



**MINUTES**  
**MEETING OF THE BOARD OF COMMISSIONERS**  
**Wednesday, December 14, 2011, 7:30am**  
**Meridian City Hall North Conference Room**  
**33 East Broadway Avenue - Meridian, Idaho**

**1. Call Meeting to Order (Jensen):**

Jensen: I would like to call this meeting of the Board of Commissioners of the Meridian Development Corporation to order. The time is 7:32 a.m.

**2. Roll-call Attendance (Jensen):**

Julie Pipal – Chairman (7:40)  
 Craig Slocum – Vice-Chairman  
 Eric Jensen – Secretary/Treasurer

Keith Bird – Member  
 Jim Escobar – Member  
 Dave Winder – Member  
 Tammy de Weerd – Member  
 Dan Basalone – Member

Todd Lakey – Counsel  
 Ashley Ford – Project Manager

**3. Confirm Agenda (Pipal):**

Lakey: Mr. Chair there are a couple of items that need to be added to the agenda. Change order number 6 on the Broadway building project and also the certificate of substantial completion – put it under the action items – a new 16 or 17. So, 16 would be change order number 6 and 17 would be the certificate of substantial completion.

Escobar: I move we approve the agenda as modified.

Basalone: Second.

Roll Call Vote: Bird, aye; Escobar, aye; De Weerd, aye; Basalone, aye; Jensen, aye.

ALL AYES. MOTION CARRIED.

**4. Approve Consent Agenda (Pipal):**

- a. Approve Minutes of December 1, 2011 Special Meeting**
- b. Accept Treasurer’s Report and Notice of Bills Paid**
- c. Accept Project Manager’s Report**

Jensen: Any questions for our consent agenda?

De Weerd: I would move to approve.

Bird: Second.

Jensen: A motion and a second. Any further discussion?

Roll Call Vote: Bird, aye; Escobar, aye; De Weerd, aye; Basalone, aye; Jensen, aye.

ALL AYES. MOTION CARRIED.

## **PRESENTATIONS**

### **5. Presentation of FY2011 Audit:**

Ford: We have our auditor here today. Each of you have a copy of the final draft for the FY2011 audit for your consideration and there will be a short presentation and a chance for you to ask any questions that you may have.

Smith: I am Kevin Smith one of the audit partners for Eide Bailey and I will present the audit financial statements for the fiscal year September 30, 2011 and again this year we did issue an unqualified (inaudible) opinion for the financial statements and we also issued an opinion on the internal controls in the very back of the financial statements and that talks about the procedures we do, the internal controls and we find them satisfactory and in good order. We also issued a separate letter that we refer to as auditing standard #114 that required communication to the board members and in that letter we state that we didn't have any issues with the audit and we didn't have any findings or internal control deficiencies and that lastly no adjustments to the balance. So that means that the information that we audited was accurate (inaudible) and didn't have any adjustments – hopefully also correlates to the information that you receive on a monthly basis as unique and the information that you are seeing as far as the amounts of recorded amounts and decisions that you are making is on accurate information. I will point out that that is fairly rare in our business to not have any adjustments to the financial statements. A couple of things that have happened this year – one of them was a new pronouncement that has come out this past year and I talk about that a little bit – the different categories of the fund balance and that is reflected in the financial statements and on page 9, we can look at that and some of the fund balances now called non expendable than restricted and unassigned and you will see that unassigned is (inaudible) by \$125,000 just because of the restricted amount from the bond and some of that had been received and hadn't been spent (inaudible), but not a concern. Then on page 13 is those categories of that new fund balance classification where that is (inaudible) expendable, non restricted (inaudible) the different categories. Really no different (inaudible) we are just calling it something different. A couple of things that I will highlight (inaudible) aware that (inaudible) changes for the year, the fixed assets and the construction progress which continues to go on and then (inaudible) the spending curves to pay for that construction progress. Other than that it was really very similar to what it was in the prior year. I did a comparison and if you look at the current assets they are almost identical to what they were the prior year, which is good and really the changes have been construction progress, those fixed assets and then the debt that has been incurred and I know there is still some more (inaudible) going on in that project. On another thing that I would like to point out is the budget – because I know that is what kind of drives the entity and that is what you follow as you make decisions and on page 20 where we issued the financial statements related to the budget, we had the original budget and we had the final budget, which was if there was any

amendments or changes to the budget it would reflect on those pages and then the actual amounts and the variances of each of those amounts. I did note that property taxes has gone down a little bit from the prior year – I actually did a graph to kind of show that better (inaudible) over the last few years. Overall on the budget, what happened actual is closest to what the budget – so you really followed the plan and that is what we like to see – if something is really out of line then that is a concern because that isn't what you planned for. I will note that (inaudible) did point out that the budget for 2002 when we started was about \$15,000. FY2012 is about \$3.7 million budget, so in ten years that is kind of what has happened, so it is gradual, but have been well planned in where we are today. Any questions on the financial statements? I know I didn't go into a lot of detail with this and I would spend a lot more time if you desire, but I just kind of gave the highlights of the year. If not, kind of in the end and you do appreciate all of the work that Terri and Ashley do and the one that is involved in the numbers and the documents that they provide us are very timely and they do a great job and they really pay attention to the details and they know – you know when we ask a question or – they know what is happening during the year and tell us and what has taken place and why this or that transaction was made, why the decision was made and very helpful and they do a great job. Also I would like to let you know and I have talked about this in the past – other boards going to be audited (inaudible) and we don't like to narrow it to just a week or two weeks and Terri does call us occasionally during the year and we do appreciate that – say if there is a transaction a little bit different we will help with that transaction and that is all part of the process. So we do appreciate her calling and not waiting until the end of the year (inaudible) and all taken care of. Any questions or comments?

Ford: I just want to say that Eide Bailey has been wonderful to work with and I know Terri has expressed the same sentiment (inaudible) and thank you for making this a smooth process.

Jensen: Chairman Pipal has arrived at 7:40 and I am going to turn it over to her.

Pipal: Eric you were doing well, you should have kept going.

## **6. Arts Commission Presentation:**

Glasgow: Good morning my name is Meg Glasgow representing the Meridian Arts Commission today (inaudible). I would like to thank you all for getting me up so early this morning because the moon was spectacular. Well I am here to talk about maybe progress in the arts cross over project. I was reviewing my notes about this public art opportunity – way back in 2006 we began this discussion, so I am very excited to hear that it is moving forward and I am hoping to gain more insight from MDC this morning about where it is in the process. What I would like to speak about this morning is to kind of give you an overall view of the public art process and how MAC would be instrumental in helping the progress go forward. So in your packets, I believe, Ashley has included a public art presentation that was given to us by the Idaho Commission on the Arts, which is exciting for us as a commission, that we are not doing this alone and have a lot of help from the Idaho Commission on the Arts in going through this process. So as this describes the public art process, the first real step is forming a public art panel to go forward (inaudible) and this public art panel would really represent a collaboration between all agencies and all interested parties. So what the Arts Commission really does is become the liaison between the arts community, the public at large and government to commission these public art pieces. So our role would be helping that process along bringing the parties together. The first step is forming a panel that would be representational of city planners, ACHD (inaudible), Arts Commission members, MDC representatives and part of the community at large, (inaudible) a professional artist as well. Once this panel – the first job is to explore the public arts

opportunities in a particular site. The map that I have that was provided by ACHD was several years old and I don't know if that is still the plan –

Ford: Still the same.

Glasgow: Okay. So there is two real site opportunities when the cross over is complete. These two triangle shaped parcels that are highlighted here are site opportunities for public art sculptures most likely to be included in the (inaudible). So the panel will then research (inaudible), create some guidelines for the creation of the work and my hope would be that they would hire a public art administrator to assist with the rather lengthy process – the commissioning of the public art. That panel would recommend to MAC as well as MDC, project guidelines, timelines, budget and all of those kinds of things before a request for qualifications are sent out. That really takes us into step two of this phase. Once the request for qualifications is sent out to the arts community, the board will set parameters as far as if they are regional artists, local artists to the Boise, Meridian area or opened up to the entire northwest as what we chose to do with the commission of this public artwork in the lobby. We sent out the geographic region that was contiguous to Idaho because we were really looking for qualified artists and we ended up with Amber Conger who happens to be local, so we were happy with how that whole thing went out. So, the artists apply for the work. The panel then selects perhaps two or three of the most qualified artists and they are then paid a small stipend for the creation of a model. Could also be a narrative description of the work, but again with this example we had them do this model and the model then is taken to the community for public input and this is a very, very important component of this whole project, which for MAC is kind of our favorite part is bringing the art to the people and the only way that get the artwork really accepted by the community and get the community excited about the piece and get really this deep public input and that is what MAC can really be instrumental and we took it on tour around the community and did public speaking at the Kiwanis Clubs, the Library, on display at City Hall for a while and invited public opinion and so again, it is quite a lengthy process from start to finish, it generally can take 18 months to two years for the public art process to move forward, but once the finalists are selected and lawyers jump in with contracts and whatnot and move forward to the Commission with the piece and the artists may fabricate the work themselves, they may choose to hire professional fabricator and a professional installation of the artwork; certainly the government is going to have an active role in that as shutting down streets may be needed for the installation of the work. I know when we had Amber's piece installed at City Hall because of the construction of City Hall and the activities here it had to be done on one solid weekend, long weekend, through the night and whatnot. So those kinds of things will be addressed going forward. When the art piece is installed of course there is a big dedication ceremony and throughout this whole process the Arts Commission is very entral in working with the media too about letting them know they are involved in the public process and that can do a lot for the PR. That is in a nutshell a very quick overview of the process. Just to sweep on sample budgets, I just wanted to kind of put some ideas out there and maybe you are familiar with a couple of public art projects that Boise has done with the airport, the glass wall that when you are coming out of the security area and walking out to the lobby, there is like glass walls, it is called (inaudible) horizon by Lawrence Cove – that particular piece for example, the project budget was \$75,000 for the construction of that and the finalists (inaudible) the artist was paid \$750 to construct the model and there is a copyright fee too for an additional \$5,000 and so that gives you an idea, something like that -- \$80,000. The mosaic floor piece that is in when you look down at the second floor that one was close to \$150,000; the mural, the wall mounted art that is fabric as you walk in and it is on the west wall, that was about \$30,000 for that particular piece and that gives you kind of an idea of sample public art projects that you might be familiar with for sample budgets and whatnot for moving forward. There are additional funding opportunities available – grants for example, we were awarded \$10,000 for this piece from the

Idaho Commission of the Arts and so that is something too that we would definitely explore – every, every opportunity for additional funding sources. So going forward I would just like to say how excited that the Arts Commission is for joining forces with MDC and really making a collaborative effort to bringing public arts to the community and this has been our long term goal for a very, very long time is working with you all for the creation of all kinds of public arts in downtown. I mean, ideally, our goal would really be for the creation of an arts district in the downtown corridor, setting some guidelines, some art standards for example. Maybe exploring all of the funding opportunities for example, short of a (inaudible) art program there might be a developer incentives that we could give for the developer purchasing public art, so we are really looking for, in addition to this particular project with the art in the cross over, we are looking long term by exploring different opportunities for public art, through signs and murals and benches and street grates and all of these kinds of opportunities. So we are just kind of looking for long and happy relationships. I will open up for questions or if you have any other directions for me. Or maybe any updates you may have on where ACHD is on this would be helpful to hear as well.

Ford: I will take the lead of talking about ACHD. They just chose which option they are going to be moving forward with the construction on the split corridor phase two on Cherry and Franklin. And so the project will be going out to bid, my understanding is, in late June early July at this point and then they will start construction the next fall. So that is the schedule at this point and time. It will be a 12 month process is what they are anticipating. Obviously we have a little bit of time to coordinate some efforts. As I mentioned to you on the phone, our budget cycle this year, we have allotted \$10,000 for this partnership and was very specific that this is what we wanted to put those dollars towards. So I think we will be definitely willing to work with you as to what kind of process we can do at least for the initial RFP and call to artists and then we can talk about what that looks like moving forward as well. Okay? I would like some input from the board on this too as we start moving forward – this is an exciting time and this is the time to be planning for this.

Pipal: Any other questions from the board? I have one, Meg. One of the things that I talked about just recently with your colleague, Nancy Rountree was the ability of the setting of a community, including public art, some of the things that we do here to incentivize that private investment into our downtown community – how that can contribute and I would like from the board to maybe hear a little bit of that. Because really our role is to generate that private investment in downtown Meridian and public art is part of that but I am not sure that everybody – we have new board members – understand how that can play a key role in having businesses, different types of businesses, not just some of the office type, but different types of businesses that want to be part of a community.

Glasgow: Complicated question, I will do my best to answer with my limited knowledge on that. What I am excited about is that we are not reinventing the wheel. This has been done in many, many communities our size across the country and there is a public art network that we have participated with and that gives us suggestions, puts us in touch with other communities so we can get sample language of a (inaudible) for example. My understanding that once a public art district and that is typically a step prior to initiating an ordinance for artwork – prior to that, which is our long term goal speaking of regular funding sources, would be the creation of an arts district – that would be a geographic region that would most likely coincide with the downtown redevelopment initiatives that you have gotten underway, so assuming that geographic area, arts standards are then drafted and created. So for example if it is MDC's vision that the tree grates for example that have to be purchased and installed anyway that they are then commissioned by artists so that they are artful and interesting – the ballards on sidewalks arts to be constructed, design standards to say that they have to be designed and creating by an artist.

So it doesn't have to necessarily all have to be sculpture, of course we would love a sculpture on every corner, but we are very mindful of budgets being tight and the practicality of art and ordinary things can be made beautiful and so since money already has to be spent for benches for example, why not let the Arts Commission help with that and make the benches beautiful? So, back to your initial question about the developer incentives for example. That could be done through the city's planning department and in cooperation with them and as far as if how that works legally, for example, if they are going to – if the developer agrees to put \$50,000 towards the creation of a public art piece, what is their incentive for doing that? Some sort of trade off for this – a parking area or a tax deal, those kind of things that go beyond what my understanding of the legality of all that stuff, but again we are not doing this alone and we could definitely seek input from other communities about the language of how that works, examples of projects and stuff that people have done. That is definitely something that we are anxious to explore because it is a great way to bring excitement to the downtown community and make it very livable and an exciting place to hang out. If you think about all of the cities that you really enjoy visiting and spending time in, most of them have a very, very strong public art programs and stuff in the downtown community and so it does definitely attract people and attract development dollars.

Pipal: Any additional questions? Actually I would be very interested in seeing or having the contact information for other communities and how they have done that. That would be very helpful as we go forward.

Glasgow: I will make sure to get that to Ashley to get to you.

Pipal: Okay, great. Thank you.

Glasgow: So moving forward then, are we all in agreement that the panel should be formed with representatives from the city, MDC, MAC and the community to start beginning studying the site guidelines and --?

Pipal: The way that I would see that coming together and anyone feel free to chime in here if you want to, that the Arts Commission would have the lead and if you would like us to participate, I am sure that we can find a board member or can script one to serving and participating on that as part of our partnership with the Arts Commission. Generally what we do is have our discussion areas and if we really needed to make a decision on something it is usually a little more formal. So, yes, we can find someone that has an interest – if you just want to find out from the board who has an interest unless we want to have anybody jump in there right now. All right. You got your volunteer.

Glasgow: I think, Mayor Tammy if you remember when we put together this panel for the selection of this piece, it was quite a large group. I am thinking it was close to a dozen people – with parks we had public art people at community liaisons at large. We had historical commission people; it was a very broad representation of the community because we certainly want going forward a lot of input.

Bird: (Inaudible).

Glasgow: So thank you and I will stay in touch.

Pipal: I apologize to the board on being late, I do love being here, but I also love my three children and making sure they get off to school is important. Ashley just for clarification we have added items 16 and 17? Okay, so action item 7.

## **ACTION ITEMS**

### **7. Urban Land Institute Technical Assistance Grant Agreement:**

Ford: We have Diane Kushlan of the ULI Idaho District Coordinator and Eric Davis with Retail West Properties who is the committee coordinator.

Pipal: Welcome and identify yourself for the record please.

Kushlan: I am Diane Kushlan. I am the ULI District Council Coordinator (inaudible).

Davis: Eric Davis, Retail West Properties and I am sharing (inaudible).

Pipal: Welcome.

Ford: In your packets you have a scope of work as exhibit A that was provided by the ULI about (inaudible) and this comes from our discussion that we had with ULI in November. So basically outlines the questions that would be answered and discusses the schedule, discusses the deliverables and also describes the support that MDC would provide to ULI as well along what that fee for service would be – (inaudible) is \$3,000 (inaudible) and we talked a little bit about that in November which the payment would be due at the deliverable of the final report. What we have done to be consistent with our other professional agreements that we have because we are looking at this as a professional agreement and not as a volunteer effort because there is dollars involved. We did have legal staff put together a professional services agreement for this utilizing the same format that we have for our other consultants, but utilizing their scope of work as the attachment. I did receive an email last evening from Mr. Davis that there is a concern regarding utilizing our professional services agreement and I would ask that you discuss that a little bit more.

Davis: We got the agreement yesterday and circulated to our chairman who is also a lawyer, Ed Miller and he looked at it that for a volunteered effort is what it is anyway, I mean, really (inaudible) although we have asked to be paid for what we fill our coffers for our annual – for part of our budget and it is basically not making anything a voluntary deal. He just felt that to take on all of the liability of the agreement (inaudible) was going too far – (inaudible). I don't know where it goes and Diane may have some other solution, but we would be happy to proceed under our letter, but unfortunately one of the things on here the liability (inaudible).

Kushlan: ULI and district council's all across the country provide these kinds of services and my information is typically there is an agreement between the parties in what would be delivered and expected of them. (Inaudible). I have got a call in the Georgetown office to see if there is something different that we are missing here, but because we are non profit the services that you will be receiving will be from volunteers, we really can't accept some of the clauses in that professional services agreement related to indemnification and liability and that really is where the issue was.

Davis: What did we do in Nampa?

Kushlan: We had a written agreement similar to what we had proposed.

Pipal: Just for a little bit of background, I can tell you our approach here with MDC has been to try to keep a very consistent flow of dollars and I believe this is the first time that we have dealt

with a non profit when we have done this. I can't think of any other – I don't know that we have had a situation where we are essentially contributing to making a contribution to ULI, but all of the work is being done by volunteers, so we are not actually paying the individuals involved, we are paying an organization and we have tried to be consistent because we have in the past contracts that have not been consistent in terms of having been consistent and we just really wanted to make sure that we were doing that, which is why you see the form before you. That is the standard form that we are using now for everything. Counsel do you have any recommendations on how we remain consistent, but deal with the situation that is before us?

Lakey: The agreement itself is extremely basic. It just covers normal points. The indemnification language, the only thing that they are indemnifying us for is essentially negligence on their part – so that is really basic, it is not – any and all acts related to the activity, it is simply related to negligence. So Madame Chair, it is not really a volunteer effort with a \$3,000 fee – it is probably non profit as they described, but aren't really looking at it as a volunteer effort. If the board wants to move forward without an agreement, that is certainly your call. To be consistent that is the way that we have been handling things.

Basalone: Following up on what Counsel Lakey said. It appears that we have two different aspects to this agreement. We have a consultant part, which is a paid service it appears and then you have your volunteers who support that consultants work, so we need to have an agreement in my estimation regarding the expenditures, the \$3,000 or whatever it is, what services are we receiving for that funding, so Counsel Lakey is that what you were alluding to as well?

Lakey: I think so. I haven't gotten into the weeds and exactly how this happened or how it will proceed forward but I guess I was operating under the assumption that ULI might have some of its folks come and coordinate the meetings and lead the discussions and ultimately provide the report and then those that are participating as far as community members would be the volunteers that are there, giving their input and how things should proceed and that is what is being gathered is that information from those volunteers.

Basalone: But other than the fee for the consultant service, which I am assuming that \$3,000 is, is there a donation as well?

Davis: (Inaudible) we have dues amongst our people (inaudible).

Basalone: Rather than donations (inaudible) --?

Kushlan: If I could, there is no consultant services. The consultant services are by the volunteers who are providing the services, we don't hire anyone else (inaudible). So all the work is going to be done by volunteer – I am not paid anymore than I what I receive in my contract with ULI, I volunteered my time as well. So it is volunteer work. The cost really are related to – we will get the committees together, we will provide the lunches, we have some printing costs and (inaudible) costs, those kinds of things and that is the only direct costs – there are no direct costs that go to an individual for the services provided.

Pipal: Diane is that kind of a standard this is what you – this is a budget for ULI to take a community through this project, what it costs the organization to take?

Kushlan: Yes, I think in Nampa it was a little bit more than this. I think it was \$4,800 – we had an agreement with them for \$4,800 –

Pipal: Because the scope of work was broader?

Davis: There was a big deliverable –

Pipal: I am assuming that you don't tie or do you tie those costs fairly tightly to a budget? When you plan it out do you allocate \$500 for that lunch or meetings and those kinds of things.

Kushlan: Yeah, in the case of Nampa, we had a pretty specific budget of anticipating what the costs were going to be and allocating that money to those costs and (inaudible). So it is pretty well (inaudible).

De Weerd: This is really a cost and materials type of contract so it is cost neutral?

Davis: Yes.

De Weerd: And you get the expertise of the members of the ULI to come in and answer those questions as the deliverable. So, Mr. Lakey how is this different from the agreement that they presented to us? I understand the interest of being consistent, but since this is kind of a cost neutral type of contract, what was entered into and other examples are concerned with using those?

Lakey: The difference is the letter that ULI provided essentially outlines the scope of work and what you will pay them and there is a signature on it. There is not any additional terms that deal with the fact that we are independent contractors, they are not employees, they need to have insurance, they are responsible for their negligence, things are dealt with in accordance of Idaho Law and there is a termination language and so it is more formalized like a professional services agreement, it doesn't really consider whether it is for profit or cost neutral, it just lays out some of the basic terms. So essentially what they are proposing there wouldn't be any agreement underlining those terms it simply would be we are going to contribute or give this amount of money to ULI and we want this in return, without any specifications. So that is the difference between the two approaches. Like you said, it is kind of up to you, Commissioners, whether you are comfortable doing that. I think the exposure really on both sides is pretty minimal for what is happening, which is an argument maybe not to have a contract but at the same time it is also argument to have a contract. The risk on both sides are pretty low.

Pipal: Counsel if it is administrative cost and materials, would it be something where we could proceed with some kind of an invoicing system where we would reimburse for the costs, I don't know what the board's --?

Bird: We put our trust (inaudible) every year (inaudible) and I feel that they are volunteers (inaudible) and there are stuff in the contract that I wouldn't volunteer for if this was hanging over my head. I think they are entitled to some lunches or whatever when they are out doing some free work for us. I don't have any problem with it, while I think we need to have agreements, I am sufficient with that letter myself. So that is my two cents.

Escobar: I would agree. I don't see the need to make it more difficult than what it needs to be. It is not a large sum of money, I mean, it is \$3,000 but in comparison, I don't know if we have got purchase order agreements or petty cash or things of that nature to be able to pay for it, but it seems pretty simple and for their time and effort, I don't want to make it difficult.

Pipal: One of the things that I noticed is it did look like a scope of work. It had deliverables and had scope of work and deliverables in it, so maybe what we need is something that basically

talks – because the fee is to cover the costs of the administrative materials required for the technical assistance. The technical assistance would be agreed to scope and deliverables, so as long as we are in agreement on those, maybe we just really articulate that that is what we are paying for those – we are paying for those costs, because then it is just very clear that that is what we are paying for.

Basalone: Exhibit B, the first bullet is fairly clear. It is one sentence. ULI of Idaho charges a fee of \$3,000 to cover administrative costs, if we agree to pay that cost, everything else is their volunteer activity. It is really our responsibility to live up to this one sentence.

De Weerd: Then (inaudible) exhibit A.

Lakey: I guess what you are talking about is for the \$3,000 you are just paying the \$3,000 you are not asking to receive an invoice or tracking how those expenses are incurred, you are just saying I owe you \$3,000 and here is what we want, I think that is what I hear.

Bird: Well if you want to track it then we better add a little more because we need to pay somebody to take the time to do the administrative tracking then – I have no problem with it, if we can't trust them (inaudible) and that is my opinion.

Pipal: What is the pleasure of the board? We do pay counsel Lakey to do exactly what he is doing.

Bird: There is nothing wrong with it. He is looking out for us. But I think in this situation, I don't think that we need an air tight contract. Some situations we had in the past I wish we would have had tight contracts and I appreciate Todd looking out for us and stuff, but I feel that this is an organization that we belong to and evidently believe in it and they are offering to do some stuff for us with some brilliant minds and free of charge and the only one is some costs related to doing this, I don't think we need to have an airtight contract. Do the job right and we won't have to (inaudible) next year.

Basalone: In your Nampa agreement did you invoice for costs or how did you deal with the costs that were related to that project?

Kushlan: We agreed at the end after we provided the product.

Basalone: The second bullet on the exhibit?

Kushlan: Yes.

Pipal: I would entertain a motion. We have the agreement that is in the packet, but we also have the original letter that was submitted.

Lakey: I think that was in the previous packet. It is essentially what is in A and B, other than I did add a little bit of language in there about we are getting this information from public sources, we are not willing to spend a lot of funds on our part to put together what you guys are asking for, so that might be good if ULI is willing to have that language in there, if you want.

Ford: I would be agreeable to that lease just because there are certain things in talking with the city, we can provide a lot of this, there are some things that we might just not be able to get that information from and honestly I am trying hard not to spend the dollars on a title company to provide this information for us. So I think we can get - I am not saying (inaudible) – more of

what I was concerned about was tenure of occupancy on downtown buildings, physical conditions and some of those things that are really difficult to maybe have a complete answer for you, but I think a lot of this we can have.

Davis: (Inaudible) I think you might want to take your action first –

Pipal: What you could do Madame Chair is essentially ask for the board to sign that letter with potentially some adjustments regarding that language and give you the authority to do that and work that out with ULI, but I don't see any substantial changes coming from our side but that little bit, but language regarding what we provide on our side.

Pipal: Fundamentally, exhibit B?

Lakey: Fundamentally it is part of exhibit A, actually.

Pipal: Well the exhibit A, but I think also in terms of the financial --?

Lakey: Yes. The language I am talking about is in exhibit A the second page, the first bullet point –

Jensen: Are we looking for a motion? I move that we sign the letter submitted by ULI to engage them and authorize you to sign and a not to exceed \$3,000 to cover the administrative costs.

Escobar: Second.

Pipal: Further discussion?

Roll Call Vote: Bird, aye; Escobar, aye; De Weerd, aye; Basalone, aye; Jensen, aye; Pipal, aye.

ALL AYES. MOTION CARRIED.

Davis: We have about a dozen members ready to do this and feel comfortable with a broad base diversity and look forward in engaging and hopefully meet your team soon and my goal is to provide our people with a package before the holidays and say here read this at your leisure, but we will meet in the first week in January, hopefully and start dialogue just amongst ourselves just to get our feet on the ground. Get that pulled together is important. I really don't want to go into January and not have materials out to the people. And if this is expensive or difficult let's talk about it and figure out what we need to do to get these sources – we have got to have a package to these people – just a good baseline.

Pipal: And I am sorry, when were you thinking about having this packet to them?

Davis: I was hoping to do it before Christmas but we are only a week away, so I don't know. I would like to get moving. We did put a schedule in this contract –

Pipal: Ashley realistically what do you think we can do?

Ford: I will start working on this (inaudible) and the move is taking most of my time and I am still doing (inaudible) items with that. (Inaudible) are on the website in terms of our destination downtown master plan and so I think we can get the bulk of it I think in terms of maybe having

every use categorized and some of the more detailed information that may come later. But I will do everything I can to try and give you a complete (inaudible) this week.

Davis: What we anticipate in interviews with stakeholders, those property owners' downtown and tenants downtown and so your property owner list might not be the same as the tenant list, business owners and the reason (inaudible) we would interview them.

De Weerd: I think that list should be together. I know there has been a team that has gone out and visited every business downtown, so we should have that compiled.

Ford: Yeah, based on our interviews there is a lot of information that I can certainly pull pretty quickly.

Basalone: I am curious how you would inter relate with that previous presentation we had about the arts commission. Do you have an involvement on that panel as well being that we are talking about the downtown and all of its aspects?

Davis: That is a good question. I just came in late, I didn't hear the whole thing, but I was on the Boise City Arts Commission for about three or four years and experienced first hand and in fact the projects that she had were the ones that I sat on at the airport and it is a pretty neat process and CCDC (inaudible) are a big supporter – I mean funds for arts commission were hard to come by. There is a beautiful arrangement and I have seen the history or the department of arts and history or something like that and they have done so many nice projects in downtown Boise and so I think we are on the right track. But as far as our group interfacing I have no problem with that.

Pipal: Well it sounds like you will have your information in two parts. Most of it probably easily obtained next week and then a follow up packet of information.

Davis: Okay, thank you.

Pipal: Thank you very much for your time. For the record Member Jensen is leaving the meeting.

Lakey: What you have before you are 9 and 10 is the resolution, approving the agreement. It is actually the first amendment to the agreement. There was a lot of discussion about this at the last board meeting and you had an initial draft of the agreement and what we did was incorporate some of those specifics that we discussed at the last meeting, particularly in this case limiting the total additional amount, total maximum compensation under the agreement with Erstad Architects to an increase of \$24,000 for a new total maximum total of \$229,000 and then the specifics are provided – an initial invoice of \$16,000 by execution of the agreement and then the remaining \$8,000 broken down to those particular stages, 25 percent at closing, 25 percent on completion and then 50 percent on completion of the whole scope, including LEED submission and certification and there is language in there that says this \$24,000 is a flat fee, it covers all the way to the finish line. And that is essentially what we have in the agreement and Madame Chair was good enough to take that over to Mr. Erstad to be signed by Mr. Erstad and the Chairman and so we are looking forward to a ratification of that agreement and approval of that resolution 11-024.

Pipal: Members of the Board I did sit down with Andy and we walked through this agreement, we walked also through the punch list. I feel very confident after that conversation that we are entering into that agreement that will take us to the finish line. Counsel would you read the title?

**8. Resolution 11-024 Amendment to Professional Services Agreement with Erstad Architects:**

Lakey: Resolution 11-024, the first amendment to the professional services agreement for architectural services on the Broadway property. A resolution of the Board of Commissioners of the Urban Renewal Agency, Meridian, Idaho approving the first amendment to the professional services agreement architectural services Broadway property; (inaudible) first amendment between the Meridian Development Corporation (MDC) and Erstad Architects Consulting; authorizing and ratifying the execution of the first amendment by the Chairman; authorizing chairman, vice chairman and secretary and administrator to take all necessary action required to implement the agreement and providing an effective date.

Bird: I move we approve resolution 11-024 and for the chairman to sign and the secretary treasurer to attest.

Basalone: Second.

Pipal: Motion and a second. Any further discussion?

Roll Call Vote: Basalone, aye; Bird, aye; De Weerd, aye; Escobar, aye; Pipal, aye.

ALL AYES. MOTION CARRIED.

**9. Early Occupancy Agreement and Form of Purchase and Sale Agreement and Alternative Parking Agreement with VRT:**

Lakey: Okay, we have got a couple of items related to VRT. First being the early occupancy agreement in the form of purchase and sale agreement and this is similar to what we signed with COMPASS at the last meeting. The terms of the early occupancy, the issue with VRT has been the whole – do we charge a fee for that early occupancy? There was direction from this board that there should be some fee for that and what we ultimately negotiated at this point with VRT is that there would be a flat fee of \$5,600. That provides a benefit to VRT to where they are at currently, they are subject to enhanced rent essentially because after December they will be past their rental period so they are like COMPASS would have had to do pay 125 percent with their current location, where they are at currently. This would enable them on January 15<sup>th</sup> to have their telecom people come in and get their systems up and going. They would have the ability to start moving in on January 27<sup>th</sup> and it is a one time fee. Obviously our closing is planned to occur mid February, the bank note is due the first part of March on March 5<sup>th</sup>. If some strange things happen, the sky falls and you don't close on that date, it simply is a one time fee for them to be in and again we are going to move mountains to make sure we close before then. So a one time fee for them to go in and the rest of the terms essentially are the same as far as the early occupancy goes with COMPASS. One of the related items to that and included in this, VRT and this is kind of melding a little bit of item 13, VRT had their furniture that they were ordering to go into the building and they needed a place to house that furniture until they moved in and the chairman signed that license agreement for them to do that because they were needing to move that in initially on the 12<sup>th</sup> of this month. The license agreement provides that they are completely responsible and need to be stored in the center of the area and we would have to be moved if needed to be moved and it couldn't be in an area that would interfere with completion of the punch list items left in the building being the most important part. They accept complete responsibility for having it in there. On the 12<sup>th</sup> when the furniture folks were

coming to deliver it, VRT learned that they wanted to set it up then and if they didn't set it up then, it would be a couple of thousand dollar fee for not doing it, plus they had it commingled in a large truck and they couldn't really easily separate it all out. What has happened since then is the furniture company has agreed to store that furniture until January 9<sup>th</sup> and then we included language in the early occupancy agreement that says they are authorized to put that furniture in and assemble it on January 9<sup>th</sup> and again, they are still accepting all responsibility for having it in there. The only thing we would be responsible for is if some of our MDC folks intentionally damaged the furniture, you know, jumped up and down on it, set it on fire or whatever, otherwise they are responsible. So, those are the things that we have in front of us. The early occupancy agreement that addresses that furniture issue which was different from what we had in COMPASS's form. With that I would stand for any additional questions.

Pipal: Any additional questions for counsel?

Lakey: We do have Rhonda here if you do have questions for VRT.

Pipal: So Todd do you want us to handle the resolution and then the ratification of the storage separately?

Lakey: Yes, since it is kind of separate, the end of that kind of being tied together because of the changes of the moving plan. One other item as well, attached is the form of the purchase and sale agreement, which is what was attached to the reservation agreement. Here is our purchase and sale agreement, we are agreeing to this, essentially final form. It is not signed yet, but there still might be potential minor tweaks to it, but we are basically saying this is the form. So it takes a step out of the process that we have to do with COMPASS and VRT to close. There is one little paragraph in there in the miscellaneous portion that Mr. Ballard had pulled out of the COMPASS final form and I did get back to him this morning, but it does need to get pulled out here. It relates to everybody signing any additional documents that may well be needed and we are taking care of it and doing that anyway, so that one paragraph would be taken out. It is the third (inaudible)– paragraph under 31 miscellaneous.

Pipal: (Inaudible) for written insurances?

Lakey: Right. So that is Madame Chairman, if we could get the approval of the resolution 11-026 and then a separate motion on number 13 to ratify this.

Pipal: Counsel would you read title for the resolution please.

**10. Resolution 11-026 Early Occupancy Agreement and Approval of Form of Purchase and Sale Agreement with VRT:**

Lakey: Resolution 11-026 early occupancy agreement approval of form and purchase and sale agreement with Valley Regional Transit (VRT) by the Board of Commissioners of the Urban Renewal Agency, Meridian, Idaho, the Meridian Development Corporation; the resolution of the Commissioners of the MDC of Meridian, Idaho approving the early occupancy agreement and approval of form and purchase of sale agreement (inaudible) between the development corporation (MDC) and Valley Regional Transit (VRT); authorizing the execution of the agreement by the chairman or vice chairman and secretary; authorizing any technical changes to the agreement; authorizing the chairman and vice chairman and secretary and administrator to take all necessary action required to implement the agreement and providing and effective date.

De Weerd: I move that we approve resolution 11-026.

Bird: Second.

Pipal: A motion and a second. Any further discussion?

Roll Call Vote: Basalone, aye; Bird, aye; De Weerd, aye; Escobar, aye; Pipal, aye.

ALL AYES. MOTION CARRIED.

### **Ratification of the licensing for storage of Furniture for VRT**

Pipal: Okay, the license for VRT for the storage of the furniture has already been explained by counsel. Is there anyone that needs further explanation?

De Weerd: I guess just clarification. We don't assume any responsibility for damage unless someone jumps up and down on it?

Lakey: I think the legal term is intentional act on our part. Other than that they accept all responsibility, they have to provide insurance and we are not providing any insurance or responsible for it in anyway.

De Weerd: Just a follow up – do we have any kind of stipulation written into our contractors our general contractor then we don't have risk if any of the subcontractors decided they wanted to jump up and down on it?

Lakey: It says that we are responsible for any intentional acts of any of our agents, employees, contractors or consultants. So we would be potentially responsible for subcontractors or whatever if they are jumping up and down on it so to speak.

De Weerd: So the contract with Wright Brothers?

Lakey: I would have to go back and look. I don't know off the top of my head. Generally they are responsible for the acts or negligence of their subcontractors under the agreement, but I can't quote chapter and verse at the moment.

Pipal: Our contractor is nodding from the back of the room.

Lakey: Yeah, we do have a nod from Mr. Goodwin.

De Weerd: As long as he is accepting responsibility (inaudible). I don't know if any of the board members would be jumping on that furniture.

Lakey: I agree. One side note on that too, we should be done with the punch list and everything and in my discussions with Mr. Goodwin before January 9<sup>th</sup>. Again, we don't have that specific date, but as I discussed it I discussed it with Mr. Goodwin and Rhonda and initially they were looking at the week of January 3<sup>rd</sup>, Mr. Goodwin thought they would have all of the punch list done and once we get it finalized in a couple of weeks, so hopefully by January 9<sup>th</sup> they are done and out and we won't have anybody to jump on the furniture.

Pipal: Rhonda was able to work with the delivery schedule to try and avoid the work that is still being done before the furniture comes in, so we are minimizing any interaction with the furniture at all, let alone jumping.

De Weerd: I would move that we ratify the license of the VRT for storage of the furniture and effective by January 9<sup>th</sup>.

Bird: Second.

Pipal: Any further discussion? All those in favor signify by saying aye. Opposed same sign.

ALL AYES. MOTION CARRIED.

Pipal: Okay, we have ratified the license.

#### **11. Ground Floor Renovation Change Orders and Other Scopes of Work:**

Ford: Madame Chair this has been delayed the last couple of agendas just because our meetings have been running so long, so they are older items – but due to timing considerations with the Ground Floor renovations I approved a couple of change orders for a (inaudible) and (inaudible) signage that was different from the initial bids. Change order number 10 in the amount of \$901.17 went for the replacement of ceiling tiles that were damaged, so that came a little bit later and change order number 11, this is a result of an inspection by the Meridian Fire Department, we found the extinguishers that were in the building had expired so we had to replace those and that was in the amount of \$160.16.

Bird: They were expired or they just needed to be refilled?

Ford: They had expired was the terminology that was used to me.

Bird: I know you have to have them refilled or tested every year.

Ford: That was the typical term that I was given. So, the original (inaudible) that we had received in the amount of a little over \$500, unfortunately once they took the sign down and looked at the new current building, they realized we were about eight inches short of what we needed to be able to place the sign on the front of the building, so what we needed to do was put it on the side and have it modified – so those are the total costs in the amount of \$877.02 and so our amended budget, we are still underneath the \$70,000 that we talked about at the last meeting. We are at a total of \$69,391.07. The one outstanding bill that I know will come back and will be higher than initially thought, that would be for the security system. There is a number of reasons for that. One the electrical system in the new building we had to modify to accommodate that; two we have double doors verses single doors than we had in the original so we had to go put new magnets as well too and then the power supply, also needed to be modified in order to be able to accommodate the system without shutting itself down because of an overload and so we will have some additional numbers coming in. Unfortunately these were things that needed to be done. But if you all would like a tour let me know we are pretty much moved in and doing the final network modifications and getting the telephone up and running and I am pretty pleased.

Pipal: I would like to thank Ashley for not calling us in for special meetings for each of those change orders while our workmen stood around getting those things done. But we do need to ratify those change orders. Are we doing those in one, Ashley? I would entertain a motion.

Basalone: I move that we ratify the change orders to Ellsworth Kincaid and Yesco. Do we need the numbers?

Ford: The recommended budget right now is \$69,391.07.

Escobar: Second.

Pipal: A motion and a second. Any further discussion?

Roll Call Vote: Basalone, aye; Bird, aye; De Weerd, aye; Escobar, aye; Pipal, aye.

ALL AYES. MOTION CARRIED.

Pipal: Okay the Ground Floor subcommittee recommendations.

### **Ground Floor Subcommittee Recommendations:**

Ford: Madame Chair I think that is just Member Basalone (inaudible) – Dan do you want me to give a brief summary?

Basalone: Please.

Ford: In your packet there is an exhibit that shows the outline of the new Ground Floor and then I have labeled office numbers. We met as a committee last Friday and one of the things that is new to this Ground Floor location is that we have offices now, which we have not had that capability before. So as we are getting interest in these offices we needed to put together some (inaudible) recommendations. So we have five different offices at this point and the largest is office number one, which in theory could accommodate two or three people pretty easily in there. Then the other offices are varying sizes. So the Ground Floor committee met and discussed this and so what you see here is what the recommendations of pricing would be for each of those offices. The thought process being probably office 2 would most likely would be the office that I would use for my office hours for MDC and the Ground Floor, but as I told the committee I am happy to be wherever that makes sense for me to be. But that is one of the cheaper offices per the committee's recommendation. We had a discussion about the shared space and the community decided to recommend a shared space lease, rent of \$175 a month verses the \$199 that we had been charging. And Dan I know that you felt pretty strongly about the \$175, would you like to explain a little bit more about your thought process?

Basalone: Yes. Well being that there are – the private offices that you can see are the \$275, \$350 and \$450, we felt that in terms of income the income would still be greater than it was at the old location and the fact that we were charging a \$199, which sounds almost like a retail buy, we don't want to go to \$200 and make it look extreme. We thought that the \$175 was a fair amount for the spaces as they are (inaudible) because they are sort of in public type locations in terms of usage and we felt overall with all of the space taken into consideration that the income would be of an amount that is appropriate for the facility.

Ford: The other thought process regarding this year's space number is we have not had truly policies in place for the Ground Floor and that is something that I actually want to work on – (inaudible) be consistent, this is the perfect opportunity to do that and what this has brought up is we have a tenant that has multiple users and I ask the question do we charge them \$175 or do we charge each of those employees \$175 and so the committees discussed this and I think in order to be consistent and to be fair across the board, we are anticipating that it is \$175 per

employee, so if the company has two or three employees utilizing this space-able time, that is how they would like to move forward as a recommendation.

Basalone: We also discussed the use of the space for community meetings and the only cost involved there would be janitorial services essentially and so we were also going to recommend, although it is not on this list, I don't know if we have it separately or not Ashley, that they pay a small fee of like \$25 if a community group wanted to use the space to cover the cleaning, the security in and out and so forth.

Pipal: So with that \$175 and the other range of costs for those offices, how does that compare to what we are seeing in the downtown? Do we know how that would compare to other types of office space in the downtown area?

Ford: Madame Chair at this point we have not done a cost comparison at this time.

Basalone: Just to – I don't know Jim might know better than I what as to what square footage costs are for retail or office space downtown, but if you look at the \$450 for that largest office, we are talking about \$3 or \$4 a square foot.

Ford: It is very cheap.

Pipal: And is the recommendation of the committee still month to month?

Basalone: Yes.

Ford: That has not changed.

Pipal: So one of the things that would be different than what a commercial retailer would be doing downtown would be that they would be located within our Ground Floor, we are not doing – there is no plan to do any additional signage out front --?

Ford: No. The other thing that the committee discussed too was trying to be more consistent about having just true tenants and businesses there verses the one time events. Obviously business (inaudible) opportunity for that and trying to focus on the tenants and the businesses. I know that we have veered away from that in this last year just to get more exposure, but the committee felt very strongly about that.

Escobar: Ashley I have a few questions. The offices are they lockable and so when somebody rents an office that is their office and nobody else uses it?

Ford: Yes, it is on a short list right now however with the general contractor right now because I have keys for about half of them, but not the rest of them, but yes that is the intent. We currently right now (inaudible) locking file cabinets with them as well.

Escobar: The work room and the vault, how are those being used?

Ford: The vault is not being used at all. The work room currently the longer tables that we had in the front room, the old space is located in that area and that is considered shared space at this time. Initially we had planned on putting the cubes in that long space and having the front room as the shared space, where that longer table is, unfortunately the cubes are a little too wide and so only about a foot and one half to two feet of space between them and the walls and obviously that didn't work out too well. So we had to reconfigure a little late in the game.

Pipal: When would the recommendations go into effect?

Ford: As of January 1<sup>st</sup>. I kept everything consistent for this month.

De Weerd: I thought the cost models were supposed to mirror market – the idea was to create the flexibility so that they could grow and then relocate in existing space in the downtown, trying to attract, retain and grow our business community, so if we are that far below market rate you will never get those people to move out and I don't know mean "those people", I mean the whole idea was to create an environment that was flexible that would get them established and then relocated to other space.

Ford: Well actually we do have that success story. We have (inaudible) a tenant and it was Vertex Security has that exact situation and so they are moving in the market, they are not staying in the downtown core unfortunately because they couldn't find a space to quite fit their needs, but they are expanding this to (inaudible) even a larger office and so they are staying in Meridian, but they are relocating outside the core, so we do have a success story such as that. That is the first time that I have ever heard about market rate, but obviously I am new to this position and to these conversations in regard to those types of things. That was not something that was part of our discussion on Friday.

Pipal: Well, overall it has always been we are not in the business of competing against private business than it was – I know remember Basalone knows that well, he has always been a big advocate for that as he has joined the board.

Bird: I am just going to say that if the private business is getting \$.50 a foot, we had better be getting \$.50 a foot. We are not in here to undercut the private people and like Tammy said we are not a permanent home, we want to move it into some other office space. (Inaudible) stayed within the realm of private costs – it is not fair to the private business guy that pays the money to us to do this to go out and cut their throats to put it truthfully.

Basalone: I really have never heard this discussion before as far as rates and how they apply to the private sector and so forth. I assumed from our discussions with Ground Floor that this is a start up activity and that we are in effect encouraging private business to start up and being that it is month to month, that if we saw that there was somebody who was staying on for two years, we could terminate at any point and time and say it is time to move on. You had an existing business, there are other start ups that need to come in and get going, but if we are going to be charging the same rates as somebody else I am not quite sure how that fits into that philosophy as a start up.

Pipal: I am not part of the Ground Floor committee but I can fill in that gap for you because I was before I was elected chairman and the idea was not to create a situation where the tenant would be finding a permanent home, which is why I clarify that we weren't going to be signing for them and creating a permanent business location for them. If they were to go into any private space they would be creating their own space in that and enter into a longer term agreement. As our project manager said the spaces are not being offered so that expansion is possible within the Ground Floor. The shared office space – you know multiple employees and that sort of thing could be – you could add an employee and they could still share on a regular basis, not necessarily a permanent basis, but what we heard from the market was that we could not do our open space – there was no value to somebody in a startup business in our open space and so when we made the decision to move from the current location to free that beautiful retail or office space up for a real tenant, not a government tenant that we would bring most of that

philosophy but that we had to add the offices. We still needed to keep kind of an incubator pricing structure as we went forward. I don't know that – that was also why I asked the question about the market rates because I wouldn't anticipate that somebody and didn't when I was on the committee, anticipate that somebody would look to us for their expansion at all. So if they did grow and they did need to move and they needed a storefront and permanent location hopefully they would stay – we are happy that our other tenants stayed in Meridian but we want them to stay in the downtown area. I don't know if that answers the question, but it was supposed to maintain an incubator like structure.

Basalone: How was the \$199 arrived at originally then – the existing --?

Pipal: It was actually established with our then partner – VengaWorks. We had looked at some similar structure as they were doing – they are no longer in business and for probably some of the same reasons – we were told by our tenants and by the people that were coming to us that it just wasn't working for them the way we had the Ground Floor established and we lost people because of it.

De Weerd: I guess then if that is the case then is there some kind of agreement that within a certain time period they find permanence?

Basalone: That would be my recommendation exactly that if it is an incubator and it is a start up how much time is reasonable to start up a business? Then I think we need to have some connection with real estate or developers or whatever to point out what our the alternative locations in the downtown area because when I look at the downtown area, I don't see a whole lot of retail or commercial spaces available that somebody could move into. So I think they need to at least let them know you could move to this, this and this location which has square footage that can accommodate you and so forth in the downtown area, maybe working with the Board of Realtors or somebody that would point that out to these incubator participants.

Pipal: I think the last thing we want to do is have inconsistency with the people who we are currently working with and we have told them that we are going to make a recommendation. I guess, the board, if we still felt like we needed to have more discussion we could always extend the existing structure for another month, but leave the recommendation from the committee as for us – there is also going to be if I understand correctly some policy work that needs to be done and how we deal with some of these things in more detail?

Basalone: Yes and the cost involved with maintaining and so forth, yes. But I think that we also need to have a broader discussion as to what are the ultimate goals and how does that factor in because that needs to be a part of this and I don't think it is just the cost for the location, but the overall progression of moving out.

De Weerd: If the committee could take a look at those next details – just hasn't been visited in a while.

Pipal: It has been quite a while –

Ford: I would like to have a policy document and some (inaudible) that we can hand out to all of our tenants –

Pipal: Other than just the agreement?

Ford: Absolutely. So they know what that level of expectation is for their behavior as well too.

Basalone: And articulate the philosophy as well.

Ford: I had planned on doing in the next months researching other incubators and just kind of take a look at what others have done, what has been successful over others and bringing that back to the committee and then coming back ultimately to the board.

De Weerd: Just one more thing and I do like the idea that Member Basalone had with the inventory of the available space and how we can keep that going and available to those that might be transitioning out.

Pipal: I think one of the things that had come up prior to some of these discussions in the move was having the actual – the folks that own in the buildings in downtown have access to our tenants on a one on one basis to let them know what is available. We hadn't decided specifically what that would be but to encourage that they would move out of the Ground Floor into the downtown. So, we have the rate structure on the page with the layout – that is the recommendation from the Ground Floor subcommittee.

Basalone: I might add that obviously this isn't concrete, it is something that we are working on a month to month basis and we can change it as needed in the near future or far future. But this price structure is consistent with what we are currently doing with the initial space involved and security and privacy.

De Weerd: I would make a motion to approve the recommendations by the subcommittee with a reevaluation in three months to bring back policy and recommendations on moving forward. That way if people moved in they will know it will be reevaluated at a certain timeframe.

Basalone: Second.

Pipal: Any further discussion? All in favor signify by saying aye. Opposed same sign.

ALL AYES. MOTION CARRIED.

Pipal: Thank you Member Basalone.

## **DISCUSSION ITEMS**

### **12. Broadway Building Construction Update (Wright Brothers):**

Pipal: Bob would you like to join us and thank you for your patience.

Goodwin: Bob Goodwin with Wright Brothers.

Ford: (Inaudible) item number 16?

Pipal: Oh, I forgot they changed the agenda while I was being (inaudible).

Ford: (Inaudible).

Pipal: Okay, well you get to sit through two. I am sorry, item number 16.

(Discussion continued below)

Ford: We have the issue before us with the concrete paving – so I think it will be more of a directive change order at this point versus the change order that is in front of us (inaudible) some direction – so Todd what would you recommend?

Lakey: Well, Madame Chairman, Bob would be the one to explain it. There is issues about how do we – how is the parking lot, concrete and asphalt and outside issues be approached? Ultimately we have to have the architect review the action and determine whether it is appropriate for a change order. Sounds like the items are needed. I guess the ultimate question is who pays for it? Bob submitted a letter to the architects and they are reviewing it, so before we decide to approve a change order, they have to go through and review it, but maybe a discussion of what is needed and some direction from the board on how to proceed would be appropriate, then we can approve the change order or paying for it until we get that direction from the architect.

Ford: I have not heard from him before the meeting today.

De Weerd: How long has he had it?

Ford: Monday. (Inaudible).

Pipal: I think our initial conversation was to wait –

Ford: Well there are two different issues from what you and I talked about. So there is the asphalt paving issue which we decided we need – we don't really have a choice, the asphalt plant has shut down, so we have decided that we just need to prep the area for that for winter, do what is necessary for that and then pave in the spring for that. The other issue and Bob needs to explain this a little bit better than myself and (inaudible) concrete and this is our storm drainage system, so this is a must act item is my understanding from Bob, we don't have the luxury of not doing anything until the spring with this or we are going to have some serious issues, which involves some costs associated with this and so if you have a few minutes and we could have the conversation then that would be great, as we are not having another board meeting this month and it is time sensitive.

De Weerd: My question is why are we still working on this? Isn't this irrigation ditch something we have heard about for – I mean I am growing old just talking about it. I am sorry but it is just driving me nuts. I am so glad I am not in the construction community.

Bird: I agree with Tammy, the asphalt I understand. The water shed out – which takes me off everybody had knew that that drain ran out of there somewhere – anybody with common sense, when you have got a box there you know it winds up over here and it has to come through there – anyway, we don't have our concrete work done and I don't know why? Bob can probably explain it, but we don't even have the exterior part of the building done.

Pipal: Bob where is the decision point on this? What do we need to give you direction on?

Goodwin: What we are up against is with the asphalt plant's closing down there is no longer until spring, they are saying possibly February but that is dependent on temperature and weather and whatnot, is that the only thing that is available and it is only available today because they are mixing it is what is called cold mix and basically what it is is a cold (inaudible) asphalt, hot asphalt is usually 180 to 300 degrees, cold mix is just bashed, basically the same materials just cold. You lay it out in a mat, roll it in and basically protect your base material from getting tracked all over the place.

Bird: And every time a car runs over it it breaks up.

Goodwin: Definitely doesn't have the durability that hot has.

Pipal: So it is a temporary and will just get us through to --?

Goodwin: Until we get the plants back up in the spring time and then we can come in and pull it out (inaudible) and get your permanent asphalt. It will keep the gravel – if they utilize the parking lot otherwise they just don't utilize the parking on the west end of it which is an option, but if you leave it in gravel and track out it will get into your pervious concrete areas if you decide to have it poured and then there is a certain life span of that pervious concrete and it can potentially shorten the life of it, a couple of years or maybe a few years because the spines get in there and plug it up and then you have also got the alley for tracking out on the streets and that. The adjacent building, the AEI, his roofs drain into the alleyway – one large concern there is those drains go into the alleyway and the trash truck running up and down there you could end up with a truck stuck in the alleyway.

Pipal: So what you are asking us an option would be to use this cold port to basically protect this area and keep it from --?

Goodwin: Right. It will eliminate the track out, it helps eliminate the contamination of the pervious concrete and then it also provide a hard surface for the drainage and that adjacent (inaudible) into the alleyway.

Pipal: What do you estimate this would cost?

Goodwin: For a three inch mat and roughly 15,000 and we can go (inaudible) shorten section (inaudible) – 12,000 for two inch. What that 12 inch is that for the cold mix, that is also for the removal of the cold mix and the reprepping of the base prep, so that includes all of that.

Pipal: And in your experience if we don't do this, what are the costs to repair the area based on how the material might break down, we might lose on the life cycle?

Goodwin: (Inaudible) to concrete area because that is your storm drain system – in a traditional installation you have got drainage and this and that (inaudible) so if there are any (inaudible) that travel across the pavement they go in and catch it and your water goes on down the system. With what you have here with not a traditional system, the pervious concrete areas are your storm drain system, which the water sheds go into the pervious concrete, into the (inaudible) base and then down in through the drainage and goes back into the ground.

De Weerd: Probably the question is do we not need to do it, the question is why are we at this point and time having to put in a temporary fix because we didn't get it done (inaudible)?

Goodwin: (Inaudible) been part of the discussion since we first started talking about the irrigation lateral – anticipating getting done roughly about the middle of December and that is why at that time in those earlier discussions I had thrown out the idea of using even rafts which are recycled asphalt material. But it is not – it is basically a gravel material, you can get some compaction on it, but it is not going to create as hard of a surface as the cold mix. But this has been part of the discussion in the timeline in the beginning from the date that it wasn't able to be installed at the front end of the job.

Bird: How long did it take to do the rework of the drain ditch underneath there?

Goodwin: About five days.

Bird: Five days. The water was turned off October 5<sup>th</sup>. When did we start?

Goodwin: The Monday after Thanksgiving.

Bird: From October 5<sup>th</sup> to then?

Goodwin: Yes, sir.

Bird: Is there a reason for that?

Goodwin: Yes, sir because I requested to continue the work from the east and continue to the work from the west when I knew that I could strain my site, I had 30 foot towers for masonry that I had stood out not only for a safety concern as far as that limited area that I have to work in for the turn radius of the 10,000 to lift and unload and supply the masons with their materials, there was not room in that 50 or 60 feet for the turn radius of the lift and also have an 8 foot trench open, otherwise --?

Bird: How far behind was the masonry then and why were they behind?

Goodwin: He was pushing ahead as quickly as he could. I mean, he was right there on the completion date as far as being done, it was a matter of setting the (inaudible).

Bird: The cold mix, I don't see the trash trucks running over it two or three times – a bunch of asphalt cold mix is what it will be and it will just be like gravel. I put a lot of cold mix down at the speedway and the walkways and entrance into the pits and stuff –

Goodwin: Yeah, obviously it is not –

Bird: You have semis run in there from AEI down the alley?

Goodwin: Yeah.

Bird: The parking lot – I don't know – you get it all prepped and get the base coat on there – my biggest fear is not having any drainage – that is what happens next spring – on the same token I am afraid the cold mix is going to crack and we will get the same thing. If we get much moisture it is going to go down too.

Goodwin: My concern (inaudible) but the alleyway; I would be more concerned with the turn radius going in the parking stalls and the parking areas is more of my concern (inaudible).

Bird: To me it is a lot of money, but on the same token it can really screw up your –

De Weerd: So what are the options, Mr. Lakey?

Lakey: I don't think we can or should approve doing x, y or z until the architect looks at it. Ashley got an email this morning while we were sitting here from Erstad saying I have got some additional questions and need some additional documentation, justification – I think the most you could do is authorize the chairman to approve a change order – if you understand what the

amounts are subject to the architect recommending approval, otherwise we wait for the architect and have them bring the change order back and deal with it then.

Goodwin: The work is included in this letter is in conjunction with CCD 03, which is still out there, which is the work within the irrigation easement. So this was more to help you get what the costs, the pricing is that we are looking at and in order to get hopefully a direction because like I say today is the last day that CNA pavement is bashing the cold mix and so after today what it does is we are out of options – cost effective options because then the only option is to go with (inaudible) concrete if you want to put it down from the surface other than gravel.

Bird: I was going to say, have you been successful putting down gravel over the base like that for the winter? Having gravel instead of cold mix?

Goodwin: As far as (inaudible)?

Bird: Yeah.

Goodwin: (Inaudible).

Bird: My biggest concern is the drainage. If we can't get it through the base it is going to sit there and –

Goodwin: The one thing good about it when we were (inaudible) I had them X out (inaudible) just a matter of getting in and getting it done and pushing the job forward. Because with the temperatures that we –

De Weerd: The chairman has to go so we just need to know –

Bird: After the architect brings us back something, until then it is on hold.

Lakey: Is this something that Wright Brothers thinks has to be done and then you guys will order it and then you guys figure out the cost later?

Goodwin: No that cost has the price (inaudible). We could do a wraps too.

Escobar: If we do the recycled asphalt we don't have a time constraint is that correct? Like today if we do the other asphalt option?

Goodwin: Right because it is just ground material.

Escobar: So we can make a decision and let the architect guide us – I don't think that the recycle asphalt is going to be that much worse than the cold mix.

De Weerd: So a motion to authorize the chair for a not to exceed amount once an opinion from Erstad Architects –

Pipal: Well I think normally the way that we have done this is the architect has brought forward the recommendation and then once it has been fully vetted by the architect, then the change order comes forward, so I think what we are looking for today is for the board to authorize me to work with the architect and a recommendation?

Lakey: If the board wants to approve and enters an amount not to exceed, subject to you and the architect being satisfied, you can do that, otherwise it is –

De Weerd: Otherwise you can't do it –

Lakey: Otherwise you wait. If you are doing that you are not saying you are paying for it you are saying we are willing to pay for it if the architect says we are supposed to and the board agrees to it. So you are potentially saying we are willing to if it is appropriate. Otherwise just wait and look at it fresh when it is there –

Goodwin: At this point what is time constraint is me having to get a hold of the (inaudible) and tell them yes I need an X amount of ton mixed up for cold mix – at this point – I mean if there is more discussion needed I am fine with that – we will just have to choose a different method (inaudible) or whatever.

Pipal: So the motion is to authorize the chairman to work upon seeking input from the architect to work toward a resolution in a not to exceed amount of – what is it?

Bird: \$12,000 or \$15,000 –

Goodwin: (Inaudible).

Bird: (Inaudible) when you get the cold mix either – there is a batch –

Goodwin: Yes, sir. So if there is additional discussion that needs to be had – just within that matter of the next few hours I can't get that order in the batch plant to tell them I need X amount of mix – I would just table it, would be my suggestion.

De Weerd: Yeah.

Lakey: No position, different option.

Pipal: All right, I am sorry I must adjourn.

**13. Broadway Building Partnership Update (Ford):**

**14. Counsel's Report (Lakey):**

**15. Project Manager's Report (Ford):**

**16. Change Order Number 6 (amended onto the agenda):**

Ford: So Madame Chair this week I received change order number 6 for \$7,089.66. It added approximately six different items. One is for having (inaudible), pumps, (inaudible) power, steel door frame for elevator equipment, metered power tool (inaudible), although that did not have a cost associated with it, it was indicated as a change order request. So I was hoping Bob could just talk a little bit more of the technicalities and what these exactly mean.

Goodwin: (Inaudible)? The reason that is a negative because also what we have done is there was still monies left in the electrical allowance, so we took that money out of our contract and gave it back for your funds. I did not bring a copy of it, I am sorry. As far as the door on the electrical ground that was a requirement by the Department of Building and Safety Services.

The original design on the door was for a (inaudible) rating as far as – or excuse me the elevator equipment room has to be a minimum of an hour which means that door has to be (inaudible). In the interest of keeping the cost down and the location of the door, it was the most cost effective use of the door and it was also the quickest as far (inaudible) and get it installed. So, I ran that all through the architect and he approved it. It was inside of another electrical room (inaudible) painted it brown to match. The add for the modifications to the toilets and the ADA stalls that was – the original fixtures in the spec for the ADA stalls were just the standard toilet, they were roughed in for standard toilets and whatnot until the inspector came out and was requesting the (inaudible) and then we forwarded the RFI onto the architect and they further investigated and found out the fixture schedule for the regular toilet and it needed to be a different fixture to meet the ADA requirements. The add for the (inaudible) pumps – through the addendum process for the cooling unit (inaudible) the units were changed through the addendum process and in that addendum process the (inaudible) drain was taken off of the units. They were in the original drawings through the process and they got eliminate in the change of the units. So we sent the RFI off again to the architect and engineers – because of the amount of space available and the amount of duct work and everything else that you have in your ceiling cavity above the acoustical ceiling and your structure, there is no room to make (inaudible) as far as required for code for the (inaudible) drain where the pump mounts on the unit. So it requires that a (inaudible) pump be installed, so that is what that add is for. The (inaudible) cabinet and as far as hanging that for a single phase power – on the drawings again it was noted as being three phased power, the transformer was to be three phased power, but the issue is that that transformer that the (inaudible) cabinet is powered from and the adjacent buildings (inaudible) – that building is set up for single phased power and so we can't tie a three phased transformer into a single phased building, so the transformer got changed which in turned required that the mires have got to be changed to accept single phased power. So the (inaudible) back to the factories and have the internals changed to single phased power and we have got it back. The add in the meter power source, that is a – under historical lighting Idaho Power will (inaudible) allow for site lighting depending on the agreement to be tied right into a transformer and then a flat rate be charged. As soon as the electrical outlets were added to those historical poles, Idaho Power will no longer honor that agreement, so it has to be mirrored, so the most cost effective way was to take and tie those into the existing irrigation controller there that already has a meter for the city and so that is what that charge is for. Then the initial data is you have got a few days on there for the condensate pumps which is for the delivery and installation and (inaudible) and it actually took two weeks (inaudible) for the mires cabinet to be shipped back, changed out and sent back to us at no cost add for just whatever delays to the month of October. The average precipitation received in the month of October is generally about a third to three tenths of an inch. This year I think it was in a shorter duration of about two weeks we actually received four times that amount of rain. (Inaudible).

Bird: Bob on the five days add for the pumps, why would they add five days? I mean what actually work other than – I mean a ceiling tile and everything was already in and all you had to do was remove it and then put the pumps in and why would that delay the job five days?

Goodwin: That is to meet the substantial completion of the job. It is not necessarily the amount of time that it takes because it is only really a two day process to install the pump, get the (inaudible) there the next day to tie (inaudible), you know what I am saying, it is the two weeks it takes to get the pumps in.

Bird: What part of the job is that holding up? Is it holding up the roof of the ceiling tile or the putting in the servers or what?

Goodwin: Yeah, the IT equipment because they set them and they ran one or two days of the set because my understanding is their temperature – they don't like for those to get over 85 degrees and so we scrambled and tried to push them forward and deliver of them, so there was the full two weeks, so their servers were set up for maybe a day, maybe two from the time the pumps got here and tied in and all of that.

Bird: The servers weren't up and working were they? Were they active at that point?

Goodwin: I believe so. They have interacts in there and it was more up on COMPASS's space.

Pipal: Any additional questions. Okay, change order number 6. What is the pleasure of the Board?

Bird: It looks by this we are adding 14 days to the end of the schedule.

Goodwin: Which has already come and gone.

Bird: I realize that, but it is still (inaudible), Mr. Lakey?

Lakey: Been done, come and gone.

De Weerd: Don't look to me, I hate change orders.

Goodwin: As far as on the other side (inaudible).

Bird: That part I like. It is the 14 days I don't like. To be truthful to you and be right up front, which I always am, I am absolutely as an owner embarrassed to move a company into a building like that in that shape. If I was a private owner, I mean – I would certainly if I was COMPASS invite friends to come in as it looks like a pig pen over there. I have stated my case.

Pipal: Would you also like to make a motion?

Bird: Oh, I will make a motion that we approve change order 6, but I do question the 14 days, but I do approve it.

Escobar: I will second.

Pipal: A motion and a second, is there any further discussion?

Roll Call Vote: Basalone, aye; Bird, aye; De Weerd, aye; Escobar, aye; Pipal, aye.

ALL AYES. MOTION CARRIED.

#### **17. Certificate of Substantial Completion (amended onto the agenda):**

Lakey: Bob may be able to help with this as well. We have the proposed certificate of substantial completion that we received from Erstad Architects. As you will note on there it is for basically the interior of the building. It does not include the exterior, the parking lot and site work and talks about landscaping being completed as soon as weather permits. With the certificate of substantial completion, the way that works is the architect is supposed to – well technically the first request comes from Bob at Wright Brothers, goes to the architect, they do the walk thru and in fact we did the walk thru as part of early occupancy with COMPASS and

VRT and so everybody was there at the same time going through things and generated the punch list that is attached with the certificate of substantial completion and Andy Erstad got that to us, I think Friday afternoon and we sent that over to COMPASS and VRT wanting to make sure that they are okay with it being part of our early occupancy process and Rhonda got back to us with just a couple of small minor changes and we looked at that and discussed it with Bob yesterday and that weren't any significant issues there. Some of it was take out some wood baseboards that were included in here, although COMPASS and VRT will take care of that in their own way and a couple of other smaller items and some answers to questions. So I think the certificate of substantial completion is there, the only little issue is we haven't heard back from Erstad Architects on a couple of changes that COMPASS and VRT had. This is a short kind of turn around item because Bob needs to get going and get the subs in there and finish the punch list. What I would look for today is and the Chairman had been ready in signage just in case we needed it, but now that we are waiting to hear from the architect and COMPASS and VRT, ask for approval of the certificate of substantial completion and the chairman to sign that with the understanding that we may need to modify the punch list (inaudible) in consideration of the items that COMPASS and VRT mentioned. Bob or Madame Chair if there is anything else or --?

Pipal: Just for clarification, we are just talking with this for the interior of the building? This is just for the interior of the building and it is not for the exterior or the sidewalk?

Lakey: Or the parking lot, correct.

Pipal: So perhaps what we would want is approval for the chairman to sign the certificate of substantial completion for the interior with the minor changes proposed by VRT to the punch list.

Lakey: Yes, I am giving you kind of the authority to address those. The architect really needs to put that punch list together and get that finalized but I think that will give you the discretion to deal with those items, whether the architect feels they are adequately addressed or recovered in what's there – give you the authority to do that.

Bird: How much punch list do you have left with VRT? Have you got everything completed and is it just punch list?

Goodwin: Yes, sir.

Bird: How about COMPASS's area, is it (inaudible) – the copy I have got is quite a bit of –

Goodwin: Yeah. What I have to do is get the final punch list from the architect in order to break it down per responsibility of the contractor and I also have to go through and check it against the plan, because there are some items in there that are specified items and really nothing I can do about it. Just for an example, they have got noted in that rather lengthy list that there is a cap missing on one of the hinges, well the cap is not missing, it is the spring on the hinge and the cap that they are talking about is the head (inaudible) for the door hinge, but that particular style of door hinge that they have doesn't have a "cap". It is a spring loaded hinge and that is how they are made. That was what was specified. So I have to go back through all that stuff and compare it to what is in the contract drawings and what has been submitted, what is specified and those things. I don't think – the majority of it is small items, and just like my discussion with the architect, every time you run a new set of eyes through somebody is going to see something and I could sit in this room and start picking it apart, but I go through and I put together the punch list to the best of my ability in trying to catch everything as much as possible when you have been on the job for seven or eight months, so I have been staring at it the whole time and

that is why we do the punch list process to get a fresh set of eyes and go through and make sure that we get everything taken care of, that the owner and everybody would expect.

Bird: Also now you have got about 22 more eyes in one location.

Goodwin: Yes, that is the reason we go through and do the punch list to get it established – we had if I remember correctly there were 8 or 10 people who went through (inaudible) which is a pretty good party of people going through.

Bird: Red is not done?

Goodwin: No, red is what was added by the architect. Go further discussion as far as standard for punch lists as far as doing inspection on drywall and there is a certain distance in the actual ASTM's that they quote in the job or the specifications in the job – stand so many feet away and so many of an angle, so much natural light, but it can get crazy. I just want to get the list done.

Bird: You are not the only one because like I said I am flat embarrassed as an owner.

Basalone: Following up on Commissioner Bird's concern about the condition of the building for occupancy. If we are going to allow her the occupancy is there any safety hazard that occupants would have to be cognizant of?

Goodwin: No, all the life safety issues are taken care of through the inspection process. Ingress, egress, fire, smoke, fire sprinklers, work area – basically what we are down to is paint that stuff, just small items.

De Weerd: (Inaudible) the certificate of occupancy. So do you need a motion?

Pipal: I do.

De Weerd: I would move to approve the certificate of substantial completion for the interior to authorize you to work with the parties to finalize the punch list.

Escobar: Second.

Pipal: All those in favor signify by saying aye. Any opposed signify the same.  
ALL AYES. MOTION CARRIED.

Pipal: I have a media event at 10:00 that I must be at in Garden City, so I am going to need to excuse myself.

Ford: You are the quorum.

Pipal: The reason I am saying is are we done with the action --?

**(Discussion moved up to Broadway building construction update item)**

**18. Adjourn the Meeting (Pipal):**

Bird: I move we adjourn.

De Weerd: Second.

Pipal: All those in favor say aye.

ALL AYES. MOTION CARRIED.

(AUDIO ON FILE OF THESE PROCEEDINGS)

APPROVED:

\_\_\_\_\_  
JULIE PIPAL, CHAIR

DATE \_\_\_\_/\_\_\_\_/\_\_\_\_