

A joint meeting of the Meridian City Council and Meridian Development Corporation was called to order at 4:00 p.m., Tuesday, August 21, 2018, by Mayor Tammy de Weerd.

Members Present: Tammy De Weerd, Joe Borton, Genesis Milam, Luke Cavener, Ty Palmer, Anne Little Roberts and Treg Bernt.

Board Members Present: Dave Winder, Dan Basalone, Nathan Mueller, Keith Bird, Tammy de Weerd, Rob McCarvel, Rick Ritter, Diane Bevan and Steve Vlassek.

**Item 1: Roll-call Attendance:**

Roll call.

<u>  X  </u> Anne Little Roberts	<u>  X  </u> Joe Borton
<u>  X  </u> Ty Palmer	<u>  X  </u> Keith Bird
<u>  X  </u> Genesis Milam	<u>  X  </u> Lucas Cavener
<u>  X  </u> Mayor Tammy de Weerd	

De Weerd: My watch says it is 4:00 o'clock and I think that clock almost agrees. So, we will go ahead and start our special meeting. This is a joint meeting between the Meridian City Council and the Meridian Development Corporation. Thank you all for joining us. For the record it is Tuesday, August 21st. It's -- it's 4:00 o'clock. We will start will roll call attendance.

Meridian Development Corporation Board

<u>  X  </u> Dan Basalone	<u>  X  </u> Rob McCarvel
<u>  X  </u> Nathan Mueller	<u>  X  </u> Rick Ritter
<u>  X  </u> Keith Bird	<u>  X  </u> Diane Bevan
<u>  X  </u> Tammy de Weerd	<u>  X  </u> Steve Vlassek
<u>  X  </u> Dave Winder – Chairman	

De Weerd: And, then, roll call for MDC.

**Item 2: Adoption of the Agenda.**

De Weerd: Okay. Thank you. Item No. 2 is adoption of the agenda.

Borton: Madam Mayor?

De Weerd: Mr. Borton.

Borton: I move we adopt the agenda as published.

Cavener: Second.

De Weerd: I have a motion and a second to adopt the agenda. All those in favor say aye. All ayes.

MOTION CARRIED: ALL AYES.

**Item 3: Presentation, Discussion and Recommendation of Old Meridian City Hall proposal from the RFP Committee**

De Weerd: Item 3 is the Presentation, Discussion and Recommendation of the RFP -- from the RFP Committee.

Borton: Madam Mayor?

De Weerd: Mr. Borton.

Borton: If I could just interrupt real quick. It's -- it's not very frequently that we get together, so it's wonderful to have the Council and MDC together. There are a lot of individuals interested in the success of downtown in this room. It should not go unnoticed and unappreciated. So, I wanted to, in particular, thank MDC for all of their work, volunteering time and hours trying to help our downtown be successful and, in particular, this committee that we all appointed and empowered to perform a whole bunch of functions all on their own time, sharing a common good, hoping that our downtown can -- can benefit from this project. So, I wanted to take that opportunity to thank Brad, the entire committee, for your time and effort. I don't -- I'm not participating; right? I'm quiet in this. So, Mr. Lakey is my law partner, so if there is any indirect conflict I have stayed out and I will continue to stay out, but I wanted to but in early and at least take the time to be able to thank each and every one of you for the time to get us here today and, in particular, the committee for their efforts. It's -- it's moving mountains to get us here, but it's greatly appreciated. So, thank you, Madam Mayor.

De Weerd: Thank you. Okay. I thought first I would start from --

Winder: Madam Mayor?

De Weerd: Yes, Mr. Winder.

Winder: If I could, please, we -- we have got an issue regarding a potential conflict of interest with one of our board members and so maybe let Counsel Lakey describe what -- what the situation is.

Lakey: Okay. Thank you, Mr. Chairman and Commissioners. I had an opportunity to visit with Commissioner Ritter. I think all of you know that Commissioner Ritter has -- his -- his company has the lease with the city for the New Ventures, Lab which is the -- the subject property that we are talking about and I was concerned about a potential conflict under our statutes, which is 50-2017, not so much the Standard Ethics In Government

Act, which is -- is Title 74 -- and had a really good visit with Commissioner Ritter. I know that my opinion in this case has absolutely no reflection that there is any ill will on behalf of -- of Commissioner Ritter or I -- or ill intent. I know he serves on this board because he wants to do what's best for downtown and that's included in this situation. What I ultimately came back to is I don't think the statute provides a lot of flexibility and Commissioner Ritter -- I will let him address that, but he's had an opportunity to discuss with his counsel and they have a different opinion, but I will let him discuss that once I -- I kind of lay things out. The statute says that if any member of the urban renewal board presently owns or controls any interest, either direct or indirect, in any property which is planned to be included in an urban renewal project, they have to immediately disclose that in writing, it has to be put into the record and it says they shall not participate in any of the actions related to that and, then, the last sentence says it's a violation -- any violation of this section constitutes misconduct in office. So, it's a pretty strong statute. That ties back to the city and -- and whether you can continue to serve. So, my concern was all for Commissioner Ritter and for -- for this body and the decision making. As I said, I think the statute is clear. A lease constitutes an interest in real property. Under the lease there is control over the property, who participates in New Ventures Lab. It doesn't say how much control. It just says control and it also doesn't give us the opportunity to evaluate intent or all of those things. I think it's there to promote transparency and -- and just protect the -- the process. Because it does also apply to the city regarding misconduct in office, I had an opportunity to discuss it with Bill Nary and get his perspective. We both, essentially, slept on it and came back to the same conclusion in the morning and that was that if Commissioner Ritter participates it would be a violation of that statute.

De Weerd: Okay. Before I asked Mr. Ritter if he has any comments, Mr. Nary, do you have anything to add to that.

Nary: I would only echo what Mr. Lakey had said. In reviewing the statute -- again, I think that the key here is it -- it doesn't give it out -- in other areas of the Idaho Code you can sometimes cleanse what maybe perceived as a conflict by revealing it, the board can, then, decide if it's a de minimis or minimal type of interpretation, but that isn't present in this statute. So, once property is identified to be part of an urban renewal project, that I think is the key factor in the statute is -- then you're looking at the commissioner, did they have an interest -- personal interest in property and, again, it's -- it pre -- it predates when a project or whatever occurs. So, again, it doesn't presume you would agree to it or disapprove of the project. Just once a property has been identified as wanting to be included in a project. So, it really was intended on the front end of the discussion as we are doing now and not something you would look at later and say how much involvement does the individual have or what level of interest do they have. It doesn't -- it doesn't give any of that. It's -- it's very specific. It also in Title 74 that Mr. Lakey mentioned, that's the Ethics In Government Act, which also gives the appointing authority the ability to request a legal opinion on that, which is what we are doing now -- and whether you, then, choose to follow that advice and there is no case law to guide us on that and I don't know Mr. Lakey's opinions, but I think here I think the board can act to determine whether or not Mr. Ritter can participate and I think the City Council also has the ability to weigh in on

that, either at this juncture or later. As I said, misconduct in office is what the key phrase is for violation, which is cause for removal from the board. So, clear as mud, but it's pretty clear -- well, pretty clear to me that the language of the statute is really meant to be -- as Mr. Lakey said -- be transparent up front that when the property is identified to be used, people that have interest in it or are a party be identified and, then, recuse themselves.

De Weerd: Mr. Ritter, do you have any comment?

Ritter: So, after discussion with my attorney this morning, I think the question revolves around control and the conclusions that we came to is because of the way the lease is written it is a 90 -- 90 day renewal with a 30 day notice. It also excludes a portion of the building for city use and portions of the building for MDC use, that control would be -- is a -- is a question and -- and her sense was that I had little, if any, control, other than the specific purpose granted by the lease and that is to conduct business for -- you know, for the things that we agreed on in the lease, which was to run the -- a hybrid co-working space. So -- so, from my position based on -- on that conversation -- I don't think we talked about -- we talked about the interest. I suppose I could agree that I have an interest in the building, because my business is there, but in terms of control, the ultimate control is the city.

De Weerd: Mr. Lakey.

Lakey: Madam Mayor and Council Member Winder, I guess I would also add -- it's my understanding that Council Member Ritter would also differ and accept the position the -- the -- a position of our board, if the board felt like there was a problem with this statute, that -- that Commissioner Ritter would recuse himself. So, I -- I guess I would let the board express their opinion if that was the case.

Winder: Madam Mayor, I think in -- in my opinion the biggest issue is if we make a decision today on something and Commissioner Ritter participates, does that put that decision in jeopardy down the road at all.

Lakey: Mr. Chairman, it could. If there is a board member that should not have participated because of that statute and violated that statute, that could be the result of -- of -- or an ultimate determination of litigation and so on, then, yes, that could cloud the -- the decision. It could depend on how it turns out and whatnot, but I think probably the best solution, even if -- if -- well, I -- let me backup. I think the best solution is probably for the board to weigh in. They would have that determination, I suppose, either way. But in this case, again, I see no ill intent, no -- nothing personal at all about Commissioner Ritter and his -- his motives and desires to serve on the board, it's just a question of whether the statute is an issue.

De Weerd: Mr. Winder, I will turn this over to you to lead the discussion of your board.

Winder: All right. Well, thank you. I mean I guess I would start off with just, you know, my personal opinion is I would like to see Rick participate if he's willing to -- you know,

knowing the impact that it could have on him individually -- still participate. That's his decision. But if it is a -- could be a problem for the decision of the entire board at some point down the road, then, my feeling is he should recuse himself, so if it comes down to the board's decision, then, that would be my position and I guess I would open it up to the -- any of the other MDC board members to say what they think. Mr. Bird.

Bird: I would like to see Rick -- but I -- I tell you, we -- this board has always stayed with the statutes and I think the statute is very very clear. So, I would have to say that we stay by the state statute over rules would be my vote.

Basalone: Mr. Chair?

Winder: Mr. Basalone.

Basalone: I would echo what Commissioner Bird just said. In all my seven years on this board I have always valued the legal counsel input from Counsel Lakey. He has always been right on target in terms of having us do what is best in terms of transparency for this community and I think there have been -- time to time when all of us at one time or another have had to recuse ourselves from a vote because of a real or perceived conflict of interest and we gladly did that and I would at this point ask that of Commissioner Ritter, because to put this crucial decision in any kind of an appeal jeopardy I think would be detrimental to this community.

Winder: Other comments from board members? So, I guess the question would be do we need a motion from --

Lakey: Mr. Chairman, I guess Commissioner Ritter's request was if it was the board's desire that he recused himself that he would. So, unless we hear from each board member, perhaps a motion that Commissioner Ritter recuse himself and a vote would be appropriate.

Palmer: Madam Mayor?

De Weerd: Mr. Palmer.

Palmer: Mr. Nary had mentioned that Council -- City Council might be able to weigh in on it as well.

Nary: Madam Mayor, Members of the Council, Council Member Palmer, what the statute says is an appointed official can seek opinion of the appointing authority and, then, act upon that. That implies to me that the board -- the Council has at least the ability to weigh in on that. I don't know whether the Council has the ability of -- reading this, it's not clear if the Council has the ability to disqualify the person from the staff, but they certainly can render that opinion of whether they should -- I would also add, based on the comments that were made, the word control is not in this statute. It just says interest. So, it's nothing about controlling of the property, it's whatever personal interest the individual has. And

so, yes, you can weigh in. I don't know that the statute goes so far as saying this board can disqualify a member if --

Palmer: Madam Mayor, if I may --

De Weerd: Mr. Palmer.

Palmer: -- comment then. I mean if there was -- if to this point we seen that Mr. Ritter was, you know, trying to stop the progression of -- of a change of use of this property, then, certainly this might be, you know, a question worthy of our time. However, I mean if there is anybody in this room who doubts the intent of Mr. Ritter's purposes on the board and with regards to the decision making on this RFP process, then, yeah, maybe he should recuse himself, but I would doubt that there would be a single person in this room that has any question about whether -- if he wants to stop the project so he can keep his business there or if he wants something else, which is effectively going to make him go away --

De Weerd: And I will just turn this back over to --

Mueller: So, first of all, I mean this is really similar to like how -- first of all, I think it would be a really dumb thing to like open up the city and this whole entire process to future lawsuits, because we don't actually do it and abide by our own rules that are written the way they are written for good reason. So, we have a whole entire board of people here -- we have more than one person for a good reason. I would second what everyone else said and the random couple people that we haven't heard from yet, I think we should just hear your guys' opinion, because we need to move this thing along.

Vlassek: Mr. Chair, I would also agree. We have gotten so close to this decision and -- and I guess my question is, Commission Ritter, are you -- are you willing to recuse yourself from -- from this vote right now, so that we can move on?

Ritter: I'm willing to abstain -- you notice I said abstain, that recuse, and not participate in today's discussion. But, ultimately, I would like to have it decided, because we have still got a long road ahead of us. So, by recusing myself I'm assuming that means that I would be excluded from everything forward in terms of the negotiation of an agreement, if there is an agreement to be in place and I'm unwilling to do it if that's the case.

Winder: Counsel Lakey.

Lakey: Mr. Chairman, perhaps we can just cross a bridge at a time. I think Commissioner Ritter's recusal on this meeting -- I am okay that it just covers this meeting at this point. We can address things in the future. For me that's a discussion to have for the future if the situation changes or the lease is -- is being terminated, then, that interest is not there and we, obviously, have more to do after that happens, but I'm perfectly fine just focusing a decision on the proceedings today and we can address the rest later.

Winder: So, would you be willing to do that, then, Rick?

Ritter: Yes, I would.

Winder: Okay.

De Weerd: Okay. Mr. Nary, maybe you can kick this off in talking about the purpose of this meeting and kind of direct what -- what today is really about.

Nary: Thank you, Madam Mayor, Chairman Winder, Members of the Council, Members of the board of the Meridian Development Corporation. So -- and this is probably as much for the public record and not necessarily all of you, but this RFP process was an open competitive process that both this Council and the board had collaborated on. We created the scope of work, created some rubric of questions that were wanting to be answered, wanting to propose to submit and today -- and, then, it was turned over to a committee that was made up of both members of the board, as well as members of the Council and members of the public. Brad Hoaglun is here on behalf of the committee to present the recommendation. What we are seeking today is really direction from both boards. Clearly the MDC would be taking a lead role if this project were to move forward in any form, that MDC would be the lead role in making that happen, managing the project, bringing that to fruition. City Council's request today is do we want us to continue to move forward with this project as the Old City Hall property being a part of that and affecting that exchange property with MDC and, then, carrying out the rest of the contract. The decision today doesn't have to be final. There certainly can be more information sought if that's the desire of either the Council or the board, but we are really looking for direction on where both entities would like us to move forward, because there are contracts that need to be done and agreements that need to be negotiated and brought forward, but that's really the direction we are looking from both entities today is do you like the project, want it to move forward with making it happen and move forward with the necessary agreements to effectuate that or you need more information or you need something else and questions on that, what we are desiring, the direction we are looking for today. If Mr. Lakey wants to add anything. I think one thing Mr. Lakey mentioned that we not forget is that there is a time limit to what is valid, the 60 day time limit for when they were submitted, which the submission date was July 25th, so the proposal -- a decision on the proposal needs to be made by September 25th for them to still be effective. Questions about that I was thinking maybe -- or the applicant and with that I think Mr. Hoaglun is going to present the committee's recommendations at this point, unless you have questions.

De Weerd: Okay. Mr. Lakey.

Lakey: Just a couple of additional comments. I appreciate Mr. Nary's evaluation, essentially. We are looking forward today. If you want to proceed as a -- a motion to proceed and negotiate further agreements, we have to bring all those back to both boards, so we don't really need to get into the weeds on the details of those agreements, but if -- if the boards decide to move forward it would be -- you could hit some high points and some concepts for us to include in -- in those discussions. I do want to also emphasize

a couple of other things. I mentioned it before, but we all know this is a cooperative process. We can't move forward if the city doesn't want to move forward or if MDC doesn't want to move forward. The city controls the property, MDC controls the project moving forward from that point. I will let Mr. Hoaglund talk about the substance of the committee process, but I did want to address one aspect of the procedure regarding the -- the score sheets that were included. The score sheets as set forth in the RFP are only a tool to help evaluate the merits of both proposals. It specifically states this isn't the highest score wins kind of approach, it's -- as I said, it's a tool. The committee used those score sheets and the due diligence that they performed initially going into those interviews in the final discussion. So, the score sheets that you have were those score sheets that were used going into those interviews and the final discussion. After the presentation -- presentations and the interviews, which were probably a couple hours for each proposer, after the final discussion of the committee they felt like their recommendation was clear and there wasn't a need to rescore the sheets. So, I just wanted to explain what those sheets were, how they were used by the committee going into this process and, then, I will let Mr. Hoaglund present the recommendation of the committee.

De Weerd: Thank you. Any questions at this time? Mr. Hoaglund. If you will, please, state your name and address for the record.

Hoaglund: Thank you, Madam Mayor. My name is Brad Hoaglund. I'm a member of the Old City Hall RFP committee and serve as a citizen member on that committee and I appreciate the opportunity to speak to you the members of the City Council and commissioners of MDC and I'm pleased report on behalf of the committee. We had a very involved committee, lots of good discussion. Everyone had Meridian's best interest at heart. They want to see Meridian downtown be revived, renewed, and the how we get there, that was the point of a lot of discussion. I do want to comment about the process. A very robust process was put into place, starting from the very beginning of providing information and sending that out, responding to inquiries, doing tours. There was a strong submission and review process. The interviews, the scoring as you heard about, ultimately a good discussion and a final decision that -- that came out of all of that and I do want to thank the good work of both the MDC staff and city staff for all -- all the effort that they put into it and -- and made it a good process. So, that was very very helpful to us. I am pleased to report two very strong proposals were brought forward for the city, which is exciting to see. They were -- they were very good. They were different in some respects, but each one would be of benefit to our downtown. So, that -- that's exciting to see. I grew up in Meridian from sixth grade, so I remember downtown when it was a very vibrant, robust -- of course, we were only a town of maybe 5,000, but it was a place to go and do business and get your hair cut and, you know, go to the Western Auto buy your basketball hoop, you know, so you could shoot baskets against the garage. So, to have that vitality once again and see the vision that people have for downtown Meridian is -- is wonderful. Now, the hard part comes and that's making it a reality and that involves your -- your decision here today. Now, although they were different concepts for what -- what these proposal were, they did have the components of retail, office, and a living space for -- for each one. Probably from a high level of the project proposals, one was a little more -- the residential space was probably more what I would call workforce units. The other



one probably higher end. And are we -- one of the discussions we had was are we at the point for higher end at this time or do we need to do something that's more budget friendly, if you will. But those are the types of discussions we were having. It was a great dialogue and as we continued through the process it came down to some very important factors and I know you have had the information sent to you. I hope you have had time to go through it, but in the deliberations by the committee the -- the major factors for November Whiskey that it came down to was, number one, it paid the city for the Old City Hall property. So, there was a cash track -- transaction there that -- that would benefit to me the taxpayers. It had a tighter timeline for completion. There was a public financing requirement that the group felt was more feasible and also the likelihood of additional partner -- of parcels not in this RFP that could be developed if they were selected and they talked about that due to the ownership already in place of what -- what was feasible there we thought was -- was a good component of that. The other proposal, while an outstanding proposal, there are lots of elements we liked about it -- the additional time needed for the vetting of the project and, of course, there were elements of public funding required for the parking garage, that was a major -- major issue. Payment to the developer for the Old City Hall property -- again, now taxpayer money was going to developer for this and there was some concern about that. The request of a waiver for permitting fees and that added to a significant chunk of change for -- for a good proposal, but we just felt that that was a hurdle that was a little too high. So, it really came down for -- for this group what was most realistic in this situation at this point in time. Now, we realized -- this is a decision for the city and MDC to make. If you can overcome those hurdles and make that happen -- I mean, like I said, when you look at the scoring, as one of the tools that we used, they are -- they are very close. Very close. So, that -- that's not just -- because that's not our recommendation it doesn't mean it's bad for the city. If there were just some other considerations that we looked at and went -- we don't know if that's possible. So, our recommendation was for November Whiskey to -- to -- for their RFP to -- for the Council and board to consider, but -- and the project -- the other one did have merit, but just -- just didn't meet that muster. But I think another thing that the group agreed on -- and we can go -- after this we can start getting into the questions. I'm sure there will be a few. Everybody wants to see a project move forward. It's time for the city to make something happen. We have got investment that's going on in our downtown core. There are people who have put money. There are businesses -- viable businesses that are occurring and we really think by doing this project it will kickstart additional investment and growth in our downtown core and we have a lot that -- a lot of room for that. It would be exciting to see and the economy is to the point I think it will happen. So, we are on that verge of more investment happening. I think a project will show that Meridian is serious about transforming their downtown, reviving it, and I think there is folks out there on the sidelines watching to see what this group will do and see if we are serious about moving forward and I hope that occurs. So, good things will happen from this. So -- so, I hope you make something happen. So, with that -- I didn't want to be too long, but happy to stand for questions.

De Weerd: Thank you, Brad. Are there questions?

Cavener: Madam Mayor?

De Weerd: Mr. Cavener.

Cavener: Councilman -- or Mr. Hoaglund, thank you for your service to this committee. I think having your very pragmatic voice as part of this group has been really helpful for moving this process along. I'm fascinated by this image that's in our packet of these Post-It notes.

Hoaglund: Uh-huh.

Cavener: Can you talk us through that exercise and what was trying to be gained and maybe -- my eyes are really terrible and -- and I -- and I don't expect you to be able to look up there and tell us what those are, but maybe just a synopsis of -- because for me it appears that are more positives for the Chase and more negative -- or I guess -- yeah, more negatives for November Whiskey, but I don't know if I'm -- if I'm reading that right and so it could be, though, that they are the same thing. So, I'm just hoping you can give me some better understanding about that exercise.

Hoaglund: You want to say something, Cameron, so -- yeah. Let staff, since they have developed that -- wanted to go through that exercise.

Ariel: Madam Mayor, Councilman Cavener, just to give you just a quick glimpse into this process, we -- we decided to utilize some of the training that we have received recently from one of the -- the PEAK academy trainings that we have done and the purpose behind this was to really capture opinions really quickly without bias. So, this was done without speaking. So, every -- every committee member was -- was given the opportunity to place their own individual pluses and minuses without discussion on the board and, then, once that was captured we, then, went through a process of clustering like comments and, then, from there we had a prioritization process where we gave people these dots that, essentially, prioritized the -- the comments and so that was the process that -- that was conducted.

Cavener: Madam Mayor?

De Weerd: Uh-huh. Cameron, can you summarize, then, the positives on the November Whiskey? It looks like the one that has I think four dots. I'm just curious what that -- what that glowing piece was.

Ariel: Sure. Yeah. So, the -- the big ones there were the -- the downtown kind of commitment and understanding. The -- if I can remember right it was also the -- the financial strength was the one on the top left there was the -- was the pluses for November.

Cavener: Madam Mayor, just one more question. As I understand, it is somewhat typical that the committee has scored both proposals and, then, after there was a presentation committee members had the chance to rescore or adjust their scores; is that accurate?

Ariel: Madam Mayor, Councilman Cavener, so, again, to the earlier comment, the scoring was just a tool. Committee members were allowed to adjust as information came in, keep it firm, do whatever they would like to come to their own decision making prowess. It was just a tool for them to make their own -- their own judgment. But -- yeah. But they could change as they so chose.

De Weerd: Okay. Other questions?

Bernt: Madam Mayor?

De Weerd: Mr. Bernt.

Bernt: We had two representatives from City Council on that committee and I want to thank them for their time and for their effort. There is a lot of time required in what we do and -- and so I understand that, you know, spending extra time for the greater good is very appreciative. I was wondering if we could get some remarks from the two individuals who represented our body on this committee just to get their feedback and maybe their take of what happened and maybe why they voted a certain way or why they didn't vote a certain way. Help us out for our body.

Milam: Madam Mayor?

De Weerd: Mrs. Milam.

Milam: As Mr. Hoaglund said, you know, we are really lucky to have two amazing proposals and as -- you know, first we get the materials and we read through it, you know, on our own time and over and over and looking at pictures and numbers and -- and we -- you know, do a scoring sheet -- or first one. But both of them have a lot to offer the downtown and they are a little -- they are a little different and -- and a lot similar and the -- you know, one of the -- one of the things with the November Whiskey that had me leaning a little bit towards them was there -- that, you know, the business -- the downtown business owners have been asking us for years and saying we need help, we need workforce housing, and so the price of their apartments are a few hundred dollars less than the other project. So, it's more suitable for work -- for some more affordable housing --

Bernt: For sale or for lease?

Milam: For -- both for rent. So, both situations have that -- that rent. It was just lower with this -- with this project. And the taxpayer participation for me was like the -- the elephant in the room; right? It was that -- there is just -- it's not -- it's not even a possibility that -- you know, the way that the November Whiskey is actually paying us for our property, which is what several Council members have -- have shown interest in really wanting to sell the property. Well, this gets that done as well. We are selling the property. We are not giving it away. The parking was another issue. You know, with both of them

I thought -- I was hoping for a little bit more parking. Either project. But I -- anyway, they are -- yeah, they are both really great projects. I think either one will be a catalyst project for downtown and will bring a lot of -- some amazing businesses and housing opportunity and so I'm excited about it and if you have any specific questions I'm happy to answer that as well.

De Weerd: Mrs. Little Roberts.

Little Roberts: Madam Mayor. Much along the lines of what Councilman Milam said, great projects, a lot to go through, a lot to digest. Probably my -- one of the things that I wanted to see us do was maybe take a little more time, because it is -- I mean looking at what we are going to see ten years from now, 20 years from now, I know it's an absolute lot to get through. Would it be better appreciated having a second round with both entities that we had RFPs from because there is so much? I think afterwards -- we did go ahead and vote after the second presentation and I was kind of the lone hold out that would have loved to have seen us maybe take more time and just process through -- not saying we wouldn't come up with the same solution, but I just think that we could have taken more time to kind of deep dive and we did have some questions left for both of them and so I think that we could have -- and we still could gather more information before a decision is made. We definitely have some questions regarding the funding for payment, which we love, versus more of a taxpayer cost and just vet through that more before we make a decision.

De Weerd: Thank you. Other questions?

Mueller: I wasn't involved in the committee. A lot of people have alluded to the elephant in the room, effort not possible, effort funding gap, nobody's -- nobody spoke out black and white for everyone involved.

De Weerd: Mr. Vlassek.

Vlassek: Madam Mayor. Mr. Chair. The big elephant in the room was a 3.2 million number that the city was going to be required to come up with, approximately and the figures aren't friendly -- to pay for the land that will go straight to the developer. The other big elephant in the room was over the 12 million dollar cost to MDC for funding the private-public parking garage that needed to be put on that project. So, when the -- when the elephant in the room was -- well, we didn't have those funds. First of all, how we were going to get them and we didn't understand the private-public partnership on the -- on the parking and where parking was a huge consideration on both of these we figured, you know, chicken and egg, what do you want first. Well, more people downtown, we will figure out the parking down the road or -- or we ought to pay for that up front. But I think that vetting process as far as timeframe would have been -- would have been a consideration, but I think we had to make a decision on two proposals that we had in front of us, that's what we were commissioned to do and that's when the decision was made on that for public interest and the taxpayer dollars as far as the dollars.

Hoaglun: And, Madam Mayor, if I might add, there was -- as I mentioned earlier, the November Whiskey proposal would pay the city 560,000 dollars -- 563,000 for the property. They would -- there was a public financing participation with MDC, at least 460,000 dollars, but it sounded -- like when Steve and others there -- you know, there were some things in the works and much more doable, whereas the other -- as Steve pointed out -- Commissioner Vlassek, sorry -- pointed out came to -- it totaled about 15 million dollars in public funding that -- that's tough to -- tough to figure out. But, like I said, it's a quality project. Both of them are. So, if you will -- you can overcome that hurdle you certainly can -- can move forward with that one. But the one that was realistic, the one met the needs and the ability to kick start that block in the time -- within the time frames we would like to see things happen -- and time frames are important here -- November Whiskey's proposal will meet all that criteria.

De Weerd: Mr. Bernt.

Bernt: Madam Mayor. Mr. Chairman. One last question for me. Maybe. So, to clarify -- so, they had the -- the -- the -- they offered their proposals and it was a one time deal. They -- they -- they presented their proposals and spoke about there was no room for new -- you know, coming back and fixing their proposals, coming back with proposal number two -- I mean what they presented was -- was what was discussed.

Hoaglun: Councilman Bernt, yes, there was a lot of back and forth. I mean there was questions by both members of the committee and staff of -- and inquiring about their understanding of certain things and -- and that's kind of where we got bogged down with -- with the -- the Chase proposal, there was -- there was a clear lack of understanding of -- of some processes and funding mechanisms that the city and MDC can and cannot do. So, that gets into the -- the vetting and the time issue and trying to work through things that in the end it still came to that fact that this was still going to be a very expensive endeavor for -- for taxpayers. So, there was back and forth and, you know, are there alternatives to this -- you know, well, if -- is that a solid proposal is, you know, 12 million dollars. Well, we can lop off the floor of the parking garage and make it eight million, but we still need a significant amount of money. So, there was that dialogue that happened. But no let's come back, you know, in two days with a new proposal, because as -- as we talked to Council about this and saying, you know, this was the RFP process, this was their proposal, you know, this is what we have before us and they had lots of an ample opportunity to -- to ask for input from staff and to make sure they understood everything. So, that was the proposals we had in front of us that we responded to.

Bernt: Madam Mayor, follow up? But at -- but at the end of the day, after it was all said and done, after the proposals were -- were -- were heard by your committee, it was crystal clear to those -- the two -- the two applicants that what they proposed was it, there was no negotiation going forward. So, their final and best offer, they knew going into it that that's -- there was no negotiation, that that was going to be it.

Hoaglun: Yes. From my understanding that this -- this was going to be it. Now, from -- from our committee standpoint.

Bernt: Okay.

Hoaglun: From our process.

Bernt: Okay.

Hoaglun: Yes.

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De Weerd: So, the second part of this process was to hear from the committee and, then, to hear from these folks to present -- as they presented to the committee and answer any questions from the MDC board and City Council. So, shall we transition into that? Brad, will you still be available for questions?

Hoaglun: I will be staying, yes.

Palmer: Madam Mayor?

De Weerd: Mr. Palmer.

Palmer: I have a question for Brad.

Hoaglun: Yes.

Palmer: Brad, do you feel like the November Whiskey proposal provides adequate parking for the development?

Hoaglun: You know, the parking proposal, they -- they proposed some things for going diagonal on -- on streets and the number they hit -- came up with what was MDC's numbers for projects that was -- was adequate. It did meet adequate for the project. So, Councilman Palmer, now, you know, for the future growth of downtown do we need more, that -- that's a good question to -- to explore. So, it worked for the -- for that particular project.

Palmer: Thanks.

Ariel: Madam Mayor, just a quick follow up on that. As staff we did analyze the proposal, the parking aspect as far as code is concerned and, yeah, there is -- as proposed the project does meet our parking requirements for Old Town.

De Weerd: Thank you. While C.Jay is loading that up, if you will, please, introduce yourself.

Carter: Denise Carter with Pacific West Communities and TPC Holdings.

De Weerd: Thank you, Denise.

Evarts: I'm Josh Evarts. I'm the managing member of November Whiskey Properties, 303 East State Avenue, Meridian, Idaho. 83646. So, first of all, I guess I want to start by saying thank you as well. Like -- like we -- this is a -- a selection of slides, which was intended to give a higher level review of what we did in two hours, knowing that we didn't have two hours to spend here, but I do appreciate the committee that was put together, the work that MDC has done. It wasn't lost on -- on myself or Pacific Companies, just how much time they have to put in to make this whole process happen and review these things. We are certainly fielding lots of questions on a regular basis just looking for clarification. So, this was not a haphazard effort and as a taxpayer I will take the -- the -- the work that I do out of it. As a taxpayer it was nice to see a level of effort in a group that was really energized and wanting to see downtown Meridian prosper. So, with that let's run through a couple slides here. Next slide. Overview. What I really want to talk about today is -- is we are going to hit some project financial development specifics, but I do really want to talk about the team. I think that that was one of the things that we got as feedback when we did this was that it was very clear that we had a thorough understanding of downtown Meridian and that didn't happen by accident. You know, for -- for some people this has been something that they have got to experience in the last 12 months. For me this has been five years. So, definitely we wanted to walk through that. So, let's go to that slide really quick. And also just clarifying the relationship. So, the team is November Whiskey Properties, which is Lori and I. We started in 2013 with the acquisition of the Heritage building and our -- we had written a specific goal at that point to make strategic investments into Old Town through the acquisition, restoration of historic properties. That's where it kind of began with, that we liked old buildings. It was about that time -- I think was a year after that I started work on the Historic Preservation Commission in my way to kind of serve our downtown and, then, in 2014 when we got done with that and got more invested into trying to acquire -- or not acquire, but to entice businesses to come to our downtown, we expanded our vision to include courting strategic business partners who offered value-added equity to our developments, meaning we want to find partners that are willing to join us in downtown Meridian. For those of us, as I look around the room, that run businesses down here -- I run three businesses down here, which some of the committee wasn't aware of that outside of the property development work we do I have a software entity that I manage that does work for the Department of Defense and, then, we have The Vault, which is a retail establishment and what I will tell you specifically about downtown Meridian is it is a very tough game and it is -- while we see a lot of growth that's happening in the City of Meridian, a lot of that growth is happening by way of stuff that's happening on Eagle Road and on Chinden and Ten Mile and we have not gotten to experience that same kind of renewal and excitement. My other partner Caleb, who is not here today, he apologizes, he thought the meeting was at 7:00 and he's in Seattle during the day today, but Denise is here and she manages all the portfolios for the Pacific Companies. Caleb and I, as we sat down and really looked at this, we -- we -- we realized that -- that the -- the big fix or what we thought was really strategic for this project was to really focus on the residential

living component and really understanding who we are in downtown Meridian and making sure that that was not something that was inaccessible to a normal downtown Meridian resident currently, making it affordable, making sure that that was accessible, even though Caleb and I could afford expensive living in downtown Meridian, we felt that in order to provide that workforce housing and be able to get something successful where we can get millennials and younger professionals and newlyweds an opportunity to come live in a downtown that's vibrant, has some things going on, we felt that was important. That's our team. Next slide. Our responsibilities. We thought this was important to line out for the committee. My -- my -- my responsibility, first and foremost, has always been kind of vision. So, with -- with the current agreement that we have on the Main and Broadway development site, the Heritage building, we already own 50 percent of the corners that were on this development site, so -- and I have -- I have had a vision for doing something extraordinary in our downtown that, frankly, other people just weren't willing to go and do. I have been very public about my comments. I have been begging people to come and -- and submit proposals. We did that two years ago and nobody else did. I was really happy to see another proposal. I actually haven't seen the details of the other proposal, but from everybody I have talked to it was impressive and I think that's important that we got something else to look at. Like I'm encouraged by that and I'm encouraged by that because as we do this catalyst project I think we are going to get other people investing in downtown. My job is to recruit. So, I -- I was responsible for all the tenants we have in the Heritage building and those have been absolute assets to our downtown. I'm going to continue to do that. We have been very active in the last two years talking to anchor tenants in this project that -- that when it comes time we are going to be excited to have them down here like I have got to bring them in and, then, communication, obviously, meeting with you guys and doing the work that I do publicly. The Pacific Company is responsible for the real heavy lifting. So, number one is the development. So, their company is a vertically integrated company, meaning they have all the assets, architectural, engineering, construction all under one umbrella. That's what allows them to do the kind of projects that they do. I think Caleb shared with me that they are doing about 500 million in projects this year. They have done over three billion in proposal of construction projects since 1998 and they are not a build and sell company, they are a build and hold. I think they are nearing 1.7 billion in current assets that they have under control. So, they are truly a partner. They are looking to come in and make a strategic investment. So, the development is on their shoulders and, then, the financing. So, that was the big, big thing that we wanted to -- we -- as Caleb and I sat down in preparing our response to the proposal is we wanted to make sure that this was a zero risk opportunity for the city, that we were very respectful of some of the comments that were made pre-RFP about needing to be purchasing the property. We felt that that was important. So, we did some assessments on land values, so we made sure that we were writing a check and the money that we were asking for was in support from MDC with specific infrastructure money that urban renewal agencies would be doing. But we wanted to make sure that that was in line with what expectations would be for a typical urban renewal project. So -- so, this is -- this would be our second urban renewal development project we have done with the city and so doing the project with The Vault we were able to see what that model looked like, making sure there was an appropriate amount of skin in the game from the developer, meaning us, and that we weren't asking



the public to take an inappropriate amount of support from them to get the project done. So, that's kind of the -- the team. Next slide. Why us? There were three big things that we thought were -- that were compelling about what we bring to the table. The first one was kind of a line vision. We have definitely had a head start on this on just with the amount of work that I have done in five years with the city. So, my deep understanding of the Destination Downtown or revitalization plan or comp plans, those weren't things that I had to go and research, those are things that I feel myself talking about on a regular basis in our downtown. So, if we go to the next slide. I did want to kind of show a matrix of -- you know, when we look at our destination downtown how do we check some boxes on some really key items here? So -- so, in our destination downtown we talked about two four story restoration and so -- so, this is really described as in-fill development in the district and developing vacant and underutilized parcels. This is exactly what we are talking about here and we felt like our plan addressed that with -- with making sure that we maximized what was a very small footprint in our downtown. Traditional architecture themes promoting the use of traditional architecture that conforms to the historic character of our downtown. As you see in the elevations we are looking at lots of brick, some very simple glazing that's very much in line. We have a challenge that we have this beautiful Heritage building on the corner and we have this very much more modern City Hall that sits in between and we are talking about the development between. So, I think it's really important to blend a little bit between the two and feel like with our elevations, the work that the architects did was fantastic and -- and delivered on that. The continuous urban edge, creating the strong street walls, the zero lot line development -- again, we are just trying to maximize that footprint. So, a little bit of the offset that you're seeing with little grass areas that are currently at Farmers and Merchants Bank, seven of three, building out to those lot lines. But I guess the one comment that I would make that we didn't include in the elevations, because it's really going to be directed by the tenants on one of the comments that we got in committee was placemaking and the opportunity for outdoor seating. Our expectation is that in our work with the potential retailers and tenants and restaurants, if they have a requirement for outdoor seating or if it was something that MDC thought was important to have more of that outdoor kind of experience, that we would work with our retail restaurant partners, as well as an MDC, to make sure that we were checking that box. Vertical and horizontal integration use, we checked that. And, then, we get to this preserve downtown housing and what was really interesting about that, outside of the destination downtown, if you look at our existing comp plan there is a section in there -- and I'm sorry I don't have the reference right in front of me, but it taught -- it's the section where there were about seven items that were to be considered as part of down -- downtown development and they would have different rankings from low priority or ongoing to where it could be the highest priority. The only item in there that got a high priority was affordable downtown living in downtown Meridian and really dealing with this, you know, live-work units to bring people downtown from a local business and ensure 24/7 activity. Like that was the only thing in that list that got the highest priority and we felt like that was a big checkmark for us. Walkability and activity. I know we have talked about parking. You know, Caleb brought some very interesting perspectives as their developments are kind of all over the place and we really do believe that you get what you want. So, if we are doing a development where we are providing, you know, one and a half to two parking spaces per residential unit, then, what we are going to get

is a commuter community. But we felt like we needed to provide the one parking space per unit and -- and be trying to attract and look for those people that want that -- that -- that walkability and the activity. I know that even my son, who is living down in Pasadena right now, has a car, but is realizing that, you know, having cars in downtowns amounts to parking and -- and -- and public, you know, commuting has gotten so much better that as he's nearing his 20s, you know, is looking at options that don't include car insurance and -- and gas and -- and other things. And, then, civic uses. We did not address this directly in our proposal. There is the discussion of Unbound library. I know Nick's here today. We did brief Gretchen and the Meridian Library District board, told them that was our intent to include them in this project, and that we would be making lease space available to them. We think it's important to not lose Unbound in our downtown and they were very open to that. So -- so, it was too late to include that in the proposal, but we did brief their board and will press forward if we are so fortunate to be chosen to make sure that they stay in our city core. Next slide. Trusted experience. I'm not going to spend a lot of time here. I think our track record kind of speaks for itself in terms of what we do down here. If we do go to the next slide, the one thing that I will point out is that as we go through this list -- and this is in your packet, so I won't spend time here, but as we look at the MDC urban renewal goals, we feel -- feel that we are very aligned to what you guys are trying to accomplish. Next slide. Low risk. When we look at the project in terms of timeframes, dollars on what it would cost the taxpayer, what we think the lease rates are, we were very, very aggressive on the lease rates that we put on the commercial space were to attract the best. We weren't going to put premium lease rates out there and have vacant space. We feel that it's important that when we get this project up and going that it is fully leased out and we find the real partners, people that understand downtown Meridian and are -- are willing to join us and we also need to make sure that we had the financials. One of the things that Caleb shared in committee is that in doing 500 million dollars in construction this year this is not a project that is going to make or break the company. In fact, I think one of the sentiments he shared -- and correct me if I'm wrong, committee -- was that, you know, even if this project went through a lot of pain and we had a downturn in the economy and we lost a couple million dollars in the first couple years, that's not having any material effect on our team and not going to prohibit us from delivering on this project. Next slide. Caleb and the Pacific companies is currently doing the Eagle urban renewal district project. So, this should give you an idea that he's already doing this stuff. It happens to be in Eagle. I would like it to be here. And this includes multi-family apartments, townhomes, retail space, office space and it's doing great. So, I think the opportunity to literally get on the phone with a partner city in the Treasure Valley and ask what that experience has been like and to go view things and look at things is -- is a big positive. Next slide. So, some quick high level highlights. We have a 20 million dollar proposed project cost, 7.4 of that is coming from us in cash, 11.6 of it, kind of the remaining balance, is a construction loan. Caleb's got multiple banking relationships. This is not really an issue. So, he uses lots of different equity partners and banks to make this happen. I will share that Idaho Independent Bank here in our downtown already reached out to us and wants a shot at bidding for that and we are going to allow them to, because we think this is a Meridian project and if we can have a Meridian bank that's competitive we want to do that. The contribution for the land value for the -- for the City Hall site, 565 K -- I shared this, because I think it's important to know that Caleb and I are

doing this because of our passion for Meridian. So, our effective gross income in the first year of this project is about 1.5 million. Once we have serviced our debt and expenses and everything -- you can see the residential rates are 990 to 1,116 based on whether it's a one bedroom or two bedroom unit and 18 dollars triple net for the commercial spaces, that leaves us with a year one that cashflow 167,000. So far our 7.4 million dollars we are looking at about a two percent return. I think our targeted rate is going to be about four to five percent on this project is what we shared in committee. We are doing this because we want to make an investment in the valley and in the city that we live in. Last slide here. Or I think maybe I have got one more. Just a -- just kind of an overview of the site. We have two buildings. Building A, which is the Main and Broadway Project, 40,000 square feet, four floor building, roughly a 6,000 square foot footprint. Thirty-one residential units on that. Six thousand of retail space. The Building B, which is the Old City Hall site, which is what we are talking about today, is the sister to that building. It's 8,000 square feet, four floors retail and commercial on the first floor, 72 residential units. We did look at programming the parking in the inside of this, so that we are building right to the street edges. So, we are getting a very visual element as far as this project as we come up Main Street or Meridian. But we do believe that this parking is an appropriate amount of parking for a first project into -- into downtown Meridian. We feel like we have -- we have -- we have met the need there and -- and -- and addressed that. The only thing that we don't reference on this is the building, the client property that wraps around the Heritage building. So, as most of you know, Dave Klein died in March. We were in discussions with Dave, as well as Bill, who is the other property owner on that site. We are in conversations with Dave's daughter right now. I believe there is some -- some -- they are -- they are wanting to wait to see what the fruits of this discussion are before they go further in the conversation, but they are open to adding this. If we do add that building it's going to add another 16 units of residential space. Obviously, more parking, as well as we would be adding an additional floor of office space. We felt that on that corner, much like what we do in the Heritage building, that we would only do two floors of residential, one floor of office and one floor of retail restaurant. Next slide. Some elevations for you guys to look at. I'm a little bit sad when I see this picture, because I see the Heritage building to scale in the lower right-hand corner, which is a super huge building right now and it's less so. But I think this kind of vertical development is what we need down here given the limited amount of real estate we have. Next slide. Timeline. I just keep going back to Board Member Bird's comments that we have got to get something done. So, I put a lot of pressure on Caleb and I said, okay, so if we get some decisions in -- in August, September, how quickly can we get a building built and the reality is this is a really, really great time and strategic time to do this. There is some work to be done with the development agreement to make sure that we have dotted our I's and crossed our T's, but we believe that, you know, going through that due diligence we would be able to receive the entitlements, acquire the property, most of our design -- at least some of the initial elevations. We actually did those last fall. We surveyed the site last fall in preparation for this. And really we would do the permitting and demolition next March and we would have you a completed building ready to move in in November of 2020, which is a little over two years from now. So, we think it's aggressive, but we think it's very, very doable and we think that -- you know, that based on the conversations that I have had with city planning as far as the Main and Broadway project goes, there was

nothing in our design that was causing them any consternation and we hadn't really deviated off of that. We have kept this very, very simple and something that's executable and is not costing the taxpayers money. Last thing is questions. Unless -- I should have let Denise talk. Is there anything that you would like to add? I rambled.

Carter: No. Workforce housing, affordable housing is what we do. We have 165 properties in 12 states. We do a number of in-fill, mixed use, but 95 percent of our portfolio is affordable workforce housing and we strongly believe in it and -- and bringing it to Meridian, you know -- as you know, we are doing Prelude and Paramount, 280 units outside the city, but, you know, I think this is exciting. We love to come in and do these types of projects. We are doing, you know, the one off Eagle right now and, you know, we are just excited about being able to do -- come into a community, especially a community where we live and do something like this. We are seeing a lot of cities coming to us and saying, you know, people are wanting to live and work and have their whole lives be in these areas and so to be able to provide that to Meridian would be amazing.

De Weerd: Thank you, Josh and Denise. I will open it up for questions.

Palmer: Madam Mayor?

De Weerd: Mr. Palmer.

Palmer: I'm super confused. So, never in any of Council's discussions about what to do with Old City Hall did we ever have any discussion or at least intention that I remember or -- or could have perceived of workforce housing. The intent that I believe we were going for was that the property be as profitable as possible, having people with as much money as possible living there as a catalyst to supporting the businesses that do -- I'm not looking to just to feed the three dive bars downtown. I'm looking to feed Cahoots, to feed Flatbread, the wine place, the bike shop, these kinds of businesses. We have got enough people that -- that go down there and drink until the bar closes at 2:00 in the morning and, then, I pick them up in Uber and drive them back to Nampa or drive them three blocks east. I want the kind of people that have the money to be there because they have the money to buy a house, but they choose to live there to rent, because they can walk to those kinds of places and not have to be in downtown Boise. So, I'm just lost as to why workforce housing is what's proposed when that's never been discussion by Council.

Carter: I think workforce housing is -- is kind of a generic term. We -- we are -- you know, we understand the people here -- our rents are just right -- these rents are just right below what we are going to be charging at Prelude at Paramount, which is a -- you know, a Class A property -- or we consider a Class A property here in Meridian and so we are looking for people -- I mean 990 dollars a month for a one bedroom unit isn't going to, you know, be -- I mean that's -- that is somebody that's, you know, in your middle to upper class, you know, and --

Mueller: Can I ask -- I have a clarifying question kind of for you and for you. I think there is a misconception of what workforce housing actually means. You don't have to disclose this in front of the whole entire world, but think of the number in your head. How much is your house payment or rent that you pay? I know you have kids, you have a lot more rooms in a one bedroom or two bedroom. This isn't cheap housing. We are not talking low income housing, we are talking about -- I am the biggest employer in downtown, aside from City Hall. I believe. At least they have the biggest payroll I think. All of my employees that are young want to live in -- in this.

Carter: Now, I know units, just to be clear, are -- you know, we put in, you know, hard surface counters, the hardwood floors. We do -- these will be nice units. These aren't going to be just, you know, Formica countertop with some vinyl stick flooring. I mean these will be nice, because people are -- to command those rents we believe we are going to have to build those units. So, workforce housing, you're correct, is -- you know, can be interpreted in a couple of different ways and, you know, in California work -- you know, 990 dollars isn't going to get you anything. But here, you know, it's -- it's your middle to upper class that are going to be living there where they want to work and have their recreation and everything within a small area.

Milam: Madam Mayor?

De Weerd: Mrs. Milam.

Milam: Since I brought that word up, what I meant by workforce housing, it doesn't mean affordable, low income housing, but what it means to me -- and I guess the way that I said it -- and we have had Council meetings where we have had business owners come speak at -- so, it wasn't necessarily the topic of our hearing, but we have had business owners speak at -- they would like somewhere where their employees could live. So, workforce housing is somewhere where they could work near -- or live where they -- near where they work. So, somewhere for their employees to work, not just to live. Not necessarily cheap housing, but somewhere they can live nearby and be accessible and, you know, not have to commute in. So, that's -- that's what I meant by that.

Evarts: It's also been the catalyst of -- you look at the four most successful urban renewal districts within the state next to us, it's been the catalyst for every single one of them. You look at Sugar House, you look at the industrial district in Salt Lake. If you looked at the Pearl District and if you look at Sacramento. So, we don't need to reinvent the wheel here. This is how urban renewal works. I actually serve on the urban renewal board. Workforce housing is kind of a big deal.

De Weerd: Other question?

Cavener: Madam Mayor?

De Weerd: Mr. Cavener.

Cavener: Josh.

Evarts: Yes, sir.

Cavener: Thanks for your presentation and I can think of a lot of questions. Number one, appreciate you hearing my -- my pretty blunt comments about compensating our taxpayers for their -- their asset. It does bring up an interesting question -- and maybe this has already been resolved, but what happens if the MDC doesn't fund that project or has the MDC already agreed to fund the partial purchase of Old City Hall and if they -- if they haven't and they choose not to, then, what happens?

Evarts: We have not had any discussions. So, I think that the understanding that we have gotten from the committee is that -- that this is one more step in the process that -- correct me if I'm wrong, Mr. Lakey -- that we have to go through a development agreement, which is where we would kind of outline all those things to make sure that we have dotted our I's and crossed our T's. I think this was more of a process to select who does the city want to work with to deliver on this project, given their vision and financing that they are communicating. So, I think that there is some just detail kind of work -- am I answering your question?

De Weerd: And this would be the first step is to act on the recommendation from the committee and, then, negotiations would happen. Those would be brought back to the City Council and to the MDC board in the individual roles that people play. So, this is step one of a several step process.

Little Roberts: Madam Mayor?

Cavener: Madam Mayor?

De Weerd: Mrs. Little Roberts?

Little Roberts: Madam Mayor, Josh, you're the applicant and in your terms Pacific Corp is doing the heavy lifting -- who would the development agreement be with?

Evarts: Actually, that's a great question. So, we would anticipate that we would have a legal entity that would be jointly both of us that the development agreement would be with. That we would be very -- because we also have to figure out what to do with the current development agreement for Main and Broadway and make sure that we deconflict that piece as well, so -- because we are kind of adding all these things together potentially, so -- so I think that it would be with a -- it would be an entity that would be a blend of November Whiskey properties and Pacific Companies.

Bernt: Madam Mayor?

De Weerd: Mr. Bernt.

Bernt: Can you -- can you give us like a breakdown percentagewise between residential to commercial, how many units of commercial space square footage versus -- versus residential?

Evarts: Yeah. The residential is 103 units and I think the mix is about 50-50 between one bedroom and two bedroom. The commercial space I think is 17,000 square feet, roughly, and what's going to determine the mix in terms of number of units there is, really, what are the nature of the tenants that we are bringing in. So, our discussion with Meridian Library District, Unbound is looking, they think they can optimize in about 2,200 square feet is I think what we were talking about with them. I think the restaurant that we are talking about for the anchor of Main and Broadway is going to be 3,400 square feet. So, that's going to leave us roughly 2,000 in the Main and Broadway side. That could be a couple 1,000 square foot units. If we started pursuing the small ice cream shop that the Mayor so desperately wanted and, then, really what -- whatever, you know, we end up doing on the -- on the Old City Hall site, that's -- that's where we intend to put New Venture -- or not the New Ventures Lab, but the Unbound library and, then, just really figuring out the mix there. We don't believe Meridian Road can be a really attractive frontage, it moves way too quick for -- for retail, so we really want to make sure we would probably, you know, have Unbound closer to Meridian Road, because I think the visual scene -- that's important, but, really, we want to make sure that retail restaurant is going to be in the walkable space, which is going to be on Idaho, on Main, on Broadway.

De Weerd: MDC board, any questions from the board? Mr. Basalone.

Basalone: Madam Mayor. Josh, you mentioned the retail. Isn't there a -- in your proposal a second level of office space as well?

Evarts: In the Klein piece there is. So, we don't have an office space in the -- in the Main and Broadway in the Old City Hall site, but if we add the Dave Klein piece, then, we would do an additional floor of office space in that footprint.

Basalone: So, in those two buildings it's retail on the first floor and, then, three floors --

Evarts: And, then, three floors of residential. Sure.

De Weerd: Okay. So, Council and -- the question in front of you is do you have enough information to make a decision today on approving or rejecting the committee's proposal?

Palmer: Madam Mayor?

De Weerd: Mr. Palmer.

Palmer: You know, I understand if we had had 20 or ten or even five proposals that hear what the committee had to say and listen to the one that was accepted and, then, make a decision on that. Given that there was only two and the representative here from the

other proposal, I would love to hear from him as well. I understand that may create some heartburn from other people, but --

De Weerd: Mr. Nary, procedurally --

Nary: Well, Madam Mayor, we didn't notice that they were going to be a presenter. We are also out of time, so if that's the desire of the Council or the board or both, I would suggest you notice it up another meeting. They weren't asked to present, so I don't know if they are prepared, but we didn't notice that -- that will be part of our discussion today, so the public wouldn't have notice that we were taking about that. So, if that's the desire then --

Palmer: Madam Mayor?

De Weerd: Mr. Palmer.

Palmer: I think it would be nuts for us to make a decision without hearing from them. So, if a motion is in order, I move we continue this to another meeting when it gets set.

Little Roberts: Second.

De Weerd: Okay. I have a motion and a second to set another joint meeting to hear from the other RFP responder. Discussion?

Cavener: Madam Mayor?

De Weerd: Mr. Cavener.

Cavener: A comment I think -- I appreciate the -- the motion and the second. I think it's a little premature for us to continue a meeting without at least allowing MDC to have their opportunity to chime in. If that board feels the same way and wants to continue this to a joint meeting, great, let's continue it to a joint meeting. If MDC feels that they have got enough information to -- to render a decision we should allow that body to render a decision if that's what they want to do. We have got a motion at least from two Council Members to continue. We as a body could have a separate discussion about -- if we feel it's enough to make a decision and we are continuing it, but just I guess maybe out of respect to MDC members and their time, to at least give them an opportunity to chime in before we render a vote on continuing their meeting.

Milam: Madam Mayor?

De Weerd: Mrs. Milam.

Milam: Just real quick. I think that -- as much as I respect and appreciated the other applicant, I think the whole purpose of having a committee to go through stacks and stacks and hours and hours of -- of this process, having them both, then, come here and



having all of you, then, go home and do your homework, so that you can come back and do that, we should have just all been the committee in the first place. So, it kind of defeats the purpose.

Mueller: You're hear, Madam Mayor. It was your guys' idea to have the committee.

De Weerd: You were the second ones to create it.

Mueller: Yes. You were the second. Right.

De Weerd: And all voted for it. Yes.

Mueller: I think that's what -- I mean thanks for giving us the opportunity to weigh in on this. I don't -- I agree with you. I don't understand -- the committee was originally the idea of the City Council. The committee happened. The committee has people from the public. It has people from MDC. It has people from your own City Council. By the way, the MDC meetings are public meetings that you can come to where you could discuss and listen to a lot of this stuff as well. It just seems like a delay for the sake of delay I guess at this point. I don't understand why we are continuing it. Also the last thing I will point out is we did have a recap from you and you, Brad. We had a recap from everybody and the math is still the math. We had a proposal that has a gap of about 100,000 dollars in public funding. That is a feasible number and a feasible project and we have a gap on the other one that's between 13 and 15 million dollars. It's not just really big, it is impossible. The actual budget he has cannot pay that. It isn't even possible. So, that would be my comments on why do we continue to rehash stuff and waste time. Which, by the way, is -- the last comment I have is businesses are moving out of downtown while the City Council and everyone can continue to deliberate -- I am not a politician, I never intend on being one, never would probably be a viable one with all the recorded comments that I'm making, but my business is moving out of downtown, because there is no office space and there is no place for the young people to be. Coffee shops are going out of business again and again. A little thrift store down the street from us has now went out of business -- I think seven times since I have been a tenant in downtown. So, I guess we could continue to deliberate. We could continue to drag this out for a year if we want to, but I have got a, you know, 12 million dollar payroll I'm going to move out of downtown, because there is no space and nobody will do anything about it. So, by all means, let's continue to talk.

Bird: Madam Mayor?

Cavener: Madam Mayor?

De Weerd: Mr. Bird.

Bird: You know, I got to echo what Councilwoman Milam said. We select committees -- and I realize there are certain people that want to be on every damn committee there is or they don't want to go for anything, but you select those and those people go through a

lot of hard work to select them. They come and presented, everything's went out, I -- I don't understand why we have to have another meeting to -- you know, the one thing I found in public life is hurry up have another meeting. I just -- I -- I right now, as far as I'm concerned on the MDC board, I'm ready to make a decision to back the committee. They -- they work their -- off come up with the best RFP they could.

Vlassek: Madam Mayor?

De Weerd: Mr. Vlassek.

Vlassek: Madam Mayor and Mr. Chairman, if -- I agree. I think -- you know, I think we had -- we have got -- as far as the MDC, on behalf of the MDC board, I think we have got enough information and if it is appropriate I would like to make a motion on behalf of the MDC Board.

De Weerd: I'm not sure the order.

Vlassek: And we are discussing your motion --

De Weerd: Well -- but we did have with Council, but we did ask the MDC Board to weigh in. So, procedurally we still have a motion on the -- on the floor, but which comes first, the chicken or the egg?

Nary: Well, Madam Mayor, Council, I guess that's the question. I mean, you're right, it was invited for them to weigh in on whether a continuance is appropriate for them. It sounds from the conversation it's not, but I don't know that. So, it really is -- it really is the chair's call. I mean you don't -- you don't have to call the question if the desire is to see -- if it's a joint proposal to move it forward or a single would make more sense for the City Council to weigh even just to know that you're moving it forward with two boards and setting up a meeting.

De Weerd: Okay. Well, then, I would ask -- I would turn this to Mr. Winder and look for the direction from the MDC Board.

Winder: Commissioner Vlassek, make a motion?

Vlassek: Mr. Chair, yeah. On behalf of the MDC Board, I guess I would like to make a motion that -- to spell this out correctly -- make a motion to accept the desired proposal from November Whiskey Properties and Pacific Companies as agreed upon by our RFP committee that was formed and, then, maybe authorize MDC and the city to negotiate and bring back agreements between the city and MDC regarding transfer of the property and MDC and the developer regarding any project or maybe other recommendations the city would like to see and -- and that would be my motion.

Basalone: Second.

Winder: So, a motion by Commissioner Vlassek and a second by Commissioner Basalone. Is there any further discussion?

Palmer: Madam Mayor or --

Winder: Okay. If no further discussion, do we call our own vote or shall we have --

Palmer: I would like discussion on my motion.

Winder: Okay. Ashley, you want to call it?

Roll call: Winder, yea; Basalone, yea; Mueller, yea; Bird, yeah; De Weerd, yea; McCarvel, yea; Ritter, recuse; Bevan, yea; Vlassek, yea.

MOTION CARRIED: ALL AYES.

De Weerd: I will continue the hearing discussion on the motion on the floor.

Palmer: Madam Mayor?

De Weerd: Mr. Palmer.

Palmer: Madam Mayor. You know, the question is why am I making this motion, why am I asking for the other party to -- to weigh in when -- if we are to only consider what the committee's decision was, why did we give the majority of the time to this meeting to the proposal that they are putting forward. So, that proposer or whatever the word might be, if -- if the committee's recommendation is recommendation we are either voting yes or no on that, why we are still listening to a presentation, what's the point if we are not going to listen to the presentation on the other one. That's why I want to continue this meeting, because where it's been deemed inappropriate to hear from the only other representative from another proposal. That's why -- I would rather not have another meeting, but that's what it takes to be able to hear anything else, we don't really know what -- what else to know without giving them a chance to say something.

Bernt: Madam Mayor?

De Weerd: Okay.

Bernt: Councilman Palmer, what's been deemed inappropriate and who deemed it?

Palmer: Legal counsel.

De Weerd: This was because it was not posted on the agenda. Mr. Cavener.

Cavener: Thank you, Madam Mayor. Appreciate I think some very important questions that were raised by the MDC about City Council establishing this. I think it's important to

take into consideration when we formed a committee we didn't know how many applicants we would receive. We didn't know if it was going to be one or a hundred and, in fact when Council was first apprised there were significant amount of interest from a wide variety of stakeholders on this project, which absolutely reinforced the need for us having a committee that ultimately received two RFPs. I have to tend to agree, I think it's -- it's absolutely appropriate for us to hear from the other party if the direction from the City Council is we want to pick a winner and loser. If we wanted to be fast we could have held an auction on the steps of City Hall and sold the building and not even needed this meeting. If we wanted to be fast we could have done that. Both MDC and specifically the City Council said we are going to pick a winner and we are going to set losers and we are going to go through this process. So, we are going to pick a winner and we are going to have a loser. I think we as a body need to make sure that we have done all of our due diligence to say you're the winner and if that means hearing from the only other applicant -- again, from the end of that I still might say thumbs down to both. I don't know. But without hearing from them I don't feel comfortable making a decision today and so I know that there is a motion for a joint continuance, I think that's been answered, but if the maker of the motion would maybe rephrase their motion to continue this decision for City Council, that's something I would be very supportive of.

Bernt: Madam Mayor?

De Weerd: Mr. Bernt.

Bernt: Before we do that I think just a point of clarification. We are not -- we are not picking winners and losers tonight, it's -- it's my understanding. All right? We are not -- we are not deciding tonight that it's November Whiskey or its -- or, you know -- and we are deciding tonight just to pursue more questions and to pursue, you know, maybe negotiations of -- you know, maybe look for more specifics is what I guess I'm talking about and so going down the line, point of clarification for me, if we -- if -- if the negotiations -- or if it doesn't make sense to continue with November Whiskey are we -- tonight, okay, are we obligated to -- to -- to -- to strike a deal with November Whiskey or are we saying we are going to continue negotiations or continue dialogue with -- with November Whiskey and their proposal?

De Weerd: The question at hand is can you accept or reject the recommendation of the committee or continue for additional information, but when you make a decision you're going to be negotiating for one project.

Milam: Madam Mayor?

De Weerd: Any additional clarification, Mr. Attorney?

Nary: No, ma'am. In that same regard, I don't think picking winners and losers they had -- they both had equal opportunity. They came to the committee, they gave us all their materials, they came and they made presentations. I have enough information -- I was on the committee, so, therefore, I feel like I have enough information to make a decision

today. I -- unless -- very, very clearly, unless you think that -- we can come up with 15 million dollars to fund that other project, then, there is no point in hearing their -- their presentation. They have a great presentation and a great project, but it includes over over 15 million dollars of taxpayer dollars. So, very clearly if you think we can come up with that, then, let's hear their presentation. If that's not realistic, which to me it -- if we don't have the money it's not realistic, then, it's a waste of their time and it's a waste of our time.

Palmer: Madam Mayor?

De Weerd: Mr. Palmer.

Palmer: I -- I think it is realistic. I mean I have been through every page of our budget, the few years that I have been here, and found millions and millions of feel good stuff. It may -- should we want to go full blown and do the 15 million dollar parking garage or whatever it may take, then, there is a means to do it. I don't think that's the best route. I think whether -- we don't even know the other options. We heard, oh, there is potential to lop off the floor. Well -- and we know half the parking spaces --

De Weerd: Okay. If we cannot -- the question's --

Palmer: So, we don't know.

De Weerd: -- on -- on the floor. Mr. Clerk.

Coles: Is to -- whether to continue it at least for us.

De Weerd: Okay.

Coles: For Council.

De Weerd: Roll call, please.

Roll call: Borton, abstain; Milam, nay; Cavener, yea; Palmer, yea; Little Roberts, aye; Bernt, nay.

MOTION CARRIED: THREE AYES. TWO NAYS. ONE ABSTAIN.

De Weerd: So, we will --

Lahey: Madam Mayor, the Council has, obviously, decided to do that. My counsel to my board would be to still make this a joint meeting. We talked about needing a unified approach and it makes sense that there is going to be additional information provided that MDC will still be there and if there is another vote required you can take another vote, but I think it's important that we have a joint meeting as we move forward.

De Weerd: Is everyone available next Tuesday?

Milam: No. Okay.

De Weerd: Same time. And there is a time element with the 60 day clause that Mr. Lakey had mentioned, so we do need to be as expeditious as possible.

Evarts: Madam Mayor, I have a question. So, I'm just trying to get clarification. So, if we are asking the other respondent to come and share theirs and we are talking about we can lop off things, are we just entering into another phase of proposals? Like I just want to make sure like -- we worked very, very hard to put together a proposal that was airtight that made this a very, very compelling value proposition, but if we are coming back now to something beyond the committee, are we now opening up -- do we need to --

De Weerd: I think it's a fair question.

Evarts: Yeah.

De Weerd: Mr. Nary.

Nary: So, Madam Mayor, Members of the Council and Members of the Board, I mean -- I guess I will repeat the same advice I did before. You had a process, you advertised the process, they submitted proposals. That is what you make a decision on. It is not an opportunity to negotiate a different floor, a different plan, a different proposal, that is not acceptable in this process. So, all you will receive is a proposal based on what was written and submitted. It's not a discussion of how would you make it different, how would you fund it -- to ask those questions -- and that's all they asked and they asked if they could reconfigure the project to change it to meet what's desired and the answer is, no, that's not acceptable based on what was sent out to the public and properly submitted.

Lakey: Madam Mayor, I agree with Mr. Nary's opinion. I think we are talking about significant changes to their proposal or any proposal and it's kind of a new process and if you give the other side a chance to make significant changes to theirs -- I think the proposals you have in front of us want to be discussed, minor deviations about what to put, what were some changes in floor plan and your work outside design, that's a little different, but I think we got to look --

De Weerd: So, I guess that answers your question, Josh, that outside of anything that's already in the proposal, there is no question.

Palmer: Madam Mayor? So, if -- you know, when we do have a chance to hear from the other party, if there are potential changes to make it something, you know, more desirable to Council, then, are we able to just say we are going to reject them all and start over and get a fresh committee?

Nary: Madam Mayor, Members of the Council, the -- both MDC and City Council can reject both proposals. I would be very cautious on rejecting it based on new information that wasn't part of the proposal as an issue to essentially force the board or the Council to reject all and starting the process over. That's not a fair process for the RFP. So, yes, but I would be very concerned about doing it for that purpose.

Milam: Madam Mayor?

De Weerd: Mrs. Milam.

Milam: So, we have a budget that you're going to vote no on tonight already and you think we can put another 15 million in there and --

De Weerd: I would entertain a motion to adjourn.

Little Roberts: So moved.

Palmer: Second.

De Weerd: I have a motion and a second. All those in favor say aye. All ayes.

MOTION CARRIED: ALL AYES.

De Weerd: The Board, would you like to make a motion?

Bird: Move we adjourn.

Bevan: Second.

Winder: All in favor say aye?

MOTION CARRIED: ALL AYES.

MEETING ADJOURNED AT 5:38 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

\_\_\_\_\_  
MAYOR TAMMY DE WEERD

\_\_\_\_\_  
DATE APPROVED

ATTEST: \_\_\_\_\_  
C. JAY COLES, CITY CLERK