. Ms. Lazur seconded the motion. The motion passed.

Ms Zito-Brause adjourned the meeting at 6:57 p.m.

Respectfully submitted by:

Anchorage Community Development Authority
Special Session Minutes of August 11, 2005

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JoAnne Zito-Brause, Chairperson