

MINUTES
MEETING OF THE BOARD OF COMMISSIONERS
Wednesday, October 26, 2011, 4:00 p.m.
Meridian City Hall Conference Room
33 East Broadway Avenue - Meridian, Idaho

1. Call Meeting to Order (Slocum):

Meeting called to order at 4:05 p.m.

2. Roll-call Attendance (Slocum):

 O Julie Pipal – Chairman
 X Craig Slocum – Vice-Chairman
 X Eric Jensen – Secretary/Treasurer

 X Keith Bird – Member
 X Jim Escobar – Member
 X David Winder – Member
 X Tammy de Weerd – Member
 X Dan Basalone – Member
 O Jennifer Pike - Member

 X Joe Borton – Counsel
 X Ashley Ford – Project Manager

3. Confirm Agenda (Pipal):

Bird: I move we approve the agenda as published.

Jensen: Second.

Slocum: Any discussion? All those in favor say aye. Opposed?

ALL AYES. MOTION CARRIED.

4. Approve Consent Agenda (Pipal):

- a. Approve Minutes of October 12, 2011 Regular Meeting:**
- b. Accept Ground Floor Report:**

Bird: I move we approve the consent agenda as published.

Jensen: Second.

Slocum: Any discussion? Hearing none, all those in favor say aye. Opposed?

ALL AYES. MOTION CARRIED.

PRESENTATIONS

5. ULI Technical Assistance Grant Committee:

Slocum: Come on up whoever is speaking. Eric is speaking?

Davis: I am Eric Davis and we are all with Urban Land Institute Chapter here. This is Stan Cole of Cole Architects and Don Marion (inaudible) and we have taken on a challenge that was requested originally of Ashley a year ago and that request kind of came to us among other things (inaudible) proliferations and we decided now to focus on it and develop a committee to see if we couldn't answer some questions and provide some information to you for your report with regard to how you might approach something downtown – (inaudible) development downtown. We weren't sure how to frame our approach or if we wanted to take it on and so we threw it around a little bit and I admitted in a recent annual meeting that I would help out with this and if anybody would want to help me to make it known and I will stand volunteer with the meeting and a couple of others that can't be here today because of travel, but then we said the first thing we have got to do with Ashley and members of the Board and Craig showed up and we sat and talked for maybe an hour and a half and kind of my thinking is well did you think about this and did you think about that? Sort of a well, yeah. Well how are we going to objectively approach what might help you and get our people energized with something that is creative and we think we have come up with an approach with adding more people to our team and then your assignment of a subcommittee that we could interface with informally and comfortably and process by which our side would go we off and we would gather information and then go off and meet and think and talk and come up with support and then meet with your team and exchange thoughts and ideas and maybe redirect some things and go away again and come back maybe two or three times and have something for you to digest as a result of that. It isn't finalized, but it may take form of our group looking at your downtown core with your destination plan in mind and current conditions and just say what would our group say would be the block or district of your downtown that we might suggest that you do in the short term to advance a long term goal of your study. Well, what could we do in the next six months or year? What would we do if we had all of these resources and a long the way we would say well why do you say that? What is to be considered and what came up and I think it will be fun. It will give us a creative outlet and kind of what our mission is and practice our wares. So we are excited to get going, but it is all subject to your evaluation. I mean there is a couple more steps to go through to get it turned on. But we are here to acknowledge our willingness to go ahead. You guys want to add anything? I thought it would be a good idea if I wasn't the only one here. So I dragged these guys along.

(ULI REP): A lot of you here were affiliated with the Urban Land Institute and some of you weren't. So I guess I would throw out that the Urban Land Institute is a international organization non profit group that brings together really a cross section of private development and public entities as well for the pursuit of the best practices of development and it is world wide and does studies, research and different projects that help cities and communities with the best practices. The Idaho Chapter has really been contacted by Ashley who has been involved and Craig and ULI and has been a part of that organization as well. And we through the Mayor's Forum a few years ago, I think that is what started the catalyst for the idea that the ULI might be able to add something unique and beneficial to advance forth the idea to downtown development concept. We did the same thing last year for the City of Nampa with a project and that task force that Eric talks about is a volunteer like us that we pull architects and developers

like us together and put a creative hat on what can be done pretty much on the private sector side and what is going to drive development in a particular area and I think that is kind of what we have looked at with the downtown Meridian core. I think that as Eric said kind of start through various meetings – a year ago it was kind of a long list of stuff that we thought was kind of too much and so we tried to zero it down to something that is manageable and we think that is something that ULI can add value too. So that is my two cents here. Maybe you have some questions or any ideas of those of you that are close to what we are trying to do and we might shape our next steps.

Ford: I am just tickled and I am so excited. I have been involved and many of the board members may know and I have been involved with the ULI since the district council started and up until a couple of months ago, I sat on their management committee, sit on their advisement committee, I am on the leadership board as well and I have seen the product that has come out of ULI on a national and local level. And knowing these three gentlemen here I don't think we could ask for a better group to help work with us and give us ideas and different perspectives – to have a developer, to have an architect and a commercial broker to really give us realism to what and how we want to implement destination downtown and what we should be thinking about in moving forward – it is so important. I think we get caught up in our vision and what we want to see so there is the realities, I think, too, and so there is the realism again, but also the creativity from their perspectives too. I am really excited about it.

Slocum: As we discussed this board as we originally made the application to ULI, there is a level of commitment not only from we need to establish a subcommittee that can meet on multiple occasions with ULI's taskforce there is also a commitment of some financial amount to assist in publication and I don't know what else – I think Nampa's efforts were in the \$4,000 to \$5,000 range.

Davis: To characterize it I think the best – we don't know where the costs – we volunteer time and we have some type of lunch time together but our group has an annual budget and we don't have bake sales, we do this as one of the things – we have dues and we have some studies that we do and that is one of the sources for our income and so we are not bashful about it. So we have some thoughts (inaudible) and I haven't talked to Ed, our treasurer on that, but I thought of something a little bit different in the subjects of the amount of deliverables that we – in this case we have talked about a bound book – not planning on doing a bound study, this is more of a soft interface with your group. There will be bullet points that come out of this and I would think that on your side that if your subcommittee takes those centering points that as the interface review and there will be (inaudible). Given that if it turns into a big report maybe we can (inaudible) to Nampa – but it takes a lot of thought because people have to write this stuff and if the group starts to dwindle we want to make it exciting and people can come in and give their ideas and not be burdened and okay you have to do chapter six and it is due –

(ULI REP): I think Nampa spent a hundred grand on the previous study and they weren't happy and had the same results with the ULI study and –

Davis: But if you want to go ahead with this subject to that we could go back and have Diane Kushlan who is our administrator and put together a proposal of sorts and deliver it and we could get that back to you and you can think about that. We have already started to channel some of the notes from our meeting channeled down and she is at the National Convention this week.

Ford: One of the other points that we made in the application process was my time for the resources to be able to help these gentlemen and to kind of bridge that gap between the

committee and the ULI committee as well too and obviously the locations for meeting spaces and those sort of resources as well too. We did bring some other things to the table.

Davis: I think the message is we are encouraged and excited about putting some creativity to something. I say that because we haven't drilled into a block or a project that might be, but in talking with you folks last week and being able to kind of get to a point where we can provide some focus. I think that is what the committee is committed to and our volunteer time (inaudible), but I think the input from the group that we will tap into will add some value to this group.

Slocum: I think we started the meeting last week, probably not any of us knowing really what we were asking for or what we wanted to get out of it, but in the hour or hour and one half I walked out excited that in the end we could have a lot of good information and some assistance as we talked this year's strategies in the last two hour's it would probably help us focus on what we would be doing in 2013 fiscal year.

Ford: You know those outstanding questions that we had in terms of who should we be targeting, should it be downtown and (inaudible). I think as part of this overall conversation as we continually go back to as a board those questions as really important and I think between the two committees we can come up with whatever that end product is and I think we are more, at least from what Craig and I have discussed we are more interested in being able to just get some tangibles rather than an annual report that just sits on a shelf. That is what this board is interested in.

Slocum: We don't need one of those. We have plenty of those.

Ford: Yeah, we want action items.

De Weerd: So that is what the committee discussed that our take a way's were the results, the place making targeted businesses type of –

Ford: That is part of the overall big conversation, Mayor, I think that one of the things that we have (inaudible) of the subcommittee whether that is Craig, David, myself or other board members, I think that is part of what we still need to discuss a little further with the ULI committee as to what that looks like, but I think we were able to hone in a little bit closer to what that looks like, for sure.

De Weerd: So once you create the vision, you will build it Eric?

Davis: Well if it is something to be built, yeah. It might be an activity or fruitful ideas. We have kicked around a lot of ideas and just bumping into people I have – Gary Allen wants to take part of the (inaudible) side of that. He had some great thoughts and – yeah, it is not going to be patented, so if it is a good enough idea I would jump on it. But somebody else might too.

Basalone: First of all I was very impressed with the report that we were given about your work that Ashley shared with us and we are really happy to have you on board. How will the subcommittee and work with ULI tie into our possibly quarterly strategically planning meetings? Could we interface those so that we are all working in the same direction and not doing parallel work?

Ford: Absolutely. That is one of my biggest pet peeves is when that is not occurring. So I think once we have a better definition of how we are moving forward, I can figure out how other

committees can play a role in these conversations as well and in making sure that we are keeping in sync in perspective.

Basalone: Yeah, because that would be a way that the subcommittee and the ULI committees information could be shared with the whole board periodically so we are doing incremental work.

Ford: Absolutely.

Slocum: Rather than just waiting till the end. Other thoughts or comments from any of the other board members?

Winder: I just want to thank you guys for your role in this and helping us out. We are all excited for the opportunity and hope we can learn something.

Davis: So kind of the next steps, I guess, let us know – I assume you will be in touch. My next step is to let my people know and we will proceed and get a broader base and try and get – we have a young leaders group that we would like to get some ideas and it could become a pretty big team and what we did last time with Nampa and the other studies is we would get together and have lunch in somebody's conference room and start an agenda and start with ideas and bullet points and areas of focus and get assignments and make sure everybody has read your destination plan and we may have a field trip out here – I don't know how it will come about but I hope it is more than just my ideas.

(ULI REP): Well I think the committee that gets formed with your group will keep our (inaudible) down. I imagine this being a very collaborative piece of work.

Ford: And also how I see this moving forward as well is that we would probably want to bring in a key person from the planning staff (inaudible) as part of this because obviously I think there are goals and regulations and just make sure that they are not going against the vision of the city and be in conjunction with that and also identify key stakeholders within especially with this old town area that could play a part in this as well too. I think that would go a long way.

De Weerd: That probably would be Brian.

(Inaudible).

Slocum: All right, thanks everybody. We thank you for your time and look forward to working together. With that, obviously Ashley will be involved. Dave and I met with the ULI group previously, but I would look for additional volunteers from this board to sit on that committee. We could have as many as four.

Bird: I recommend Dan.

Basalone: I would be happy to serve on it.

Ford: Anyone else?

De Weerd: Who is already on it?

Ford: Currently we have me, Craig and Dan. We could have one more.

Slocum: We can certainly let the board know when we are having some of those meetings.

Bird: I think the city has to be very involved – the planning staff.

Ford: I agree.

Bird: It has got to be a joint –

Slocum: It sounds like when we come back with something from ULI from a proposal standpoint we can approve as a board we can do a financial commitment as well. Anything else on ULI?

6. All American Insurance Presentation:

Ford: Mr. Chairman we have asked James (inaudible) who is our insurance agent – and this was at the request of our legal counsel because we just completed our updated policy and because we recognize that we have a lot of new board members (inaudible) and we felt it would be prudent to have just a quick overview of what our insurance covers and wanted you to know. Thank you so much for being here today.

(Insurance Rep): Thank you for having me here today. We are one of the agencies that (inaudible) that ICRMP selects to present and facilitate (inaudible) services to (inaudible). Ashley has distributed a short summary to you to address what we want you to know and have answer questions or follow up (inaudible). (Inaudible) members providing (inaudible). It is a specialized insurance company that offers one prior to one market – property and casualty insurance for amenities of all sorts and the market source is Idaho (inaudible). Other than that there are a few things (inaudible) regarding request work – it looks pretty much (inaudible), agreements with typical insurances (inaudible) and it provides exceptional loss control, risk management services to its members (inaudible) including educational trainings, seminars of all sorts that are available (inaudible). At the bottom of the first page (inaudible) ICRMP members receive and I want to contrast a little bit how this program is different from the commercial policies that you are familiar with in your business. Property insurance is extended under a single policy to virtually every type of property that an entity might have – building contents, mobile equipment, a light pole, fences or whatever it might be. (Inaudible) the different types of policies to do that, ICRMP recognizes the common needs of (inaudible) does it all under one policy. A particular aspect of that rolled into this group is coverage known as builder's risk and when you renovate a building there is a special form of insurance that has to occur (inaudible) and it protects all of that material (inaudible). It is always a specialized area of insurance, but with ICRMP you can actually go to a quarter of a million (inaudible) structure before you have to go to the separate market (inaudible) and we can also help with that as well. I will offer this relative to builder's risk as this group is involved in those things – you can have it provided to you through your contractors, but you are still going to pay for it. The price will be built in there. I recognize (inaudible). So that is again a broader aspect of coverage through this program (inaudible). Auto and general liability are pretty much the same line. Vehicles whether they are owned vehicles or they are non owned (inaudible) are all covered and they are covered through the full coverage of the policy (inaudible). It is nice for the people that drive on behalf of the organization and have a good driving record – but if they don't (inaudible). Another aspect of the liability insurance which is the errors and emissions section and I am just going to read this in the next sector – in a private insurance sector in errors and emissions insurance, commercial general liability insurance, management liability which includes things like directors and officers, employment practices and those things those are all separate policies and have to acquire them from separate companies and everything balances itself out and all of that. Our program is all in the same policy and including that specialized area known as public officials liability and professional liability so again, far and away more comprehensive (inaudible) than you can get in

the private sector. All of the companies that we represent are major national insurance companies. We represent the largest insurance companies in America and they offer public programs and they solicit us for that as well and we help their programs and they always come back (inaudible). Really is a unique thing that we have. Prime insurance – everything that you could think of that comes under that – from employee dishonesty, embezzlement, check fraud and those things are all covered – and again instead of having to piece policies together, all different forms gets provided under this. Not that it applies to you folks in general, but things like chemical weed spraying (inaudible) those sorts of things are covered as well. I want to touch on the last one just briefly, the boiler and machinery insurance is a confusing industry category, it doesn't just deal with boilers, it is what is called (inaudible). If you have an expensive computer system that gets power surged and fries it extends to that. It's just kind of (inaudible) industry with steam boilers 160 years ago and (inaudible). On the right hand side at the bottom are a couple of items that we relate to how ICRMP's municipal risk management is to us and potentials (inaudible). They both have training locations and specialized training (inaudible) that is available. Conference workshops of all sorts for all kinds of people involved in municipal liability all year long. (Inaudible) go to websites and see what is there (inaudible) and they are local which is really terrific. In fact, 98 percent of municipal entities in the State of Idaho are insured with ICRMP. To the two percent that aren't (inaudible). In the case of the entities that have their counsel and legal services (inaudible). On that same line is the second page (inaudible) unique aspect of insuring municipal entities there is some law that helps you protect to a certain degree (inaudible) limit towards claims. Although claimants can basically take any course that they want to (inaudible), but the law really stipulates that they go by certain procedure in the case of (inaudible) and it does help clarify things (inaudible). So you will find if you do have a claim coming forth, if it fits the definition (inaudible) there will be a little bit different course (inaudible). That in a nutshell is the insurance program that you have. In general there are those things that are kind of defined (inaudible) ordinances, constitutional things, that sort of things – you are kind of out there, but doesn't really hit you guys too much because you are not a government entity that way, but there are some gaps like that in some of the cities – for the most part it is (inaudible) insurable and it is easy to do. I will tell you this when you look at your policy and when you read through it you will see lots and lots of coverage's that have nothing to do with you and that is because it is a package policy that is written and priced for each individual entities' exposures or something that (inaudible) to you it is not relevant to your coverage and paying for – it is just not there. Final thing terrorism insurance. Terrorism Insurance Act of America requires that insurance companies offer that coverage, you have to accept it and pay the additional premium if you want to. If you are not familiar with it it is a pretty narrow random coverage. You have the luxury with ICRMP to be able to elect not to have it and not pay the premium for it because ICRMP has a blanket policy of \$20 million dollars (inaudible) difference between that and the private sector. So a small group like this one, you don't have to go with the Terrorism (inaudible).

Slocum: Thank you for the primary, that was useful. Any questions or follow up for James?

Bird: I have known.

Ford: Just so you are aware we are following up with our new building (inaudible) and the new location of the Ground Floor as well too. (Inaudible) new changes to us.

(Insurance Rep): That is a good example of the thing I was talking about of when you go from a (inaudible) course of construction to actually a completed building coverage. One of the reasons I like – with my clients require the coverage themselves and is that whoever is managing that insurance program should be paying attention to what is going on, whether it is coverage extends for as long as till the building is completed or the certificate of occupancy is issued.

Sometimes when it comes to the contractor, they are insurers are looking at that coverage from their point of view. They may not be catching everything that is happening from your side. Okay? Because that contractor is reporting every month what stage of construction they are in, if they are on build out stage over here and you have already moved people into here, you are getting into a real gray area. You are ultimately – like Ashley and I are doing working to make sure we are coordinating that timing just right so that it comes on as a regular building coverage to your policy, it is just goes a lot smoother if you are controlling the whole site. And she is and that is great.

Borton: James are there writers needed if for example, MDC does a one day event like a wine coop in a different location or post some function?

(Insurance Rep): No. What happens sometimes is you will rent or lease or coordinate with a facility that wants to see some sort of additional coverage such as an additional insurance position, you can't do that. As a public entity, we can give them a certificate of insurance that will confirm that you are indeed an insured agency, but additional insurance status like a facility usually asks for – I am not going to step too far into this, but I am going to assume a third party liability that you can't as a public entity – you don't get those kinds of (inaudible). (Inaudible) contract in payment and lies with (inaudible) newest additional insurer because what will happen is you will end up picking up a liability that they (inaudible) indemnify you for – not going to pick up any of their liabilities but it is going to cover anything that comes through here. Sometimes you can find yourself having to pick up a claim that really that contractor would have picked up if it had been insured.

Slocum: Thank you very much for your time. I appreciate you coming in today.

ACTION ITEMS

7. Consultant Committee Report and Recommendation for Project Manager Contract:

Escobar: I will take the lead on this item. As you know we went back out to contract, to give you a little bit of history of what has happened and where we have ended up – contracts and why it is kind of gone down this process. We originally looked at renewing our contracts as they were with Red Sky for the PR and the project manager services and got some feedback where we started entering sort of this negotiations and discussions as we realized as a subcommittee the PR contract didn't seem to be worth the dollars of the investment now, instead we have a budgeted item for PR services and we can utilize those dollars on an as needed basis. So we basically pulled back out of entering the PR contract knowing that there are a couple of things that we were trying to achieve with that. One we may not spend our full PR contract because it is going to be based upon an as needed basis and two it also gives Ashley that ability to manage under her the hiring of PR services and I think we still have yet to discuss and Keith help me out with this on whether or not we have to go out and get an RFP or I guess an RFQ for pre-qualified services or if we can hire those services out just as an as needed basis. So we ended up keeping our PM contract with a couple of modifications that I will get to here in a second, but basically the same price we were at the previous year for the same amount of services, similar amount of services understanding that Ashley's scope is approximately 74 hours a month – and we have got in our new contract set up with the scope of services attached to it and the exhibit B for the actual pricing of those services. A couple of things that I want to highlight that we went through when we were going through these negotiations was the Ground Floor and I know that we have got that as a separate line item, but I guess I will just wait on that. Making the office hours – we do have that in our contract of approximately 15 hours be regularly every week on a schedule. We have removed the – we have added in an exit opportunity, a

sixty day exit for Red Sky to be able to pull out of the contract, which would allow us to go out for bid to allow us for a new project management services, so there is a portion in the contract of that exit clause. We are termed to the fiscal year end – it is not a month to month contract but monthly fees and it ends at the fiscal year and that is the majority – but Keith what am I missing here?

Bird: I don't think a lot. I think it looks good.

Escobar: So I think at the end of the day we have found a very positive win for them and for us and we have a signed contract back from Red Sky and I think that we would be recommending to the chair a (inaudible) contract which you see in your packet to allow us to sign and continue the contract.

Jensen: I just have a question about what the changes mean looking at the payment of fees in here and talking about the project manager's hours – does that basically mean we went over the 74 hours is that what the number was 74 hours?

Escobar: 74 hours.

Jensen: So if we went over that then we would be charged that amount over and above that or would if she hit 74 hours and there is still work to do, I mean what happens in that situation?

Escobar: We would require that Red Sky comes to us prior to going beyond those hours and instead we are helping Red Sky focus where they are supposed to be spending their time on a month to month basis which is part of the reasons why we went through what we went through the last couple of hours so that they could understand where their priorities are and maintain within their manageable hours. So the goal is not to go above and beyond those hours and if we are for some reasons, have Red Sky come and approach us with that prior to going over those hours so that we can say yes, continue or no let that item disappear this month.

Jensen: Just for follow up do we have any idea how many hours have been being spent per month over the last 12 months or the last period of time of contract?

Ford: Yes, I have been spending approximately 130 to 160 hours a month. A lot of that has been directed at COMPASS and Valley Regional Transit and being reactive and being (inaudible) verses being able to be proactive and that was why I kind of started off the conversation we had today with the strategic plan meeting is that I need direction and I also need a very strategic plan from the board this year and to understand what time frames, what success looks like so I can put together a plan that meets everybody's criteria. One of these I struggled with is I have had several board members coming at me with several different perspectives and not talking through my executive committee. So I have (inaudible) and I have had to deal with a lot of different objectives so to speak and this way this allows me to be able to focus that and obviously I should know COMPASS's guarantee in wanting to get down there (inaudible) and that in the last couple of months is what (inaudible). I feel very confident that we can accomplish everything that we need to in 74 hours – if I feel for whatever reason I can't, I will certainly have that conversation with the board prior to and if it is not working out then we will revisit that – there is always that opportunity to come back to the board and say we need to rethink this structure. But I will commit this work.

Basalone: The contract is with Red Sky, not with Ashley directly. What assurances do we have that we have the continuity of Ashley as project manager during the term of the contract?

Borton: Located in exhibit A in the scope of services it states the acting project manager shall be Ashley Ford of Red Sky Public Relations and try and solidify that, the technical contracting entity has to be Red Sky as it is this board's desire to ensure that this project manager services provided by Ashley and not some other member of the firm.

Bird: I can assure you that one board member stated that if it weren't for Ashley we wouldn't be talking to Red Sky.

Ford: (Inaudible). I also have made some good concessions with Red Sky in terms of what I was doing for that organization and in order to be able to keep MDC as a client. I want to assure that MDC is my first priority and obviously I want to do everything I can to make this work and we do recognize that the reason why you (inaudible) because of our relationship specifically and so it will be me that you will have to see every month from here on out.

Basalone: Yes, the continuity is key.

Ford: Absolutely.

Slocum: Other discussion or questions of either the committee or counsel or project manager Ford?

Winder: I have a question, if for any reason you were not able to act as project manager is there a backup person in place – I mean who is that?

Ford: If for some reason I fall ill and I don't have the ability to let's say (inaudible) which hasn't been the case but there is always that chance, I suppose. I do work with a team, a local (inaudible) who is the practice lead and also Matt Compton and we have weekly (inaudible) meetings and talking about what everybody is doing and so there is that continuity and then I have one on one meetings with my immediate supervisor each week as well to make sure that they are in the know. So we do have that ability and luckily with having Chad and Jess who have been a part of MDC for the last couple of years on the public relations side, I think we have a really good base to be able to step in if something were to happen.

Basalone: Thank you.

Ford: Generally we are all in the know on everybody's projects.

Slocum: Any other discussion or question?

8. Resolution 11-018 Approval of Project Manager Contract:

Borton: Resolution 11-018, an administrator contract, a resolution of the Board of Commissioners, Urban Renewal Agency of Meridian, Idaho approving the consultant agreement between the Meridian Development Corporation and Red Sky Public Relations for project manager services for the urban renewal agency; authorizing the execution of the agreement by the chairman or vice chairman and secretary; authorizing any technical changes to the agreement; authorizing the administrator to take all necessary action to require to implement the agreement and providing and effective date.

Bird: I move that we approve resolution 11-018, approval of the project manager contract for the vice chair to sign and the secretary to attest.

Escobar: Second.

Slocum: A motion and a second, any discussion?

Roll Call Vote: Jensen, aye; Bird, aye; Escobar, aye; Winder, aye; Basalone, aye; Slocum, aye,

ALL AYES. MOTION CARRIED.

9. Consultant Committee Report and Recommendation for Ground Floor Management Contract:

Escobar: I think what we found was having Ashley with office hours in the Ground Floor space and having a move occur or in process of and finding some financial savings opportunities through that being the same entity, as well as giving the attempt of the project manager to manage everything associated to how we operated, thus coming back to the board and putting this control under project manager Ford's responsibilities seemed like an appropriate approach and we I think solicited a fee to do that and we come to pretty clearly understand the terms that this – one paragraph, which basically states that project manager Ford would manage the Ground Floor in the same capacity that we have currently services for, which includes marketing for new tenants, which includes managing current contracts, paying bills, everything associated to the management of the Ground Floor. A couple of things with that, we wanted to look at this as a month to month type contract for the main reason we would like to figure out if there are opportunities to partner with a private agency that is currently doing some similar services in Meridian right now. So this opens the door, in a month to month contract field to do that, if those efficiencies exist. Another thing is we have asked Gwen with RFR Properties to help in the transition on an hourly basis to teach project manager Ford everything she needs to know in that process of transitioning into her control. So as a committee we are recommending to move forward with a contract with Red Sky for the Ground Floor for a monthly flat fee of \$1,250.

Jensen: Is there an hourly amount based on that or does that come out of the 74 hours that she is doing with the --?

Escobar: This does not come out of the 74 hours, this would be in addition to if an estimate of amounts is really, however, a – I don't even think – we didn't even put any hours in here. It is an expectation scope where we have certain duties that need to be fulfilled, both of us have the opportunity to renegotiate since it is a month to month contract if those duties aren't being fulfilled or if Red Sky finds they are spending too much time versus value on the contract. In which case we could go out to the public bids to find somebody that can control those services.

Slocum: Questions for the committee?

Winder: I have a question. On the financial tracking of all of the income and expenses, is that something that Red Sky will handle internally?

Ford: We will work in conjunction with our CPA because Teri is involved with that as well so that (inaudible) to Gwen to transfer all that over.

Winder: Okay.

Slocum: Counsel these are – there are not resolutions related to these contracts?

Ford: I put one separate (inaudible) sorry –

Slocum: With that if there is no further discussion I would move to item 10.

Winder: Gwen RFR Properties with their assistance are they going to provide you – are you paying them or paying her for that time and is that in here?

Ford: That is in the next item.

Winder: Okay.

Slocum: That is separate and distinct from what would be Red Sky's contract?

Ford: Yes.

Slocum: So we have Red Sky's contract plus the transition contract.

Winder: That answered my question.

10. Resolution 11-023 Approval of Ground Floor Contract:

Borton: A resolution of the Board of Commissioners of the Urban Renewal Agency, Meridian, Idaho, approving the consultant agreement between MDC and Red Sky Public Relations of the Ground Floor management; authorizing the execution of the agreement by the chairman or vice chairman and secretary; authorizing any technical changes to the agreement; authorizing the administrator to take all necessary action required to implement the agreement and providing an effective date.

Escobar: I move that we approve resolution 11-023 as read by counsel.

Bird: Second.

Roll Call Vote: Jensen, aye; Bird, aye; Escobar, aye; Winder, aye; Basalone, aye; Slocum, aye.

ALL AYES. MOTION CARRIED.

11. RFR Properties Consultant Agreement:

Escobar: This agreement – I wasn't in the discussion of developing. I don't know if somebody was – but I will talk about it. But I believe Gwen has come on to accept an hourly rate of \$40 per hour with – we have got a line item in our payment of fees, item 2, as exhibit B for a not to exceed and in discussions with Mr. Borton we discussed that a \$3,000 figure should be a reasonable number to make sure that we are not exceeding and we shouldn't be even close to that number. However, we recommend that we put that dollar figure in that. I don't think we have a resolution for this, but it is to basically help project manager Ford to help transition everything she needs to know about management of the Ground Floor.

Ford: If I can also add I have had conversations with the subcommittee as well. With this Ground Floor location – you know it seemed like such a simple idea when we started, a little paint a little carpet – not a big deal. And it really isn't that complicated but there is a lot of information especially regarding the data, our cabling, our fibre optics and our networks that we have in place. I will just be very honest that I don't have a good grasp on it and I hope that

Gwen does (inaudible) consider and with the conversations that I have had in the last few days that you will allow me within this contract to utilize Gwen to help me coordinate those services, just because I would (inaudible) and gain that understanding and just make sure given that timing is so critical because the (inaudible) of the completion date is November 15th, the same day as our COMPASS VRT building and knowing that we have a lot going on with COMPASS VRT at this point, and Gwen has agreed to help coordinate those. I am hoping that you approve this (inaudible) services as well.

Basalone: Mr. Borton can this item be approved without a resolution?

Borton: Yes.

Basalone: Okay then are we accepting motions? I move that we approve the RFR Properties consultant agreement as stated in the record.

Bird: Second.

Slocum: Any further discussion?

Jensen: I just have one question? Do we have any ideas how many hours you think it is going to take as far as the transition goes? I mean, how much do you think you are going to need from Gwen?

Ford: Because this has all happened very quickly and we are not (inaudible) a lot of conversation about this, we really don't have a sense as to what the hours are quite yet and I am hoping to sit down with Gwen as soon as possible to talk about that. We did have her at the building yesterday to meet with the general contractor and to talk about the items (inaudible) and fibre optics coordination and just kind of make sure we are all kind of the same page. I wish I had that, but obviously we will try and utilize not taking too much time as much as possible. I guess I don't know what I don't know at this point.

Winder: Mr. Chairman can Gwen shed any light on that? Do you have an estimate of how many hours or estimate of time?

Runyon: I really don't. It depends on (inaudible) contracts with the fibre optics and things like that. As far as the administration stuff it is very straight forward. (Inaudible).

Slocum: And the agreement ends November 18th? Just for clarification? Further discussion?

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

SIX AYES. ONE ABSTAIN. MOTION CARRIED.

12. Wine Cooperative with Idaho Wine Commission:

Ford: I think we spoke about this in our strategic planning meeting (inaudible) with the board and I would recommend that we table this item until we have a committee established and put together a plan for the board's consideration. (Inaudible) update and initially we were thinking of asking for a budget to do an event (inaudible) strategy has changed (inaudible).

Slocum: Do we need to formally table it, Mr. Borton or just move on?

Borton: Just table it and move on.

Slocum: Okay, with that we will move onto item 13.

DISCUSSION ITEMS

13. Erstad Architects Contract Addendum:

Ford: Last Wednesday I received an email that was put into your packets by Mr. Ruby who is our project architect on the COMPASS VRT building. Essentially letting me know that Erstad (inaudible) discontinue work until the contract agenda was put into place in order to be able to renegotiate the contract and given the timeframe that it has taken for the building construction and they believe (inaudible). Once we were able to have a conversation with Mr. Ruby we were able to keep things moving for those critical items, but let them know that I will bring forth to this board today, but I needed them to be present to answer any questions to explain the reason for the contract addendum and so I will hand it over to Andy Erstad.

Erstad: Well I appreciate and want to thank you all for at least letting us come in and make a presentation on this. Our contract there are a couple of items in the contract and MDC's counsel brought a few of them in a brief email yesterday that says gosh we believe that the contract says that you are on the hook until 2012 and that was the date by the former project manager as an offset limit and the agreements mostly have an offset limit that are put in place in the event of your contract, let's say the project went under contract but actually didn't get rolling and went on the shelf for a couple of years, that offset limit is thrown out there, put out there to say look if the project is not under way by this time, both sides have the right and opportunity to renegotiate the contract. That is what that date up there is. It is not an open all of the time date and that is typically how the industry interprets that as well. The other component that we want to bring to light is under item 14 in our contract that identifies the date, but also identifies that we will work to the scope under exhibit A and our exhibit A defines the design cost as design, development, time, construction and administration and in this case specific timelines for everything except the construction in the administration in the LEED because the construction administration is tied directly to the general contractor's contract with MDC, so we are indirectly associated with that contract and with the way that we balance our hours and our time is based on the general contractor's scope for CA, so it is actually identified – we were grinding away, Dave was making sure things were moving forward (inaudible) said hey time out we are out of moving as of (inaudible) and that is when the contract date was supposed to be substantiated and we have taken the position that we are all anxious to get this project done and get it taken care of and so we kept the wheels rolling and kept the wheels moving, but we felt that there was a legitimate request that is legitimately based in essence on the contract and we wanted to present a request to you for that. The other item is we submitted to Chairman Pipal a request for additional services for Northwest. Our entire contract has been based on an hourly contract, quite candidly was unique. We don't usually do an hourly contract and again this came from the former project manager Shaun who said that we will start the design of it hourly and then the contract rolled everything into an hourly and so it was our responsibility to budget those hours as we saw appropriate. So we really have to budget towards the construction contract – the contracted substantial completion date. That is the only date that we have that we can legitimately look to, so our request for additional services in the memo dated October 21, 2011 is again based on an hourly, for a not to exceed set limit of \$49,000 and it would only include the time starting on August 15th forward that is needed to make sure things are taking care of. There is no back grabbing time – in the sense our contracts our hourly, I recognize that when we submit our invoices they are thick with all of our backup, showing all of our consultants' hour,

our scope and again the scope of work is all on top and I know that this is a pill to swallow and I am sure you probably have questions and I appreciate the opportunity to put this in front of you.

Slocum: Thank you Andy.

Erstad: We were disappointed that you tabled the wine thing.

Slocum: Yeah you would have to have come about 3:00 when we were talking wine. Questions for Andy or Dave from the board?

Bird: Seeing how they didn't extend the contract, Mr. Chair, I don't see how we deny their additional fee? (inaudible) another three or four months. Seeing how we hired on an hourly basis, I never heard of that before.

Slocum: I guess no more questions.

Erstad: Thank you.

Bird: Don't leave yet. I want to – well the change orders – I want to know what happened to the ceiling height and why it just picked up in October.

Ford: Oh, that is the (inaudible) 04 (inaudible) packets last week and an update.

Bird: Why is it picked up after all the AC is in and all that kind of stuff? We didn't it get picked up originally? I mean who drew the drawings? Who specified the heights? Who checked the shop drawings? Why so late in the process do we pick something up like that? I mean, everybody had to – it starts to the architect and then hits your general contractor. Did anybody look at that?

Erstad: If I can reply to that. You have been in the building industry a long time. You understand the dynamic nature of a building contract and you also understand the dynamic nature of you can draw things on documents and be very tight with all of your clearances and get into the field and you rely on many technicians, and many people in the field to place various components for documents. So there are instances that are conflicts to arise and they are not necessarily conflicts that you can identify totally unless you can control every aspect of the building. We are not the builders. The other question is why are we just finding out about it in October? It goes back to our requests. If the project we are tracking on, the timeline that was originally contracted, this conflict may have arisen earlier and we most likely would have been dealing with it earlier. I don't know that there is a perfect answer for you.

Bird: I am not blaming the architects at all. But wholly Toledo, you have got to know in the building you are putting your duct work and everything in and it is hanging below the window line? Come on. I just don't think the owner should have to pick it up. I think it should be picked up by the general contractor. He is there; we are paying him a pretty good wage to oversee that stuff, right?

Erstad: Yes.

Bird: First place, it should have been picked up by him in shop (inaudible). It should have had overlays. You know that good contractors they do that. You don't finish a building and have this happen; you know that as well as I do. I just don't think that – I can understand having a

problem, but I don't think it has to come back on the owner to pay for it. I don't think it is your fault. I just want an answer out of you.

Erstad: I wish that every project were absolutely smooth, with (inaudible) whatsoever and there is a series of processes and I know that a couple of our colleagues up here on the board would say that things do get past us, they get past our engineers – they get past the contractors.

Bird: I can name you a lot of projects where things got missed too, but we picked them up. A good contractor, subcontractor picks them up before and we don't go back to the owner and say you owe and that is what I am getting at. Just because we are a public entity and supposedly have deep pockets everything gets kicked back to us. And that is not your problem, Andy.

Erstad: Well I appreciate that, believe me, I am a taxpayer and I also as I said face responsibilities that we are all not perfect. But that is part of the process of the dynamic team and you work together and get it resolved.

Bird: I just don't feel that we as owners should have to pay for that mistake. We hired some very, very good professionals and paid a fair wage and I am talking subcontractors up to general that should have picked this up. Come on now? I mean, you are taping the duct worth up that is a foot below the window opening and you don't question it? That isn't right.

De Weerd: So I guess the legal question is is it on the owner?

Borton: Generally speaking in general or this particular instance?

De Weerd: Both.

Borton: Very fact specific, but what Member Bird is saying (inaudible) items like that (inaudible) but it is very fact specific. To follow up what happens to this context is very similar to what Andy is talking about in their situation is the technical contracts might lead you to want a decision, but perhaps a general practice of how things are done is different than what technically is required.

De Weerd: (Inaudible).

Borton: Lawyers look to find the technical, accurate answer, but the general practice does follow that.

Basalone: Mr. Chair maybe I could ask Erstad, did the original drawings have the appropriate limits and heights?

Erstad: No they didn't. In hindsight it just glares at you that we all know that height is 12 feet (inaudible) that bells should go off and why it didn't in that case and I even tried to look it over in lines (inaudible) and how did that number get there? Not to mention how did it get past (inaudible) or the guy there? It is one mistake from – there it was.

Basalone: How is something like this corrected and the building is substantially built? How do you raise something that should have been raised previously?

Erstad: Redo it.

Basalone: Redo the overall construction?

Erstad: Well no, no. The duct work is in place and fortunately they even went further under the sprinkler line (inaudible), so they have to remove the duct work (inaudible). They gave the option and I think it was a loaded question that do we want to step the ceiling up – but no that wasn't our intent, but it that was in the discussion of whether we want to live with that. But no. Nowhere in the building is it lower, so – especially in VRT's lobby –

Basalone: So what I am hearing is that if the contractor had followed the drawings as stated, it should have been correct.

Erstad: (Inaudible).

Basalone: It should have been done correctly?

Erstad: No, as an example in this room if you would have just blindly built the two elements without asking the question, when you showed up – the ceiling would be below the top of that window as an example instead of right at the top of it like that.

Ruby: I think the answer to the question is the finish on the documents was as we intended it to be what got missed was the duct size from our mechanical engineer which we coordinate so we take a responsibility on that. One of the other things and I think Keith you are concerned with and we certainly will look at is we have looked at every single CCD and every single change order in fact we challenged (inaudible) –

Bird: And I appreciated that.

Ruby: -- and with success in the numbers and proposed and good outcomes and Wright Brothers have gone back and we have helped them with some of the specifics and that greatly modified change orders. We will continue to do that by the way and one of the things that Dave and I talked about is this particular issue with the duct tape is when they (inaudible). I don't know that that is any consolation because we don't have a resolution on the ultimate cost –

Erstad: We do, but as an example when that comes in we don't go into defense mode of – get the cost established, get it done, get them directed so that we don't trigger days and in this case costs were reviewed and we did (inaudible) and we were discussing why it happened. It is not over because we signed a CCD (inaudible).

Ford: Just to be clear (inaudible) was in front of you, well actually not in front of you just for information purposes. It is just the CCD at this point and we are making sure that everything is moving forward. We do not have a formal change order at this time.

Bird: There are a couple of owners that you and I both know real well that wouldn't even think about paying for something like that.

Erstad: I agree and understand that. I also think that we have had this discussion – a loaded environment is not perfect, it is just challenging.

Basalone: Is this problem in anyway connected to the fact that our contract essentially ran out on August 15th? Have you not been able to provide oversight since then?

Ruby: The number was wrong. It was not coordinated by the field personnel – when they did a layout meeting – they said okay here is what we are doing today we are putting duct in. Here is what it says to do and someone would say well wait a minute is that right? No one did any of

that. It wasn't until the ceiling guy gets ready to come out there and probably do a jaw block and says well wait that is (inaudible). That is when the question was asked after all of this was done. Was that intentional that all that happened? I doubt it. It may be just being careless, going to fast, lack of supervision in terms of field personnel. I think even if we had probably what you would call an aggressive CA contract, where we were over vigilant; we are not on site as the architect everyday or even every other day.

Basalone: Well I know that in listening to our change order request there is a substantial supervisory amount that is put into those and if that is not going to you to help supervise, it is going to somebody else to help supervise. Somebody is supposed to be supervising the work that is done whether it is the change order, time or regular time.

Bird: And that is some of the things that Andy has got taken out of those change orders is contractor time.

Erstad: The last thing I will say unless somebody has a question, we want this project done. It is going to be a great asset to Meridian.

Bird: It is going to be a beautiful building.

Erstad: It is and I think you all will be very proud of it and the occupants and tenants are going to be very excited with it. (Inaudible).

Basalone: It does look good.

Bird: We can have a New Year's Eve party in it.

De Weerd: What is the anticipated completion?

Ford: The schedule for completion for our agreement right now, everything with the GC and finance and temporary occupancy on November 15th. So we were awarded our alternative compliance for parking this last week and so that was one big hurdle that we needed and now it is on Wright Brothers to get going.

Escobar: Then you go back to the comment of highly unlikely or highly likely that this date will be extended. So what is the real date?

Ruby: The nuance is – there really is two things for (inaudible). One is to get tenants into the building and with the delays of the irrigation line, the parking lot is lacking. So there is where the difference is. I think it is everyone's hope that that building follows this schedule and they can move in November prior to this date. The highly unlikely part is due to the fact that (inaudible) even now they are digging and trying to figure out if there are water leaking through that line all summer? Is there saturated soil? We were hoping but you have seen how that side has gone. If there is something out there we can hit, we hit it. Let's hope that we have gotten through that and smooth sailing, but that is also indicative in the estimate provided is based on looking at these numbers – I say I guess likely scenario if they find things are as bad as they think due to the little wet spot that they found is kind of unknown origin which they think is a source of that which (inaudible) because that sort of snowballs. If this (inaudible) is too far they can't do landscaping and – depends on what our weather does and the plants do. There are so many things that are beyond our control and to try and tighten it up, Ashley requested of me and I requested of the contractor, at least an estimate of kind of cost and time of okay, you have been (inaudible) on that piece of ground for (inaudible) and I have yet to get a formal response, but

we have driven the site and went by there and there is a lot of dirt and that whole irrigation line looks like it is exposed –

Bird: (Inaudible). Dave how fast is your turnaround on (inaudible) average?

Ruby: We have an extremely tight timeline on those. I can't say –

Bird: Well, a week or two weeks?

Ruby: Well let me preface this to say that I don't know if we got a single complete submittal through the entire process. I don't mean to speak down to anybody, but we had some severe challenges with shop drawings and I still don't know that we have received all of our shop drawings or complete shop drawings and when I say that I mean submittal shop drawings.

Bird: Are you serious?

Ruby: I am serious.

Bird: A song and dance every month over here for somebody.

Ruby: I think Ashley has seen it. We have a very accurate tracking of shop drawings and it logs it in and it logs it when you run and turn it around and roll it to our consultants and the consultants review it and roll it back.

Erstad: A lot of that is tied also to some of the other aspects of the job. The LEED basically tracks with your shops because that is how you verify that you are tracking the design with the intent of LEED. So we still have time associated with the tracking, but with some of the LEED stuff would have in theory been completed – substantial LEED completion date.

Bird: You have done a good job in my opinion.

Slocum: Are you through?

Bird: I am through. I want to go home and eat.

Slocum: Thank you for spending time with us and listening to the previous – and Keith. It is always better when he does it to somebody else other than me.

Erstad: We remain very honored and (inaudible).

(Inaudible)

Slocum: Oh, you said you had to go. I had to go too. We have to take action on item 13. We have not taken any action on item 13.

Bird: I thought I made a motion to (inaudible).

Slocum: Nope.

Bird: I will then. I will make a motion and not to exceed the \$49,000 additional architectural fees.

Jensen: Second.

Slocum: A motion and a second. Discussion?

Borton: For the record, I talked briefly with Andy about this that I think it is well within your new board's right to approve it, I do not contract language requires it. I disagree with him. You can elect to do this, but it is not because you have a legal obligation to do so. In my opinion. And I do agree that Erstad has done great work.

Jensen: So it has been it seems like several times that they have come back and asked and a couple of things have changed and – I mean, I think I understand where it is coming from, but in the real world is this how it happens?

Escobar: I have been busting at the seams and I want to share my thoughts on this. First of all when you are entering a contract like this, contracts are risk management. You know what the scope is and when somebody sits there and says this is the way projects go. Yes, you almost always go over schedule. That is part of the risk that you take as an architect and construction administrative services. I don't understand the hourly – I look at percentage fee of 8 percent of the construction cost that is a well instituted number.

Slocum: That is a nice number percentage.

Escobar: A couple of other things that I look at is the \$49,000 that they are asking for is 25 percent of their fee for the continuing of the schedule. I also looked at that we are having a lot of schedule issues because of Buy America, because of – we hit a lot of extra costs because these things weren't necessarily picked up in the first place. (Inaudible) come back and ask us for more dollars when they sit there and tell us in the letter that they know there is a good chance that this project is going to continue to even beyond what these dollars are allocated. I have a really hard time biting this all off and at the same time I completely understand their situation and I manage contracts and we go over our contracts and we go under. That is part of the risk managing company, managing your clients and managing your contracts and knowing what type of work you should get into and what type of work you shouldn't get into. That is my two cents out on the table and I do think I would be willing to look at a sum additional dollars back into their contract, but I don't think I am anywhere near the \$49,000 that they are requesting.

Jensen: A follow up to that. I see what we are paying and what is that – is that 8 percent?

Slocum: It is about 8 percent of the construction cost, which is very high. It is a full service percentage fee.

Jensen: That is not including the \$49,000 correct?

Slocum: No and their contract is very clear on the scope of work they are to provide. They signed it well before there was any established construction time table and for them to say well there was a construction schedule set when we had the project manual put together and now it has changed. They signed the contract way before there was ever any idea how long it would take to build it, so to claim now that it is taking longer to build it, doesn't hold water with me. Like Mr. Escobar, this is what I do for a living; the \$49,000 is way out of my ballpark. I understand what they are going through and there have been some delays, not all of their problem, and I am probably open to consideration of some additional funds, but there is no way I am going to approve \$49,000, 25 percent of their original contract.

Bird: Well their 8 percent of the contract, but you guys all jumped up and down and thought it was great to pay a commercial developer \$74,000 that didn't do a damn thing. I think there was only one negative on the contract and it wasn't anybody but me. I tell you what I don't know who has held that job up, but it sure hasn't been Andy Erstad.

Slocum: But it also is not costing them \$50,000 just because it is delayed.

Bird: I don't disagree with you on the \$49,000 Craig. I think it is ridiculous and I think the 8 percent is ridiculous. But we agreed to that originally. I mean, you can get in this time, get most of them for little or nothing, but you get the same kind of drawings.

Escobar: This is the risk with government contracts. This is why it is okay to have 8 percent in there from the start.

Slocum: They wouldn't have come back and said hey it went so fast we didn't spend all of your money, you know.

Escobar: It is a not to exceed price of \$205,000.

Slocum: Recognize they are billing us hourly. Those hourly rates have built in profits, so they have made – I can tell you looking at their rates, they get profit in there. That is not bashing Andy or Dave or the consultants in anyway. But from MDC's standpoint and looking at we are spending tax dollars on this – I mean there is a motion and I can tell you I am going to vote no.

Bird: I think that is why I would throw the motion out and get it voted on. I don't disagree with what you guys are saying. I think – I sit here watched –

Slocum: I tell you what bothers me more, Mr. Bird, is that they informed our project administrator and that they were going to stop work on the project.

Ford: The day of (inaudible).

Basalone: That is why I asked the question have they not been consulting since August 15th. If some of these oversights have been occurring, like the ceiling and all of that because we haven't had adequate oversight and then now we are being asked to pay for that – I agree with you wholeheartedly that contractually if we don't have an obligation to pay and that is what I am hearing counsel say, then I think the most we should be doing is having a discussion of what is fair as a negotiated amount. If we feel that there is something that they have earned the right to receive, fine, but not their stated amount, but which we mutually agree with.

Slocum: And as you recall they came to this board two months ago with a request for –

Ford: It was for \$5,000 and it was generally to –

Slocum: It was a big number.

Ford: Oh, you are talking about the Buy America amount?

Slocum: Yeah. It was \$35,000.

Ford: That was more of the discussion of who was responsible for that verses – I will just throw this out there for consideration is that I see all of the emails that go back and forth and I see all of the coordination with Wright Brothers and all I will say is Wright Brothers (inaudible) with Erstad and Erstad has had to do a lot of hand holding (inaudible), but I will say that I have seen all of the emails and it is pretty nightmarish.

Bird: That is when – don't get me wrong, we are sitting in the case of a horrible construction manager, but also that is what happens when you get in the open bid market, you get low bids. That is exactly what you get.

Ford: Exactly. And unfortunately that is what Erstad is having to do –

Bird: And Erstad is suffering the consequences too.

Slocum: Been there, done that.

Borton: Mr. Chair, one option the board has --

Slocum: We are in discussion yeah.

Borton: An additional option is to follow up to what Dan says is the administrator and I can visit with them, understanding it is not your desire to and in recognition that it is not an obligation nor your desire to fund the full request, but you are a very important partner and if you want to allow us to visit with them to see if there is some middle ground that isn't opposed to you is an option.

Basalone: I would be highly in favor of that and they are showing us what their bookkeeper is asking us to pay and we should be showing them legally what we have a responsibility for and if there is some happy medium, so be it.

Winder: A question for Ashley, I guess. Have they stopped work? Are they not doing anything and if we --?

Ford: That is a really good question moving forward, we have our monthly meeting with the contractor Friday morning. When I received the email last Wednesday let's just say I was not very happy in regards to that in letting me know they were stopping work that day. I immediately got on the phone with Dave Ruby and said this is not appropriate and I need you to continue working (inaudible) work last week in order to keep the project moving forward and on schedule from the current schedule I should say. I got them to agree to continue with the key milestones that are needed with the idea that they would come to this board today and ask for a resolution as to this issue. Unfortunately when they only give me less than 24 hours notice that is not ideal.

Escobar: I think it is important to remind them that they may be in breach of the contract and very time sensitive and the dollars associated with that and if they said that they want to stop as far as our perspective is concerned – at the same time if we are willing as a board to consider something, then we can talk.

Bird: If the second agrees I will withdraw the motion.

Jensen: I will agree.

Slocum: So where does that leave us?

Bird: I will tell you guys something. If you get two attorneys going to each other over this contract, \$49,000 is nothing.

Borton: Member Bird it is a one minute conversation from my perspective on where MDC's position is on the actual written contract.

Bird: It might be a one minute on your side, but Andy might call Kim Trout and it might be more than a one minute.

Slocum: Then we know who wins. Lawyers and we lose.

Bird: Counsel will know how much money you are in to.

Slocum: I guess as acting chair I guess I would look for consensus to do what we did on a previous issue where the board wasn't in consensus with what they were requesting and have project manager Ford – the last time Mr. Lipschultz, Julie and myself met with them and discussed it.

Ford: I think –

Slocum: I have a hard time just because I am friends with them.

Ford: But I think in terms of understanding the industry, I think –

Slocum: I am more than willing and it is easy for me to join you guys and just walk over there. But I may – chairman Pipal? I don't know who do you guys want to – I am just looking for a consensus. Who do you want to meet with them?

Bird: Doesn't matter to me.

Ford: Maybe then leave Joe out of it at this point.

Slocum: I agree. Leave the attorneys out at this point.

Ford: I think Julie.

Slocum: And if I wasn't able to, Mr. Escobar?

Escobar: If you are talking tomorrow I have a full day tomorrow.

Ford: No it will probably be the beginning of next week at the earliest.

Basalone: To Commissioner Bird's point, I don't think we are looking to confront as much as we are to negotiate. I think that we are going in with a good faith on our part and I would hope that there would be good faith on the other part, not only from the standpoint of us, but from their own public relations. I think that we are trying to work together to solve a problem. I think that is the point that we should be trying to make, but it can't be a one sided negotiation. Negotiation involves two people agreeing on a solution.

Bird: (Inaudible).

Slocum: So there is consensus that we will table this and have further discussion and bring it back to the board for consideration at our next meeting?

Basalone: With the understanding that work continues?

Slocum: Very much so. I think we need to confirm that they haven't stopped work.

Bird: That is the sad part is if there is discontinue to work. Have you noticed any emails still going?

Ford: Yes, I am still getting emails.

Bird: That is all we need is another shutdown by the GC so he can charge more days as there was in labor.

Basalone: Well there was brick going up yesterday, so I guess they are still working on the façade or whatever.

Bird: They have still got a lot of brick.

Basalone: Yes, especially on the east side.

Slocum: So does that conclude item 13? Do we need to talk item 14?

14. Broadway Building Partnership Update:

Ford: No, just want to let you know that we have our condo plat going in front of City Council on November 15th which is the same day as the substantial completion. November 17th our CUP for facility parking lot is at Planning and Zoning Commission and that is the day that COMPASS is apparently moving into the building, which I have warned them that it is at their own risk at this point to go in at that date, just in case something should slide schedule wise.

Slocum: Thank you. Counsel, anything to report?

15. Counsel's Report (Borton):

Borton: Yeah, the only thing to report is Mr. Lakey with our firm has worked and resolved the survey error in the civil surveyor is going to reimburse (inaudible).

Jensen: How much?

Ford: \$4,900.

Borton: You can get (inaudible) but it is pretty class act by Civil Surveyor.

Slocum: For the record, obviously thanks to counsel Lakey and to Civil Surveyor stepping up and certainly we appreciate that.

16. Project Manager's Report (Ford):

Ford: The only thing I have to report is we talked a little bit about the Ground Floor renovation; the substantial completion date is scheduled November 15th as well and there will be a lot of

champagne that day if that happens with both of these buildings. But we are driving as fast and furious as possible.

Bird: I bet this one makes it and that one doesn't.

Slocum: Any questions for project manager Ford?

Basalone: What is she going to do with all of her spare time once that building is done?

Bird: She has still go about three months of hard work on that building.

17. Chairman's Report

Slocum: Since the real chairman is not here today, I have no report other than I was supposed to leave a half hour ago.

Ford: (Inaudible).

Slocum: Was that on the record?

Ford: No, for the record, Commissioner Pike has resigned from the Commission and I will be looking to the Mayor and the Council to fill that.

18. Executive Session per Idaho State Code 67-2345:

19. Adjourn the Meeting:

Jensen: Move to adjourn.

Escobar: Second.

Slocum: All those in favor say aye.

ALL AYES. MOTION CARRIED.

(AUDIO ON FILE OF THESE PROCEEDINGS)

APPROVED:

CRAIG SLOCUM, VICE CHAIR

_____/_____/_____
DATE