

**DRAFT SUMMARY MINUTES OF A SPECIAL MEETING-COUNCIL WORK
SESSION
OF THE CHAPEL HILL TOWN COUNCIL
FRIDAY, OCTOBER 9, 2009, AT 8:00 AM**

Council Members Present: Mayor Kevin Foy, Mayor pro tem Jim Ward, Council Member Matt Czajkowski, Council Member Laurin Easthom, Council Member Sally Greene, Council Member Ed Harrison, Council Member Mark Kleinschmidt, and Council Member Jim Merritt.

Staff members present: Town Manager Roger Stancil, Deputy Town Manager Florentine Miller, Assistant Town Manager Bruce Heflin, Town Attorney Ralph Karpinos, Public Information Officer Catherine Lazorko, and Communications Manager/Acting Town Clerk Sandra J. Kline.

1. Discussion of proposed agreement with Kidzu Children's Museum.

Mayor Kevin Foy opened the work session and explained that the Council would review and discuss the proposed Air Rights Lease Agreement with Kidzu Children's Museum. Staff stated that the Council had asked for this session after receiving the earlier draft on September 28. Council directed staff and Kidzu to keep negotiating and to return with issues needing Council guidance during the previous meeting. Staff said the goal of this session was to clarify those issues so they could revise the agreement before presenting it to the public.

Staff provided background on the project beginning in 2008 when the Town signed a letter of intent to negotiate the use of the Wallace Parking Deck roof for the museum, following that, Kidzu's attorneys drafted the first lease. Staff and Kidzu met several times and created a more complete draft, which the Council reviewed. Staff reminded the Council that because the lease lasts 99 years and charges only \$1 per year, North Carolina law treats it like selling Town property, thus Council would need to follow certain steps before approving it.

Staff walked the Council through the main parts of the proposed agreement and explained that the lease would allow Kidzu to build a children's museum of at least 10,000 square feet on the west side of the deck's plaza level and to use the northeast corner for outdoor exhibits. Staff noted that the Town would retain control of the southeast corner, maintain it, and allow Kidzu to use it during museum hours along with the public.

Staff emphasized that the lease would continue to run for 99 years. They further explained that Kidzu would design the building using LEED standards, provide public access for families who could not afford standard admission, and maintain all improvements made to the site. Staff added that the Town would continue to maintain the parking deck, including major repairs, and would follow specified procedures if structural issues arise.

Staff also stated that the agreement would allow the Town, after ten years of museum operation, to consider redeveloping the site with Kidzu's approval, and explained that the agreement included protections to assist Kidzu with relocation if necessary. Council members discussed

several unresolved issues including the size and layout of the museum, noting how both indoor and outdoor spaces would affect programming and public use. They also discussed public access to the southeast corner, Kidzu's commitment to reduced-fee or free admission, and how the Town and Kidzu would share long-term maintenance duties. Council members asked staff to explain the financial risks tied to major structural repairs. They also reviewed the redevelopment section and weighed the Town's future development interests against the promise to support the museum.

Kidzu representatives responded to the Council's questions explaining why they requested certain changes and described their operational needs, including long-term stability, outdoor education space, and accessibility for families. They said they wanted clear lease terms so they could move forward with planning and fundraising.

Council members provided staff with directions on several points and agreed to move forward with a public forum. Staff agreed to revise the agreement based on the Council's guidance and Kidzu's input. Council noted they might need another work session before considering the agreement for possible action at the November 9 or November 23 meeting.

The Mayor ended the work session after confirming that staff had what they needed to continue.