

**HEARING
SIOUX CITY COMMUNITY SCHOOL DISTRICT
EDUCATION SERVICE CENTER
MAY 17, 2004—5:00 P.M.**

Call to Order/Pledge of Allegiance

President James called the hearing to order at 5:02 p.m. Present: Directors Batcheller, Daane, James, Jorgensen, Kruse, Mounts, and Peterson. Directors Jorgensen and Mounts excused themselves due to their relationship with Morningside College.

Hearing and Discussion

Superintendent Williams stated that he had received a very thoughtful point paper regarding the lease agreement from Chris Prince, in which she asked for a response to those points. Richard Moeller, board attorney, summarized the response from Dan Moore in Mr. Moore's absence. This document is included as a part of these minutes, and is as follows:

You requested that we respond to the written comments presented to the School Board by the Friends of Roberts Stadium Committee on May 4, 2004. I will restate the comment as it appears in the list of items submitted by the Friends of Roberts Stadium Committee followed by my response. At the outset we point to the Preamble of the Lease Agreement that states, in part, as follows:

It is the intent of the College and the School District to improve and update the facility in order to assure its continued and perpetual use as an athletic stadium for the community, the School District, and the College, and maintain access to the facility; and

The College and the School District desire to work closely together for the scheduling and planning of events to be held at Roberts Stadium.

IMPROVEMENTS

COMMENT 1. Morningside College (MC) per the contractual agreement will not be required to spend any money for capital improvements for 7 (seven) years.

RESPONSE: Generally this statement is accurate although the Lease Agreement provides that at least \$1,500,000.00 of Capital Improvements are agreed to be completed within seven years of the Commencement Date and \$850,000.00 of Capital Improvements within ten years from the Commencement Date. The exhibit attached to the Lease Agreement provides that Morningside College will use its best efforts to complete certain improvements by September 1, 2004.

COMMENT 2. MC will not be contractually required to spend the additional \$850,000 (eight hundred fifty thousand) required by this agreement until year 10 (ten).

RESPONSE: See Response above.

COMMENT 3. MC will not be contractually required to use an open bidding process with approval by the Finance Department of the School district for capital improvements to the Stadium.

RESPONSE: The Lease Agreement does not contain such provision.

COMMENT 4. The School District will not have the final say in any improvements whether minor or major to the Stadium regardless of structural significance.

RESPONSE: Generally, this statement is accurate with the following exception: The College shall consult with the School District prior to making alterations or improvements which would materially alter the structure of the Property; further, the College shall not build or construct any improvements which would materially reduce the parking available on the areas designated as West Parking/Field, East Parking, Upper West Parking or Upper East Parking without the prior written approval of the School District, such approval not to be unreasonably withheld. Additionally, the College has specifically stated that it will establish an Advisory Council to coordinate with the School District the proposed and future improvements.

COMMENT 5. The School District will not, by contract, have decision making abilities in the prioritization of any of the improvements to the stadium.

RESPONSE: This statement is true; however, the College has represented that it intends to complete the Capital Improvements basically in the order itemized on the exhibit attached to the Lease Agreement with the New Field Turf and Parking Lot Improvements to be the last improvements to be completed provided that there are funds remaining.

COMMENT 6. While the useful life of the improvements listed within the Agreement range from 10-25 (ten to twenty-five) years, the College will receive a lease agreement with a 100 (one hundred) year term.

RESPONSE: I have not seen a qualified opinion concerning the life of the Capital Improvements; the lease term is for 99 years; the College under the Lease Agreement is obligated to maintain the Property and make those repairs and improvements to the Property which are reasonably necessary so that the Property will continue to be reasonably suitable for the School District's events and activities; and that the College shall perform its responsibilities of repair, maintenance and improvements to the end that the Property will be kept in a safe and serviceable condition.

CONDITIONS

COMMENT 7. The School Board recognizes that they will be proceeding with a contract before receiving acknowledgment of acceptance to terms from an "unnamed benefactor". If the "unnamed benefactor" pulls out they will still be bound for 7 (seven) years to allow MC to raise 1.5 million dollars.

RESPONSE: The School District has requested the College, and the College agrees, to obtain this approval prior to the Commencement Date of the Lease Agreement. Moreover, prior to the Commencement Date, the College shall provide evidence reasonably satisfactory to the School District of its ability to fund the Capital Improvements required by the Lease Agreement.

COMMENT 8. The School Board acknowledges that upon accepting the MC proposal they have signed away a Public Asset with no recourse for a minimum of 7 (seven) years.

RESPONSE: This statement is not correct with regard to "no recourse" unless it is limited to the \$1,500,000.00 Capital Improvements that must be completed within seven years of the Commencement Date as the Lease Agreement provides. The School District has remedies available to it if certain events should occur.

COMMENT 9. The Board will need to recognize that they proceeded to do this in a questionable process which may encumber the Board beyond the signing date of the contract.

RESPONSE: The School Board has complied with Iowa law. Additionally, the School Board has had many public meetings and held public hearings to deliberate in the decision making process. Moreover, the School Board waived irregularities in the bidding process, a right the School Board has, which turned out to be a benefit to the Friends of Roberts Stadium Committee. The School Board did not proceed in a questionable process.

SCHEDULING

COMMENT 10. The School Board recognizes that the contractual agreement requires the School District's Activities Directors and Coaches to have each year's schedule of Designated Events scheduled with the College by December 31st of the prior School Year. They are considering this contractual requirement regardless that only a portion of the dates for Designated Events list are available by this deadline. They are considering this agreement even though the only events likely to have dates confirmed by the aforementioned date are Varsity Football games, StarFest and the Sioux City Relays. The School Board is considering this contract event though the deadline

required for scheduling events without additional negotiation will be impossible for track, sophomore football, soccer and other events.

RESPONSE: While preparing this letter, it was pointed out to me that the following events simply cannot be scheduled pursuant to the terms of the Lease Agreement but they can be scheduled six (6) months in advance of the events being held:

East High Sophomore Regular Season Football Games,
Sioux City Public High School Regular Season Track Meets and Practices
District City Practices - Track
State Track Practices
Drake Relays Practices
SCCSD Elementary School Field Days - Spring
SCCSD Middle School Field Days – Spring
State Marching Contest - All Day Event
City Football Media Day

The School Board should consult with the District's Activities Supervisors to make certain that the scheduling is properly done. When the Activities Supervisors reviewed this provision earlier, they added a provision for a "rain date" or back up date for a makeup football game. The Lease Agreement provides, in part, that the School District's proposed dates and times for Designated Events to occur during each fiscal year (July 1 to June 30) shall be provided to the College at least six months prior to the beginning of said fiscal year. It is my understanding that while some of the Designated Events are scheduled far in advance, the Activities Supervisors have a prior year's schedule or calendar of events which will serve as a good guide. The Lease Agreement also provides that both the College and the School District shall designate an events representative or committee to coordinate the scheduling of these events. The School Board should make such designation.

Additionally, the College has specifically stated that it will establish an Advisory Council to coordinate with the School District the scheduling and usage of Roberts Stadium.

COMMENT 11. Events outside of the Designated Event list will require a payment of up to \$800 for any event held at the Stadium. The College may increase this fee without limit after 10 years.

RESPONSE: The Lease Agreement provides that the fee for additional use shall be as the parties mutually agree. This payment is a care and maintenance fee which is consistent with the usage fee provided for in the Lease Agreement. Therefore, there are likely many factors that will enter into the calculation of the amount of the fee. For example, the time period Roberts Stadium is in use by the School District and whether it is a daytime or evening event requiring lighting and so forth will be considered by the

parties. The \$800 was a cap which was added to the agreement after public meetings were held. This provision contemplates the parties will deal in good faith and the fee will be a reasonable fee.

BANKRUPTCY, INSOLVENCY OR ASSIGNMENT TO CREDITORS

COMMENT 12. The School Board recognizes that there is insufficient language in the Agreement to protect the School District from effect in the event the College is required by law to give an assignment of assets to creditors. That with the School District's GAP obligation to write-off the Agreement as a loss and Morningside College's probable accounting entry of the lease as an asset, the School District remains vulnerable to creditors in the event of financial problems for the College.

RESPONSE: The Lease Agreement gives the School District the most protection in a bankruptcy or insolvency situation. It is true that there are many situations that may arise in a bankruptcy proceeding; however, the College has a leasehold interest and the School District retains fee simple title to the Stadium.

OPERATIONAL OBLIGATIONS AND EXPENSE

COMMENT 13. The School Board acknowledges that there is no operational savings to be gained by the contract. That "Game Day Expense" will be incurred by the District, such expenses including: medical, security, clean up, ticket staff, field striping, time keepers, etc. The School Board acknowledges that these expenses have cost the School District an extraordinary amount of money due to the practice of overtime wages to School District Employees and that this practice has no remedy to change by the acceptance of the MC proposal.

RESPONSE: The Chief Financial Officer for the School District has previously addressed this item. The School Board will not acknowledge that the above-mentioned expenses are extraordinary. The School Board will review the operations of Roberts Stadium, whether the Lease Agreement is in effect or not, and any area that the members of the public believe expenditures to be extraordinary.

COMMENT 14. The School Board acknowledges that there is no decrease in the expense of property and liability insurance with the proposed MC agreement.

RESPONSE: With regard to property insurance, Morningside College has agreed to reimburse the School District for the costs of the premiums for property insurance pursuant to the Lease Agreement. The liability insurance expense will continue for the School District because the School District retains title.

COMMENT 15. The Board further recognizes they are deferring the support of a group

of citizens known as the "Friends of Roberts Stadium Committee" to assist with management, operations and capital improvements to the Stadium by acceptance of the MC proposal.

RESPONSE: The School Board will address the management and operations of Roberts Stadium for its events and invites members of the public to work with the Board in its review of the management and operations of Roberts Stadium.

STADIUM REVENUE

COMMENT 16. The School Board acknowledges that the School District will lose, with the MC proposal, 25% of advertising revenue attributable to Scoreboard Advertising. They also acknowledge that the ability of the College to obtain advertising on other fixed assets of the Stadium including the track, field and field turf may negatively impact either or both the ability to secure Scoreboard Advertising and the amount of revenue to be gained thereby.

RESPONSE: The Lease Agreement provides, in part, the Scoreboard Advertising Program shall in no event include the turf, playing field or track. In other words, neither party can place advertising on these three fixed assets. The purpose of this provision has always been premised on the need for and the expectation that the School Board will boost its advertising revenue under the Scoreboard Advertising Program.

COMMENT 17. The Board further acknowledges that between \$25,000 and \$30,000 of the Stadium's net profits is realized through concession revenue.

RESPONSE: Mr. Stoneburg should be requested to address this item. I am not certain what period of time or in what context this statement is made.

COMMENT 18. The School Board recognizes that the majority of Concession Stand Labor is provided by volunteers from our schools. That these volunteers staff the concession stand for their own School's events. The Board will further need to acknowledge that the MC proposal requires the School Board to staff the College's "Concession Events" with a 4 (four) week notice. And that if the District fails to find staff or volunteers in time they will pay liquidated damages of \$500 to the College. If the School District fails to staff 3 of the College's Concession Events in 12 months, they will lose the ability to sell concessions at the Stadium permanently.

RESPONSE: Generally, this statement is accurate. The School Board will review the management and operations of Roberts Stadium which will include concessions.

COMMENT 19. The Board acknowledges that there is no provision in the agreement for how or if the College will be allowed to use School District equipment in the

Concession Stands should they choose to staff their own events outside of College Football games.

RESPONSE: There is no provision such as this in the Lease Agreement. However, the Lease Agreement contemplates that the College may engage third party vendors to sell concession items from a location other than the Concession Stands.

COMMENT 20. The Board should also acknowledge that should the School District default on the ability to earn concession revenue, there are no provisions made in the contract to replace concession services for School District Events.

RESPONSE: There are no provisions in the Lease Agreement made for replacement of concession services.

COMMENT 21. The Board should further recognize that the Agreement provides for the College to sell non-food and drink items (i.e., clothing, hats, etc.). It does not address the ability of the School District's ability to do the same.

RESPONSE: The Lease Agreement does not prohibit the School District from selling non-food and drink items. Such provision is made in the Lease for the College because the selling of such items is not competing with the School District's concession sales.

COMMENT 22. Finally, the Board understands that the acceptance of the Morningside College proposal will result in the loss of Management support from the Friends of Roberts Stadium.

RESPONSE: It is at the election of the group of citizens known as Friends of Roberts Stadium Committee to support or not to support the School District's role in the use of Roberts Stadium. It will be unfortunate that the Friends of Roberts Stadium Committee will not support management and operations of Roberts Stadium when such Committee has ably demonstrated that concession and advertising and gate receipt revenues can be increased substantially. These additional revenues could be used, upon approval by the School Board, for the students' programs and activities and related events. The management and operations of Roberts Stadium on behalf of the School District will be addressed by the School Board.

Richard Moeller stated that Petition was presented to the board secretary requesting a referendum in accordance with Iowa Code Section 278.2. Mr. Moeller stated that the

authority by which this board is entering into this lease is pursuant to the enabling statute 297.22 which gives the board the authority to sell, lease or dispose of, in whole or in part, property belonging to the district. This statute also provides that before the board can sell or lease, the board must hold a hearing. Mr. Moeller's opinion after studying this statute is that this board can proceed and vote for or against the lease despite the presentation of the Petition. The provisions of 278.2 state that the board secretary will need to examine the Petition to verify the signatures. The code provision states that the Petition signers cannot stop the district from selling, leasing, or disposing of district-owned property.

Superintendent Williams stated that it appeared to him that the way the law is written the presentation of the Petition cannot force the board to stop action taken this evening. So, this doesn't create a legal impediment, but a political one. Mr. Moeller stated that according to statute, the referendum is not binding on the board; however, the board can voluntarily hold a referendum if it so wishes.

President James introduced Lynn Richardson who presented several points of order for the meeting this evening.

Mr. Moeller said that generally there is no specific provision in the Iowa Code as to what kinds of rules govern a board such as this as the board can decide for itself how to conduct its affairs. As far as limited time, he feels that there must be opportunity for some public input.

Mr. Moeller was not able to address the abstention issue at this point.

Superintendent Williams stated that in regard to past votes, we will stand with what has transpired. With regard to what vote might be taken this evening, perhaps we can study this issue before we have this vote. With regard to testimony, he feels the board should set limits. Mr. Moeller stated that it is within the board's discretion to do so.

President James stated that historically when the board holds hearings, we have usually limited the time to speak as it is good to hear both sides. Additional time will be given to someone speaking on behalf of a group.

Hearing

President James stated that notice was provided that a hearing would be held May 17, 2004, at 5:00 p.m. local time. The hearing is held for the purpose of receiving public comment on the Morningside College lease agreement for Roberts Stadium. Any interested party may appear and file objections and any information for or against same will be heard on the above-named project with the final decision of the Board of Education a matter of record.

Citizen input was received from the following:

Caroline Conkey: Stated that members of the public have stated that Director Kruse's family has been acting as an agent of Morningside College in that her husband was hired to fly Morningside College employees to athletic events. Mr. Moeller indicated that he had not been provided with the facts and could not comment at this time. Mrs. Conkey stated that there was a violation of NCAA and NAIA rules. Feels issues of truth need to be brought to the public.

Director Kruse: Would have appreciated knowing about this being an issue. This has nothing to do with her and she doesn't even know for whom he works or sometimes when he goes.

Chris Prince: Sincerely sorry that we have come to this, but the superintendent has acted admirably. Has had little time to go over the response from Dan Moore. Seems that Dan Moore is agreeing with the concerns of the Friends of Roberts Stadium Committee. Feels that #10 regarding scheduling agrees with the Friends of Roberts Stadium Committee. Lease gives the district the most protection under bankruptcy. Advertising revenue is still not clear; does not prevent the college from advertising on the track. Concessions—Morningside College may choose not to default the district, but they can do so. Regarding the referendum, it raises the political and ethical issues; not good to turn back on this issue.

President James: How do we address the other calls from those who agree on the lease with Morningside College, and feel it is a good idea, and ask why hasn't the lease been accomplished by now?

Superintendent Williams: A legal analysis must be done. The transition between political and ethical is not ready to cash in on this point.

Superintendent Williams: Stated that we stand by the response from Dan Moore.

Question from Chris Prince regarding game day costs are extraordinary and stated that the board is not willing to call this extraordinary.

Chris Prince: Public holds Roberts Stadium near and dear to its heart and have offered to take care of Roberts Stadium. Wants Morningside College to come to the table and work as a partner. The Friends of Roberts Stadium Committee has the funds to update the stadium.

Robert Leinart: Issues real important with this is that any government operates only with one main premise—consent of the people. Talking about a 99-year lease with a religious organization—Methodist Church—you're off base. In the future all schools could be leased to religious groups.

Bob Prince: Felt the need for the Petition. A group of people went out and surprised him. People are out there and confirmed what he said to people and believe that this

Petition says that people don't want this lease to occur. Feels the lease is bad for everybody.

Bill Prince: Looked at both sides of the issue and feels the best would be a compromise with Morningside College and the Friends of Roberts Stadium Committee. This has not worked. He asked Bill Stoneburg if he made phone calls prior to a board meeting if he asked citizens to not bring issues regarding Morningside College financial issues. Bill stated he did contact four people.

Bill Prince: That financials were a wash from William Stoneburg, and he feels this isn't true. Why can't we have some say in the type of improvements they make? Morningside College uses our property and doesn't pay us for these usages. What will happen to the volunteers when the stadium is leased to the college? What will the motivation be if it becomes a private facility?

Lynn Richardson: We've gotten to this point tonight because of a number of things. Heard back from the attorney general's office and though they have determined there was no criminal activity, feels there are civil law issues. Had this been a sound proposal, he would have been behind it, but feels it was ill conceived. Continues to raise the points of whether votes were legal; if a five member vote is legal. Mentioned NCAA and NAIA violations.

Richard Moeller: Stated that the district received a letter from Douglas Marek, attorney general's office (written to Tom Mullin) indicating that based upon the Iowa attorney general's analysis, criminal charges are not warranted. Refers to allegations made which will not be pursued. Can't conclude from the letter that civil violations have been made, and were referred to another agency.

Lynn Richardson: If vote is yes, the Iowa Board can study this and the Ombudson office will assist them.

Gordon Hull: Worked for district for 41 years. Doesn't understand the conflict of interest issue as board should be aware of these laws. Feels Director Kruse should recuse herself.

Superintendent Williams: Feels further research will have to be done and no one has conceded that there is a conflict of interest on the part of Director Kruse.

Richard Matousek: Several members of the board have expressed their interest in middle school athletics. If we lease to Morningside College, if there is an \$800 fee each time we use the stadium, we can't afford this.

Robert Burdick: Remembers when Sioux City had no stadium. Came back from the war and this beautiful stadium had been donated to us by the federal government. The stadium belongs to the students and educators of the district. Feels it should be kept by

the district. In regard to bankruptcy settlement if it should occur, there is always value in a lease, and anything with value in it goes into a bankruptcy.

Muriel Stolen: Last week spoke out and she had the lease agreement. Dan Moore stopped her afterward, and said that he was interested in what she had to say. She gave him the highlighted areas of the lease which was in her possession. Spoke regarding the time allowed for making improvements. Control issue—wishes Walt Fiegel could be present as he would have a lot to say. Questioned the use of the stadium for a different reason. Conflict of schedule issue. Feels the Friends of Roberts Stadium has a lot of pledges in order to update the stadium. Don't give up the stadium.

The meeting recessed at 6:45 p.m. in order that the board could attend graduation at Central Campus.

The board reconvened at 8:15 p.m., and citizen input continued.

Margaret Fiegel: If Walt, Terry Stevens, Bob Guhin, Mr. Weaver, and Mr. Farrell were here, they would be very disappointed in this board in considering leasing Roberts Stadium to Morningside College for one dollar. It's a travesty.

Dick Benton: Last time he was here he was short of time. Bottom line is we're spending \$5 million and we're going to get back \$2.35 million. People are baffled throughout the area. Thinks money is coming from a lending company. Feels taxpayers are the donors if there is no donor. If there really is a donor, then Morningside College makes a profit.

Harold Mettenbrink: Asked a question a couple of weeks ago—what is the problem? Feels maintenance department has been the problem. Feels condition of finances at Morningside College is important. If Morningside College gets the \$3.5 million, then they get \$100,000 in interest each year. Feels Morningside College will hold the money for the interest and not do updates soon. Feels last items on the list will not get done. Doesn't understand why someone would give \$2.35 million for the stadium only.

Randy Bradley: Talked about pride of ownership in past meetings. Pride of ownership is not driving by once a month and saying it looks good. Pride of ownership means when repairs need to be done, they get done. Talked about partnership in the past also. There are some people in this town who do not want to see progress made. Friends of Roberts Stadium Committee has come to the podium and talked about suing the district. Wants the district to use common sense. The Morningside College proposal is the best proposal.

Janeese Martin: Here on behalf of Taxpayers Research Council (TRC) board of directors. Her board encourages the district to enter into a lease agreement with Morningside College which they feel will be a benefit. Roberts Stadium will remain a community facility, as well as a district asset. The TRC has reviewed both proposals and feels this agreement is still the appropriate action to take. As far as bankruptcy that

keeps coming up, Roberts Stadium, as a district property, should be safe. Scheduling is not an issue as far as the TRC is concerned.

Michael Tramp: Disseminated a letter to the board regarding the Morningside College financial position. He is the independent auditor for the college. Thirty-four million dollars is the current asset balance. Decreases in net assets are due to the stock market losses. Based on Morningside College audits and operations, Morningside College is in sound financial condition. Received an unqualified opinion which is the best opinion they can receive. Noted that a substantial increase has occurred since the last audit. Has an SP-1 rating which is the highest rating an Iowa educational institution can receive.

William Stoneburg: Stated that on May 4, 2004, he referenced that our auditing firm, Williams and Company, looked at the last three years of Morningside College's financials, and stated that current year operating revenue without regard to realized and unrealized investment losses were equal to current operating expenses. The operating revenue less operating expenses appears to be about break even each year.

Jerry Schmutte: As the AD at Morningside College, he felt compelled to set the record straight. Morningside College was accused this evening of committing NCAA and NAIA violations. They have hired a number of pilots to fly coaches and assistant coaches to games. This is not a violation of NCAA and NAIA violations.

Dick Williams: Thrilled when Randy Bradley spoke about the parking lot by Morningside College. He spoke to George Comstock and he was told that Morningside College was to have paved the parking lot in the 1980s. When you look at a group who represents Morningside College, they are tied to Morningside College. When you look at the other side, you see a wide variety of people who want control to stay with the district. What he's seeing now is that there was a Petition for a referendum which came just in time. Feels a good way to get the monkey off the board's back by letting the voters be heard on this issue.

Bob Houlihan: A comment was made this evening by the TRC about the analogy that it's not uncommon to lease property and have a lease-back. Not fair to make this analogy. Disseminated a legal document to the board in regard to an impartial legal opinion regarding the lease. (This document is housed with the official board minutes in the Education Service Center, 1221 Pierce Street.) Feels its prudent that the board table this issue.

Director Peterson moved to table action on the Roberts Stadium lease until after the referendum vote by the citizens of the city. Director Daane seconded the motion. Richard Moeller stated that there is nothing in the provision that would stop the board from approving the leasing of Roberts Stadium to Morningside College prior to such an item being placed on the ballot. The motion failed 3-2 with Directors Daane and Peterson voting yes.

Superintendent Williams referenced Dick Williams and a passing comment that he was overheard to say following the last board meeting with respect to the possibility of a referendum. Superintendent Williams' comment about a referendum was in response to an assertion that a provision had been found something to the effect that a district would legally be required to put such a question to a referendum if a certain number of petitioners were produced. At that point, he had not discovered the basis for the assertion but when queried that Tuesday night, as if it were a fact, he did indicate that if it were required, he had no concern about putting the question forward. So that was his comment with regard to a referendum in the context in which the matter was put to him. He did not comment as to whether it was binding or not. The assumption of that night was that it was binding.

Superintendent Williams addressed the legal opinion from McGrath, North, Mullin & Kratz. He found it instructive and interesting and it has some points that he is sure two very competent firms of attorneys might also find interesting. But, this agreement was negotiated by two attorneys—fully qualified to stand before the bar; fully qualified in the areas of law. By their own admission, our attorney had said that this was the most complex deal that he had ever negotiated. Beyond that, he stated that it came very late and probably, as an opinion, would have benefited by some contact with our own attorneys on either side because he felt some of the questions raised in this opinion could have been readily answered, i.e., the research of the abstract.

Dick Williams: Stated that there are specialized fields in these types of contracts. His son, an attorney in this field, said that this lease was highly favorable to Morningside College.

Director Daane stated that Dan Moore is highly regarded in the field of real estate law.

Discussion from Board

Director Batcheller stated that he has served on the board with a woman who is probably as involved and dedicated as you will see. Her veracity and integrity has been called into question, and he feels it is unwarranted.

Director Daane stated that this issue has been so emotionally charged that it is very difficult for anybody to believe that anyone on the board could honestly be trying to do the best that they can. Having served with these folks now for about six months, they are doing the best that they can. This is a hard issue, so he urged everyone to stay professional in their discussions. No one is trying to pull a fast one on anybody here. No one is trying to take advantage of me. We have a Petition that has been signed by over 1,500 folks and he will spend time trying to talk the board members into listening to those who signed the Petition. Feels it is inappropriate to pass on a 3-2 vote. Supposed to listen to the majority, and try to determine what the majority would support. Begged colleagues to reconsider and submit to a referendum to put to rest that there is another agenda or something going on. Would love to see Morningside College and the Friends of Roberts Stadium Committee work to put a proposal together.

President James stated that every board member has worked hard on this issue. Feels the \$2.35 million is a solid offer and that we should accept the Morningside College lease proposal. Sees it as a positive thing for the community. Looked at all sides and we need to move forward.

Director Kruse is concerned for the board that if we move forward, if the lease is approved tonight, and down the road we find all this other because of the ethical and political whatever issues, are we doing detriment to the district and progress? Has no concern with the deal itself. Doesn't want to leave either side hanging which leaves the district in not a very positive light for however long that's going to take. To table the referendum would just delay, delay, delay.

Mr. Moeller stated that he is not in a position to give a concrete answer in regard to Lynn Richardson's statement. Based upon his brief discussions with Director Kruse and Coach Schmutte, he can't conclude that there is a disqualifying conflict of interest that pertains to this situation.

Adjourn

Director Batcheller moved and Director Kruse seconded the motion to adjourn the hearing. The motion carried 7-0, and the hearing adjourned at 9:19 p.m.

**SPECIAL MEETING
SIOUX CITY COMMUNITY SCHOOL DISTRICT
EDUCATION SERVICE CENTER
MAY 17, 2004**

Call to Order

President James called the special meeting to order at 9:28 p.m. Present: Directors Batcheller, Daane, James, Jorgensen, Kruse, Mounts, and Peterson.

Approval of Agenda

Director Kruse moved and Director Batcheller seconded the motion to approve the agenda. The motion carried 7-0.

Morningside College Lease Agreement

Director Kruse moved and Director Batcheller seconded the motion that the board accept the Morningside College lease agreement and to authorize the board president

and the secretary to execute the lease agreement. The superintendent stated that he appreciated the input. In all honesty when he recommended this to the board, it was a fairly straightforward idea. Didn't see it as a complicated issue, but it has become complicated. He registered respect for those who feel so passionate, and that Morningside College feels passionate about making the agreement work. The motion carried 3-2 with Directors Daane and Peterson voting no and Directors Jorgensen and Mounts abstaining.

Adjourn

Director Batcheller moved and Director Mounts seconded the motion to adjourn the special meeting. The motion carried 7-0, and the special meeting adjourned at 9:37 p.m.