

**VILLAGE OF PLEASANT PRAIRIE
COMMUNITY DEVELOPMENT AUTHORITY
Village Hall Auditorium
9915 39th Avenue
Pleasant Prairie, WI
December 15, 2010
6:00 p.m.**

A regular meeting of the Pleasant Prairie Community Development Authority was held on Wednesday, December 15, 2010. Meeting called to order at 6:00 p.m. Present were Monica Yuhas, Kate Jerome, Tom Reiherzer and Larry Nelson. John Steinbrink, Gary Hutchins, Jill Sikorski and Phil Godin were excused. Also present were Mike Pollocoff, Executive Director, Tom Shircel, Assistant to the Administrator and Vesna Savic, Executive Secretary.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. MINUTES OF MEETING – AUGUST 4, 2010**

REIHERZER MOVED TO APPROVE THE MINUTES OF THE AUGUST 4, 2010 MEETING OF THE COMMUNITY DEVELOPMENT AUTHORITY AS PRESENTED IN THEIR WRITTEN FORM; SECONDED BY JEROME; MOTION CARRIED 5-0.

- 4. CITIZEN COMMENTS – None.**
- 5. COMMISSION COMMENTS – None.**
- 6. NEW BUSINESS**

- A. Consider an Award of Contract for a Market, Building Programming & Design, and Financial Feasibility Study with Prescience International for the Southeast Wisconsin Innovation Center project.**

Mike Pollocoff:

We have this proposed agreement with Prescience. We received a grant from the EDA to construct the innovation center, and we also received a grant from the state to prepare a feasibility study. All things being equal, you would like to get your feasibility study done before you get the grant and start the construction, but this grant application was reviewed upon its initial concept with a lot of favorable reception and it really went faster than the feasibility process. We have the grant in place but from two standpoints - number one, the Authority and the Village really owe it to ourselves to have one really good look at the innovation center to make sure from an expert outside that it is going to work; and secondly, the other part of our funding is from KABA and they want to know that it is going to be feasible as well because they have \$2 million that they are going to put into the center.

So we have been looking at a couple of the companies. We looked at Northstar and TIP Strategies who have done some of this work but we really did not feel comfortable with their levels of expertise in this and what we were looking for. They are good companies and they have done some good work. TIP did the KABA strategic plan - but that specialized evaluation of how much an innovation center can expect to garner as far as entrepreneurs coming into the community and starting up a company and where some of the sources of venture capital will be and how that would be supported really wasn't there.

In October, Tom Shircel and I were at the International City Management Association conference in San Jose. One of the reasons we wanted to get to that conference was there was an opportunity to go the San Jose Biomedical Incubator which is a well-known incubator in the country that has been rather successful. We went and took a tour of it. That incubator is run by the San Jose Community Development Authority and they contract with San Jose State to operate the center. It is operated by Prescience - they are the managers of the facility and they also do feasibility studies and have a number of innovation centers they are working with. We visited with them and they do have somebody in the Wisconsin area that is from Wisconsin and familiar with this area to perform the study for us.

In our discussions with them - we met with the CEO of the company, Melinda Richter - we asked them to submit a proposal to the CDA for carrying out this work. As I said, the state has granted us \$70,000 for a feasibility study and this initial study they are proposing is \$145,400 so the Authority through the TIF would have to come up with the remaining \$75,400. If you look at the third page, in more detail it lists out the proposal of what they are going to provide us - the marketing study in identifying the area, doing the SWOT analysis for both the state and Pleasant Prairie, identifying the target audience for the Village to use and getting that feedback from those businesses and venture capital and things like that and determining what support mechanisms are going to be needed to support the Pleasant Prairie project. They are going to come up with a plan for the building, programming and design. We have come up with a really nice architectural plan for the building but even as we got done with it, we saw some opportunities to make the building a lot more efficient and be able to hold more people. What we submitted to the Federal Government, the EDA, for our plan, showed an architectural conceptual plan of what it was going to look like. You have seen the outside picture and so forth; but when our grant application went to the EDA, it goes before a board of administrators for review and they vote on the plan. We got the high vote based in part on how well the building looked; and we were like wait a minute, we don't even have construction plans yet we have a conceptual drawing. They indicated to us no changes unless - you have to have all changes approved to this. If we want to move where the bike rack is, we have to go back to those guys and get that changed.

One of the reasons we want to bring Prescience in is have them work on the building programming and have somebody that actually operates biomed incubators and describe the ways these are going to work. In San Jose, they still haven't finished out their top floor and they said rough that in but until you know what you are doing in there and what kind of users are going to be there, rough it in and build it out later. We have three stories so we want to have them come up with a building plan and then have them speak to the EDA. We may end up

having to fly them out to San Jose and meet with them. I think once they see how this is working in another place and we have somebody who can speak to them with some knowledge and credibility that will save us some money.

Finally, the financial feasibility which is how we are going to pay for this and how is it going to pay for itself on an ongoing basis. In the proposal they indicated there still are a couple more steps that could be entered into with the Village and that really is to manage it and operate it. I think based on the type of information that we receive back if it does look like it will do well and we are going to be able to make it work, our initial thought was to have KABA operate it, and KABA is willing to do it but I think again if we can find somebody who specializes in managing these facilities, I'd much rather spend the money on a contractor like this than trying to do it in house or locally. We are not going to do this in house. On the other hand, I don't want to enter into an agreement to operate and maintain it and take the chance that it would skew the feasibility study. So we will take a look at that after the feasibility study is done.

That being said, I recommend the Authority authorize me the ability to enter into the contract with Prescience International to provide the professional services. Usually with professional services we do not go out to a competitive bid, but we did receive proposals as I said from TIP and Northstar and they were way short from where we needed to be.

Tom Reiherzer:

When we first talked about this, you thought the fee would be around \$70,000, is that correct?

Mike Pollocoff:

I think that would have worked for a Northstar or TIP type of firm.

Tom Reiherzer:

But you are saying they are not as qualified as this company though.

Mike Pollocoff:

Yes, they aren't even close.

Tom Reiherzer:

You get what you pay for.

Mike Pollocoff:

Right.

Larry Nelson:

Do we have the funds to come up with our half of it?

Mike Pollocoff:

Yes, it would be draw from the TIF funds; and when we create the TIF, we can pre-spend for TIF so the Village will be loaning the CDA the money. One of the things we can pre-spend on when we amend to the TIF is for engineering and planning and those documents so we can put the TIF together and that would be reimbursable.

Larry Nelson:

We are spending a lot of money on this building so we should have a good study done to make sure it is feasible – the financial structure, the business operation and the management plan – that is all important so we need to do it and in reading their resumes and so forth, they are more than qualified to handle this.

Mike Pollocoff:

If I could, I would put you all on a plane and take you out there because it was something to see.

Kate Jerome:

In the proposal, there are three options - the Prescience option, the medium option and light option?

Mike Pollocoff:

We are going the Prescience option. We could do the light option but as Larry said, this is a lot of money. I want to make sure we are not saving a few bucks and not having them look at some things we want them to look at.

Monica Yuhas:

Reading through the statement of work, under Item 1, description of services, the feedback from the target audience? Where are they going to be gathering 30 people? Individuals for one-hour sessions? Do you know how in the past they have acquired those 30 people? Is it something that the Village is going to be working with them on? Are we looking for people to volunteer? How are we going to pull that pool?

Mike Pollocoff:

We are going to provide to them some contacts that we already have. We have met with the University of Wisconsin Parkside, and UW has indicated that they are going to help us, not

just Parkside, but through the system with providing the innovation center with projects where people are looking to, especially in the medical field, have professors in the University system create some innovations that are requested by doctors and clinics. So we are going to have them talk to them. We have a relationship with Abbott; they will be visiting with them, KABA, Commerce or whatever it ends up looking like after it is modified. So we are going to give them the contacts we have and they have their own contacts in the medical field that they will use. They will share those with us probably in confidence. If you notice on the agreement, there is a confidentiality agreement because they are exposing their contacts that they have in the field. We are going to be introducing some people that, especially on the business side, that might not want to have exposure of what they are doing. That is one of the keys things is when we sign this, probably everything we do on this is going to be confidential until such time as we are ready to say o.k. we are done and we are ready to go or if we say this thing is not going to work, we are going to have to be ready if that ends up being the answer.

Tom Reiherzer:

What were the bids from Northstar and TIP Strategies?

Mike Pollocoff:

I think TIP had a light option that was \$70,000 and it didn't even come close to getting what we needed. It was kind of a regurgitation of the KABA strategic plan. Northstar had done some work with the Whitewater project, and I cannot remember what the bid was but it was not as expensive at this.

Larry Nelson:

Are we going to have legal counsel review the agreement?

Mike Pollocoff:

We haven't had them look at.

Larry Nelson:

The joint invention deal – I don't know if that pertains to us or not but it looks like they want their cut.

Mike Pollocoff:

The innovation and things that go to patent and things that are created, that really ends up being the . . .

Larry Nelson:

But that is only if they are involved in it.

Mike Pollocoff:

Right. When we talked to entrepreneurs that are creating these things, they are going to be equally concerned too because we are going to be bringing them into our facility, they are going to be sharing and using our medical equipment that will be used by all and everyone is going to want to make sure that their innovations and ideas are kept in confidence. That is something we are going to be dealing with and that is why it is good that we are not dealing with it in a sense that we bring a contractor in and the CDA in San Jose really left that up to San Jose State so they removed themselves from one more step away from it. I don't know if the University of Wisconsin is ready to take that on; but at least under the laws of the State of Wisconsin, the CDA has a lot of ability to protect business interest or things like that to maintain confidentiality in our meetings. So you have a lot more latitude than the Village Board does. A lot of times we really won't know what they are doing in there as far as the creativity part of it. We are going to know through our contract manager that they are operating safe, that the bills are being paid, that they are making the target towards graduation, and that everything is on the up and up. We are in the best position to do that – have the contractor report to the Authority and to KABA as to how the thing is being managed.

Kate Jerome:

Are we liable for mistakes or explosions or any of the difficulties that these businesses have?

Mike Pollocoff:

No, only to the extent that we are not negligent in creating an environment where it happens. One of the things that Prescience did in their San Jose facility, they had a complete system like with MSDS sheets and everything to manage the hazardous activities that were going on, and everyone had to follow those procedures just like they would in a corporation or they are out of there. To me the other liability we would have if we didn't get somebody to manage it for us that was qualified, and we bring someone in who is going to create a new wonder drug to give you an easy knee replacement and the guy does not have all the capital he needs and starts cutting corners and things happen. We don't want to have that either because that will be the inclination for some places. Whoever we get to manage this thing has to have the ability to put in place an institutional frame work to protect them from a liability standpoint, protect us, but also to bring the necessary tools and knowledge to allow the place to flourish as well.

Tom Reiherzer:

Do you need a motion?

Mike Pollocoff:

Yes, I would like a motion to authorize me to enter into the Master Professional Services Agreement with one amendment. They have requested that we make payments within 15 calendar days and I am amending that to be changed to 30 days.

REIHERZER MOVED TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A MASTER PROFESSIONAL SERVICES AGREEMENT WITH PRESCIENCE INTERNATIONAL TO PREPARE A FEASIBILITY STUDY FOR THE SOUTHEAST WISCONSIN INNOVATION CENTER PROJECT WITH THE AMENDMENT THAT PAYMENTS BE MADE WITHIN 30 DAYS INSTEAD OF 15 DAYS; SECONDED BY JEROME: MOTION CARRIED 4-0.

- 7. CONSIDER ENTERING INTO EXECUTIVE SESSION PURSUANT TO SECTION 19.85(1)(E) WIS. STATS. TO DELIBERATE OR NEGOTIATE THE PURCHASE OF PUBLIC PROPERTY, INVESTING OF PUBLIC FUNDS, OR CONDUCT OTHER SPECIFIED PUBLIC BUSINESS, WHENEVER COMPETITIVE OR BARGAINING REASONS REQUIRE A CLOSED SESSION WITH RESPECT TO THE I-94 LAND MARKET STUDY DRAFT REPORT.**

REIHERZER MOVED TO ENTER INTO EXECUTIVE SESSION AS NOTICED; SECONDED BY NELSON; ROLL CALL VOTE – YUHAS – YES; JEROME – YES; REIHERZER – YES; NELSON – YES; MOTION CARRIED 4-0.

Mike Pollocoff:

I would also like to state for the record that there will be no other action taken, so we will retire to the Executive Conference Room and close the auditorium

- 8. RETURN TO OPEN SESSION**

After discussion was held, **REIHERZER MOVED TO RETURN TO OPEN SESSION; SECONDED BY NELSON; ROLL CALL VOTE – YUHAS – YES; JEROME – YES; REIHERZER – YES; NELSON – YES; MOTION CARRIED 4-0.**

- 9. ADJOURNMENT**

REIHERZER MOVED TO ADJOURN THE MEETING; SECONDED BY NELSON; MOTION CARRIED 4-0 AND MEETING ADJOURNED AT 7:45 PM.