



AGENDA
REGULAR MEETING OF THE BOARD OF COMMISSIONERS
Wednesday, December 8, 2010 7:30 a.m.
Meridian City Council Chambers
33 East Broadway Avenue - Meridian, Idaho

1. Call Meeting to Order (Lipschultz): Chairman called the meeting to order at 7:30 a.m.

2. Roll-call Attendance (Lipschultz):

<u>X</u> <input checked="" type="checkbox"/> Larry Lipschultz – Chairman	<u> </u> <u>X</u> Keith Bird – Member
<u> </u> <u>X</u> Craig Slocum – Vice-Chairman	<u> </u> <u>X</u> Jim Escobar – Member
<u> </u> <u>O</u> Eric Jensen – Secretary/Treasurer	<u> </u> <u>X</u> Julie Pipal – Member
	<u>X</u> <input checked="" type="checkbox"/> Tammy de Weerd–Member
	<u> </u> <u>X</u> Todd Lakey – Counsel
	<u> </u> <u>X</u> Ashley Ford – Project Manager

Slocum: For the record, Mr. Jensen will not be here and Ms. De Weerd has not yet arrived.

3. Confirm Agenda (Lipschultz):

Bird: I move we confirm the agenda as published.

Slocum: Second.

Lipschultz: A motion and a second. All those in favor, say aye.

ALL AYES. MOTION CARRIED.

4. Approve Consent Agenda (Lipschultz):

- a. Approve Minutes of November 24, 2010, 2010 Regular Meeting:**
- b. Accept Treasurer’s Report and Notice of Bills Paid:**

Lipschultz: For the record, Ms. De Weerd has arrived.

Escobar: Move to approve the Consent Agenda.

Pipal: Second.

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

ALL AYES. MOTION CARRIED.

5. Fiscal Year 2010 Audit Findings (Eide Bailly):

Lipschultz: As you know Eide Bailly performed our audit this year and we will go ahead and have our report from the auditors. We will invite Teri to come up as well for any questions that might arise.

Kevin (?): Kevin (Inaudible) with Eide Bailly.

Stockton: Teri Stockton with (inaudible) Accounting.

Lipschultz: I think everybody received a copy of the audit in the packet. And I think before we get in to any questions, I guess I would just ask for general comments from Kevin as to any findings or any other comments that you might have.

Kevin: Okay, I will just go through just a couple of highlights that I know (inaudible) through the financing. First of all we rendered an opinion and that is found on page 1 and the rendered opinion was based on (inaudible) and based on a reasonable assurance and the reason that we don't touch every transaction, but we select samples and do other procedures to get ourselves comfortable with the financial information and we also follow governmental law degree standards which we are required to do and then (inaudible) and I have prepared kind of the hours and I talked with Larry early on before we started the audit and talked a little bit about the hours that we spend and the fees and so I will give you a little synopsis of the hours and where we spent those hours. A couple of things to point out also, the management discussion and analysis that falls on page 3, is kind of a summary of what occurred during the year with some explanations of some changes that occurred and the asset liabilities and also the revenues and stresses and this really gives a good summary, rather than reading the whole financial statement. If you are going to read anything this is probably where I would spend my time rather than the financial statements. A couple of things that I would point out, you have assets on page 4 that is kind of a snapshot of the (inaudible), assets and liabilities and (inaudible) assets, net assets and you have (inaudible) of assets (inaudible) approximately \$700,000 and what is available as far as spending as far as net assets. Then on page 5 and this was reflected in the budget and it is no surprise to the property tax that has decreased slightly and I suspect that it may decrease again in the coming year, I just don't see any trends that are going the other way yet. So I think the budget will also reflect that for the coming year. Down at the bottom of page 5 and top of page 6 it talks a little bit about the capital outlay that were purchased and some of the items that were purchased and even though as you look at the budget and the budget is (inaudible) \$10,000 is I have the number right and budget for capital outlay and that still is your purchase and you are spending that money when going over was not a surprise to me – (inaudible) met expectations and that is your mission and that is what you are going to do and you know – find property and refer to property or whatever. I think there was a little bit difference in the budget – I don't think

it was budgeted – the capital outlay – I think that some of the capital outlay items were actually budgeted in administrative or other operating expenses. Then on page 19, we skip around a little bit – (inaudible) everything prior to page 19 with your balance sheet income statement which we hit on a little bit in the MD and A and there is a lot of foot note disclosure and describing the timeline on that list – if anybody has any questions on the disclosure – but it is very similar to what it has been in the prior year. Page 19 is where the budget is actually presented, (inaudible) C and a slight reduction in the property tax and then also you will see in the budgeting of the expenditures, which didn't quite match up and part of that is because of the capital outlay that was purchased. Then on page 21, 22 – we also give – we have to follow some compliance requirements related to the governmental law standards, which is (inaudible) through internal controls and a lot of procedures related to internal controls and some of those procedures that we do is what we call walk-thru's and so we will take transactions that come in the door and the invoice that actually will come through the door and we will physically take that transaction and walk it through the entire system and find out who signs checks, who approves things, who approves the purchase orders, the invoices and all put through the system until it is recorded in the general ledger and make sure that they are following the proper process and procedure and we don't give an opinion on internal controls, but we do say that we have custody in terms of those. Then we did have one finding that is attached on page 24 and it seems like we may be a little bit picky because of the dollar amount was fairly small, but unfortunately and no bad reflection on Teri on this because she inherited this issue that did come up as kind of a prior year issue before we started doing the work. But there was an adjustment and instigated an idea of our responsibilities and honors as we go and through the process – findings that come to our attention on material weakness and material weakness is something that internal controls that are so deficient that there could be an (inaudible) statement on financial statement and the next level of significant deficiencies and that is just something that there is maybe a control problem that has come up – a small adjustment to the financial statements that you could make and that was the situation here, definitely not a material weakness because there is not a deficiency in the internal controls. There was an amount that Teri had inherited that hadn't been reflected in the prior year. The dollar amount is not very big. So we just put it in as a significant deficiency and the requirement is just to communicate to the Board that (inaudible) – had no responses and I would imagine that the responses is down at the bottom. Any questions on the financial statement? There is one other document that our communication to the Board members – as we go through we talk about our responsibilities as auditors and then at the end of the audit, (inaudible) does respond to us the representation and the representation and they represented everything to us and everything that they ask (inaudible) and they gave us the documentation for – in this if we have significant adjustments, you know, we talk about the adjustment that we didn't make, that was only \$2,700 on a lease and then we talk about measurements of representation and then if there is any other audit findings of any severe magnitude then we will talk about those and so this is a formal driven communication to the Board, but nothing of any concern from our standpoint. We thought the audit went really well and it was very efficient and we really appreciate that and I think that having Teri helped (inaudible) and made some difference in that. One piece of information that I put together – I did kind of do a synopsis of the hours that were spent and we – as I talked to Larry, we talked about the fee and we agreed upon a fee of about \$12,500 and that

was based on a budget of 125 hours, so about \$100 per hour on kind of a blended rate is how we do it. Then you could see the budget was about 125 hours and our audits come in at 127 hours so we were almost right on and that is what I mean that everything was efficient because we had reduced that from the prior year. The prior year was about 35 hours more than that. So we were able to reduce that time, which obviously we can pass that savings on to you. I was in a seminar about two weeks ago and they were talking about audit deficiencies and one of the auditing standards, we are required to do so much work up front and on the end and they told us that auditing the actual numbers and financial statements – cash, receivables, accounts payables, is about actually 40 percent of the audit and this come out almost exactly – the audit procedures were 41 percent and so the time that we spend on the front end, which is commonly about 20 percent just documenting the systems and going through and doing our fraud (inaudible) and our interviews and things like that is usually about 20 percent and so we have come in about 17 percent and then on the review (inaudible) to just make sure that we do follow up procedures and review process, reviewing the report and re-reviewing the report and making changes that was really on the high end, so about 40 percent. So our time did come in about 127 hours and I actually prepared a bill yesterday because being the first of the month was when I would usually do that and I actually put another discount in there and I billed \$12,200 just to kind of pass those savings onto you because things were better and we appreciate that and we appreciate our relationship with you guys. We also know that there is others out there that I am sure you could get an audit for half that, but I think Keith goes back in history with me a ways on the city audit and I remember when we first come in there to do that and if I recall right the prior auditors were about two years behind on audits and hadn't been issued. In fact when we did that first audit, we were actually waiting for the other auditors to issue an audit before we could issue. So we know that and there is some out there that could do this for less but we take the standards very serious and the procedures very serious and when you guys called and wanted to wrap it up quickly, we got it wrapped up. We are happy to be associated with this organization. Any questions that you have for me?

Lipschultz: I guess just one question going back to the finding that you had – it is my understanding with what happened is we negotiated a one month later start date for the Ground Floor and we negotiated with the landlord to take in payments a month later. So I think the finding related to whether that payment had been shown as prepaid or expensed, right?

Kevin (?): That is correct.

Lipschultz: I discussed that at length with Eric who is not here today and I think we are all kind of squared away and I think we are kind of aware on how to handle leases so in the future we don't have that problem again.

Kevin (?): Some of your projects and transactions could get fairly complex as you go forward and entered into agreements and that is what we are here for. Don't hesitate to ask if during the year there is a transaction that comes up and contract comes up and obviously, we are not attorneys and we will refer to legal counsel on some things, but as far as getting it recorded right from the beginning we can assist with that.

Lipschultz: I guess in going forward and we look to this year, we are going to have a couple of changes in accounting in terms of we will have draws on a construction loan and we will have payments to general contractors and so we should have some conversations about making sure that that is set up correctly up front and I think that will make it a little bit easier down the road. Any comments, Teri, from your standpoint in how the audit went or any other accounting related issues?

Stockton: It seemed to go smooth this year. I managed the software a little bit better. It seems to be getting easier for sure.

Lipschultz: Any other questions for Teri or Kevin? Well, I thank you both and I guess, Todd, do we need a motion to accept the annual audit?

Bird: I would move that we accept the FY2010 as presented by Eide Bailly.

Slocum: Second.

Lipschultz: A motion and a second. Further discussion?

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

ALL AYES. MOTION CARRIED.

Lipschultz: Is there anything else we have to do in terms of getting the audit to the city or the state – do you recall?

Bird: (Inaudible) but it has to be turned into the city.

Ford: The packet is in the box with all of the talking points.

6. Meridian Urban Market Presentation by Courtney Robinson Feider of Adrian + Sabine:

Ford: As you know in our meeting in October we were directed to work with Courtney on coming forward with a more detailed proposal as to the Meridian Urban Market report and answering some of the key questions that you all had in regards to the budget, responsibilities and more logistic. As you received the information (inaudible) with Courtney on Monday and there looks like there has been some significant changes from what initially were presented in terms day, duration I would say and just some of the other (inaudible) as well and I will turn it over to Courtney to talk about it more.

Feider: I brought some visual aids here. I just want to bring some of the products from some of the people that are interested in participating in the market because (inaudible). He had a really positive response to the idea of a market in your area. So these are some of the things from some of the vendors that are interested in participating. Since there are quite a few changes, I think what I will do is just sort of quickly walk through

the proposal and I know you have had a couple of days to look at it, but that way we can just sort of hit the high points of what has changed and then in also do have a budget in detail and a site map – as much as we can tell right now – and I believe you also have those things in front of you and so I would love to review some of that with you as well and welcome any questions that you might have. So, number one thank you for making us go back and go at this with more of a fined tooth comb because things are different, in a good way, not entirely so the value proposition is very much the same, but the detail did offer me the opportunity to really analyze this from a different angle and so I really feel much more prepared for this concept and (inaudible) which I am happy to say this will be going weekly next year as a result of its success over the last couple of months and the November response. So from the beginning the concept we see as similar to what we originally discussed with you. We see it really as kind of a (inaudible) in some of the things that we have seen as really successful in Boise Valley, something that brings food, plus art, plus produce and farmers market sort of feeling and also a significant presence of music and then some local wine and beer along with the music to kind of create something that people don't just visit for half an hour, but the stay and engage for a few hours. We really want to cater to the Meridian consumers desire to have something that has an urban feeling, also offers fresh local music -- and local goods as well as produce and so forth as we have done a great of research not only into the products, but also the food side of things and the wine and beer side of things too to make it the most local experience as possible and I will get more into that detail later. I also think sort of this outdoor market experience – you will see some testimonies on it in this packet and indicate our experience about the (inaudible) that this greater area really does want more of that than is available in the local area now and even our (inaudible) public market has the highest number of vendors per capita in the entire pacific northwest, which I find very interesting. I wouldn't have thought that – in the research over maybe a Portland market or even some of the organized markets in the Seattle area. The demand is here. Let's just move on a little bit – there are key aspects to this that we kind of touched on already – local produce and food products are definitely a key component and we need very strongly partners there. We think that there is room for not only food products and highlighting local restaurants and food providers, but also certain culinary education from a standpoint and I will talk about that in some detail. Then also the perspective of Idaho wines and beers and particularly Idaho wines is really excited because they are a neighbor, just here in Caldwell and it is closer for them and there is a wonderful opportunity for our local winery's and (inaudible) should be highlighted and that is also a fun way to involve them in this concept. We see it as something, at least right now, as we (inaudible) the concept – I think it would be really good to have people be able to receive tickets where they can buys these bites of food or have these tastes of wine or beer – it would be bigger than a sample, but offer them this sort of tasting environment, but in between all of that they would be able to see artists and goods and produce and just sort of have an experience and they would go down there for the weekend and gather all of these products that they might like to have in their home throughout the course of the week – we also see and I will show you on the site map a pretty significant live music with a local – probably exclusively local music arrangement and one side of it being -- facing a beer and wine garden and one being family oriented and separated by fencing so you can enjoy the music equally with those two and we also have some family and some children's activities involved here as well because – we will attract families (inaudible). We see

this happening on a Thursday night would be really a great target evening and because we have so much daylight during early spring and summer months we are looking at probably a five to nine market run with music and – I think this movie thing might have to happen over time and check out the daylight works (inaudible) and it is as you will see in the budget as well a pretty significant expense in terms of the vendors I found thus far. So we would sort of analyze that in the context, but I think we really thought to do an outdoor movie as well and that could be another draw, like the one you do in Settlers thing and it would be done on a different evening if it ends up being more positive that way. But I think the market runs itself probably between five and nine p.m. and then as it catches some steam, there is an opportunity to open Settlers earlier and have a (inaudible) market if we have enough produce experience or local food experience for those people to be able to sell to local restaurateur's then there could be room for (inaudible) market. We see this sitting between we want to close Idaho Street between Main and 2nd and have the primary music, beer and wine experience be at the Generations Plaza area and then we see probably filling up with booths on the tee on 2nd Street and then eventually progressing up 3rd on Idaho, but that is probably a year or two at least the 3rd Street aspect. I see at capacity for this season, Main to 2nd on Idaho and 2nd Street at the tee and then you will see on 2nd as well. Our overall goal is to create this wonderful community – primarily to elevate the whole urban experience and to expose the citizens of Meridian to see the downtown core and for them also to experience the surrounding businesses and just understand the contexts of it in a different way. We have seen very positive results of that with Bound Crossing as well – a funny example I will share from Bound Crossing when we were during our last market in the snow – I was speaking with the bike shop and they were saying that they had a booth one of the first times and they would say oh our business and say oh are you on Broadway and they would say no we are right there. But the presence they found that although they got only two people walking in, their presence were actual shop store front, the name of the business and being able to engage with the community on that level. It hadn't been there and they found that that was a good value for them to be able to say, yeah, right here – moving to the proposal and the goals – Adrian + Sabine being the full time responsibility of a market manager and owner. We would request basically that MDC act as a publishing sponsor and (inaudible) funder for the market and that we would supplement that with additional sponsorships as we start to develop the market and you will see in the budget spread (inaudible) several sponsors and prospective sponsors already. During the off season we would also examine the community calendar and work to attend events and network with some of those local businesses and hopefully get them involved as much as possible in the concept and we could also get the word out about the concept (inaudible). So our goals overall are just working with the development of Meridian merchant businesses to increase the viability and economic value of the downtown Meridian core and providing community and cultural events and to provide fresh food, arts and culture to the downtown core and to expose a greater Boise area of artists and merchants to Meridian (inaudible) and support the community. Most of our vendors right now haven't had an experience in Meridian so far, but are very excited about the prospect, so I think that would be an opportunity. I can go into MDC's role and Adrian + Sabine's role in a little more detail (inaudible) request from (inaudible) and I want to make it clear that we are trying to be very, very closely aligned to your initiatives in order to have this be a good fit for your corridor. So we aligned directly with what we feel is the closest fit with your mission and you can see

that a part of that quote up there – basically our goal in involving MDC is to create a significant and successful and lasting impact on Meridian downtown core and not something that is a 2011 year, but year over year. So we see this as a long term initiative and something that we would like to run for a long time into the future. Again, we are requesting of start up and seed support in the amount of \$10,000 and we ask that you remain just open to hearing us again if we were to come up with another special event and again it would be analyzed obviously very separately, but that you would allow us to come and speak to you as we have at the last couple of meetings and just tell you the additional ideas that we have that would be separate from the market. We would take on the responsibility like I said before to add additional sponsors to balance that investment. As far as your team time and personnel, I want to be really clear that we don't expect a lot of labor from you, actually very, very little. Really all we are asking for is that your project manager be able to collect financial reports from us when we report to you quarterly with a financial spread and just kind of the news on our progress and would be available to do this kind of presentation whenever we needed to in that respect as well. So if we had that engagement with your project manager that and if you have your relationship with your PR agency where we could have them pass along press releases and media alerts and just collaborate with us and just pass a little information along that would be fantastic and would be very lucrative if you would be willing to take that on as well, so that is just a question mark there based on your preference. We are happy to work with whatever is more viable and more comfortable and appropriate for your situation and just the workload that you have already on the plate for the PR agency. As I already mentioned we would take on the full time market manager role and owner role and we would ask that we are able to be the voice that selects the balance of the market vendors and putting them all together in balance has been a little bit of a delicate process, but we have done I think a good job of it at Bound Crossing and had a really good positive experience from our consumer public in balancing those. We typically don't look for tiered marketing or anything like that it is all local artisan (inaudible), but I would ask that you stay open to the idea of that coming from the greater Boise area or even Idaho in general and if you are open to it there is also the possibility for some regional influence occasionally. With food products, one of the produce partners that we have been speaking with is very interested in helping us with some of the products that might come from the little bit of the greater area, which I think is also a differentiated (inaudible) as opposed to Capital City public market which is very, very focused on just the Boise area and on Idaho produce. Adrian + Sabine will contribute to markets (inaudible) up to \$5,000. We have put in about \$2,500 worth of work, researching, planning, acquiring sponsorships – realistically once our team is in this, we are in this. We (inaudible) in doors (inaudible) into Bound Crossing and once it is going, there is no way we are going to let it fall down – if there is something that needs to be done, it is going to be done. If you and other sponsors make a commitment to get at work at this, we are absolutely 400 percent behind this and we will make it as successful as possible. That just comes from a perspective of having a very high integrity for the product that we put out and of course our reputation is on the line as well as far as putting our name on this and so we will work very diligent to (inaudible) and also I am sure more than that to make sure this is successful as possible. You will see a little bit more detail about sort of the role that we play and we may have reviewed that already. I also find out a little bit some of the time involved here and in personnel and timeframe regiments (inaudible) in your budget and I have also involved a line item

specifically for bookkeeping and financials so that those may be included and organized (inaudible). The next couple of pages you may have looked at – I will let you look at your leisure but they are just a variety of testimonials from local businesses and vendors for Bound Crossing. As you know we have only been doing Bound Crossing market since July 2010 and we have ran the market from July 2010 to a shockingly cold and wet November, 2010, which means that next year that we will run it probably from April or May to October and November itself. It was very successful even with the weather; the vendors were already on board for next season and we are looking at offering a season pass option for a number of vendors at a reduced rate so that we can guarantee we have the vendors a (inaudible) and we would like to put that model in the mix with this as well and that is also in our budget here that we would offer that and that would guarantee a certain number of vendors for next year as well. So there are some testimonials on a couple of pages there and then on the next page you will see some details about some of the neighbors that we reached out to, recommended to us as potentially interested in this kind of (inaudible) and I can tell you a little bit about the responses that we have received from them so far and then a list of sponsorship and community partnerships – even as late as yesterday I received a call from Boise Weekly saying that they want to have another meeting next week about a sponsorship opportunity with this as well and so there is – the momentum is pretty crazy with regards to interest in this. People interested into getting into your market and understanding your population here and helping elevate this community, there is a long list and so I am confident that we can (inaudible) in sponsors. As far as neighbors, Ben (inaudible) I guess, the property manager or landlord of the Generations Plaza area have put their support behind this concept. We have been advised by some of our sponsors, partners that Rick's Press Room, Miss Tami's, Epi's, Schooners, maybe Pie Hole and Busted Shovel would be potentially interested in helping get behind the concept and we are in the process of still trying to contact all of those people – it is a holiday season and not all of them are very quick on email. So we are still working through that list, but we have received confirmation of support from (inaudible), Corkscrews Wine Shop, American Family Insurance, D.L. Evans Bank and of course Flatbread. So those are sort of our immediate neighbors that are already invested in the concept even before it has been approved formally. Sponsorships and community partners – I have a small amount of cash earmarked from Idaho Wines and I think we did develop that relationship over time – especially some of their wineries were able to see some success with the market and having that experience – (inaudible) and also discussed from figures and a lot of interesting growth as far as their role with getting involved in helping out with this too. Go List in Boise is involved in a sweat equity capacity, but they would help us provide all of that local music and of course my company would act as a sponsor with sweat equity and then you are listed as well. Grassmuck Produce is listed as well in helping with bringing produce partners to the table and they would specifically put forward the Shay family, which runs a food stand, I believe on Fairview – they have a little miniature farmer's market on their own, but they are very, very interested in being one of our key produce partners, but they are also interested in collaborating with other produce partners – so we would go back to Idaho preferred Grassmuck sort of condiments and then work with a lot of their providers like Whistle Farms and the Shay family and create a large produce experience and they are very excited about that. That is a huge win because that has been something that we have had a little bit more difficulty finding with the Bound Crossing market in process this last

summer so I am really excited to say that we have a real strong food presence interested in this as well. Then like I said it was weekly that we were starting to discuss and really hit the ground with the rest of the sponsorship lists because I have devoted most of time to organizing the process and writing the budget in detail and creating setbacks so that we really have something concrete to share with the sponsors and partners as move forward. I sort of referenced the financial details that you will find – I also have a hard copy that I have provided to the project manager that I can provide to you that is a little bit easier to read. There is a lot of detail in there for you. I can walk through whatever level of detail that you would like on the budget – but the thesis that I will give you is that it is balanced and kind of shocking honestly – but the expenses and the hard costs right now balance quite nicely and we do have – for instance in the movie area, I have solicited a couple of vendors, but there might be some other ways for us to work around that and is kind of a large item that we could create balance if need be as we see how many vendors get on board and like I said I am very optimistic about our opportunity with the initial sponsors, so I am not very concerned especially with how different our experiences have been just with sort of flying by the seat of our pants with Bound Crossing – this is very organized and thought out ahead of time and was balanced a head of time and so it would be (inaudible) to keep it balanced than trying to create and fly as we go –

Lipschultz: I guess the biggest change is it has been moved from a Wednesday night verse a weekend type of event. How do you see that opportunity on Thursday verses weekend for both getting people downtown generally and secondly I guess all of our retailers verses just our hospitality oriented retailers?

Feider: I think a couple of things. The number one reason for a Thursday night – I think results we are seeing with downtown Boise Alive After Five, for instance, captures a huge audience on a Wednesday. So I am not that sure doing summer months, Thursday verses Friday would be such a critical change, but I will also say that as we get into the designing and development of this kind of thing, we have till April or May to figure that out and if we were to be discussing this with all these vendors that is coming back that Thursday was preventative in any way, moving it a night would not be a problem. It is a pretty fluid detail. I did put it on Thursday night actually as a result with some conversations with several different entities and some neighbors and some potential partners who said they thought Thursday would go over better, so that was by design in response to the feedback that we received so far. One other reason for that is because a lot of people tend to travel weekends during the summer that sometimes a Thursday might be more manageable for them and then also because if we want to involve at least in some respect (inaudible) experience, restaurants might feel that a Friday night is competitive with their restaurant business and so we were hoping that that would help us involve the neighbors or – even if they are out there on the street, maybe the tasting experience would help them be able to have a business benefit from having something that basically gives them something other than the weekend days (inaudible). But to your point if we were to take this forward and we received a resounding response that there was an issue with Thursday, it would be changed. We have to maintain a sense of flexibility based on the feedback we get and sort of come to a common ground range.

Bird: Courtney, you were going to run from five to nine, but when do you close the street down – from three to – or four? Midnight or --?

Feider: If a movie runs yeah, probably. The street could be closed minimally at first. We do have – well, yeah, 4 o'clock would probably be the start time. The movie actually wouldn't shut the entire street. The market can be broken down while the movie is running because the location that we have earmarked for the movie is actually down by the Community Center in the grass area. So that actually would be independent. In our experience at Bound the market breaks down in about 30 to 45 minutes, so realistically it could be (inaudible) before ten.

Bird: Because you are affecting a bank and a lot of retail there by closing down by the 127 or – I see why (inaudible) doesn't care because his faces Main Street – the others are offices – Rick's Press Room I don't know – they are the only one along Idaho Street that is even mentioned here. I think I would want to talk to Idaho Independent Bank. I mean they have got a drive through there – these are businesses that pay taxes all year.

Ford: I think that one of the things that we also need to have consideration for as well is the fact that we will be going under construction with our new COMPASS VRT building, which will probably prohibit some of the location that you are looking at for the (inaudible) and they need the location just because of the construction and the construction fencing and some of the offsite work that is going to be part of that project (inaudible). It is information not known – that is something that we need to talk a little bit more about.

Feider: I think that those things are workable. With regards to comments (inaudible) – I would say that we definitely would want to talk to as many (inaudible) as possible and find a way in which to have a positive experience for them. The bank will be a different story, but in terms of some of the businesses that involve food or drink, I think the foot traffic, potentially would be very positive for them, even if parked traffic was not quite as abundant during a few hours of one night. But, I do think we have done a good job and had positive experience of making sure that the neighborhood is well cared for in Bound Crossing and I think that that is also what we heard as a differentiator in what we heard from market concepts in general. That we think about the neighborhood and work with our partners very closely, so we would definitely not want to make an impact on any business and would not want to steamroller ahead with any knowledge of negative impact or objections. We would want to work around them and find a solution by which we could work on our project, but also keep things positive. I think that requires some more research to be honest. We have spent a lot of time reaching out to neighbors, but it takes a lot time to get around to everybody and get them –

Bird: These neighbors – once you are (inaudible) down on Main Street and stuff like that, Epi's and Miss Tammy's and all of that – their street isn't going to get closed down. Their parking isn't going to be – their exposure is going to be right there. Flatbread it is – it's there exposure room.

Feider: Maybe I can differentiate between two different things. One is we have got a list of potential restaurants or partners that has something to do with food business that would be interested area neighbors that might participate and on the other side there is neighbors whose street is affected and that would probably be a separate discussion and part of the process of getting the permits figured out. But probably you are right their interest might be different and I really believe it just comes down to a discussion and where we have had success in the past is try and bring in as many of those people as possible to one discussion and find common ground. For the most part, if we are flexible and we show clearly that we want to cooperate and not try work against their business (inaudible) our experience so far is that those people are happy to be part of that.

Websten: So the businesses that are along Main Street that are listed here are primarily there because we want them to participate in the market, not necessarily because the closure will impact their front door. The businesses that are actually going to be on Main Street and on 2nd Street that will be impacted by the closure will benefit be a dramatic increase in foot traffic on Thursday nights, which even though the social out cliff cash starts to pick up on Wednesdays and Thursdays as you go into the weekends, clearly I think the benefit is they will do more business on a Thursday night with the condition of (inaudible) thousands of people that we would see them as marketing than people just driving down through 2nd Street for five or six seconds and then turning off and taking off. Epi's, Busted Shovel can participate in the market some way by selling their goods – Rick's Press Room, we definitely need to get their support – 227's support, Idaho Independent Bank support – we have got a great relationship with them, so we hopefully can work with them on that. I also have a question about – besides from food hospitality which retailers are we talking about being impacted here on 2nd Street because I don't know of any – you have got a cigar shop – the idea is to hopefully improve the attractiveness of downtown and people will see the opportunities that are starting to exist there and hopefully will start to have some retail interest – right now we have got a lot of vacancies and there is not a lot of retail downtown besides food and beverage. So create a buzz and people will see an opportunity to put in a baby clothing store or a candle shop where people come down and shop around.

Feider: I also add that we had a big demand at Bound Crossing for a portable ATM – and those banks that have an ATM presence would receive a different kind of (inaudible) like what I was talking about with the bicycle shop; hopefully – actually some commerce in the experience as well – it might mean a car couldn't drive through for a few hours, but really beginning an hour before the typical closing time – that is not completely cutting off that day of business for them – (inaudible) – we could reconsider the (inaudible) market concept or reconsider where so that some of those businesses could function with that. I think they could see some positive results as well.

Websten: In my conversation with the Shay family they recommended – they have been looking at a vacant lot over here and putting in a large scale farmer's market together for a long time and haven't done it. They are super excited about this selling – they are selling 100 gallons of raw milk a week – they are selling eggs and multiple types of produce. They are super excited about this concept. But I was dealing with Shane and we had discussed – putting a big farmers market on a vacant lot doesn't

necessarily impact the businesses directly as well as it could if there was a street closure and those people are buzzing in and out of the doors and raising awareness of the businesses that are actually right there and – put them in a vacant lot they don't see it as Rick's Press Room is right there – they don't get a chance to walk inside and see the menu. So that is why we wanted to – at least for year one, let's put it smack dab in the middle of all the businesses and let's see what impact we get.

Feider: The other thing I will say is literally from month to month our site map has changed in some form, so I think in some respect it is a matter of taking our best stab at what is going to be positive, trying it out and – with a weekly market it is easy to act quickly, they don't wait four or five weeks to go oh that is interesting, oh it is different? It is very immediate affective (inaudible) and I do feel that for if any reason there is any negativity, that is not set in stone. That is something that we can work with and adapt as we go and we only will really see the way that that flows when people are out there and is organized and set up – but that could be easily adapted over time. The only thing is the possibility that I don't get think would be as positive is we would be pushing things to the sides – more in sort of the parking area, which is what we have somewhat done with Bound Crossing because of ACHD way that -- you literally can't shut the street. It is not an option and in this case, you can and hopefully it is minimally impacted but there are other ways and we can have a discussion with ACHD about how so solve that and (inaudible) that we do feel that this is the most positive setup as far as we can attract –

Lipschultz: What do you see as next steps?

Feider: I would love to see MDC to consider and hopefully support the sponsorship that we are asking for for the end of the year and then begin the process to just continuing the design of the market, working with the neighbors, working with setting vendor relationships and getting them on board for the next season. Start selling those passes so that we could start to see what kind of critical mass we can get for the number of booths, really working with the nuances of where we put everything and how that relates to everything else that is going on development wise over the next six months in this area and obviously that is pretty fluid and even could be during that season so we would want to be conscious of that. We just need to get our planning well under way so that early in the new year we would have solid foundation to go and charge initial interested sponsors and continue discussions about support. It is kind of a long process to set some of this up and so the sooner the better with getting started. It seems like April or May is a long way off, but really in terms of something binding it is not. Even just this process of talking to you has been a few months and that seems to (inaudible) to me at least and I know that that time will pass quickly and there is a lot of take care of a lot of people's interest to think about.

Lipschultz: I wonder if it is possible – Keith makes a real good point to have some of those conversations with some of the key businesses on Idaho Street –

Websten: We reach out (inaudible) and we didn't get any response. So it is time to go knock on doors.

Pipal: I have a question – what types in Bound Crossing – you talk about creating a buzz and what do you see happening as in examples of being – maybe a store front that came in as part – got excited because of the market – can you tell what that generated?

Websten: That was fully 100 percent leased and just became so prior to the beginning of the market. The two new businesses that were there – Jonathan's Flower Shop, which actually leased the space about a year and one half earlier, but didn't open until the market and then (inaudible) were both immediately on board and supportive of any (inaudible). In fact the owner of Town Shoes, Edwin said to us that after the very first market that he was just thrilled (inaudible). But there isn't any retail opportunity (inaudible) – that doesn't mean that there won't be, but right now –

Feider: The last couple of months and (inaudible) and one of the testimonials about a 30 to 60 increase on every Sunday for the market and they were very, very supportive but part of that was by design because they were successful. I mean they literally ran out water and just the staple items on the first market day. So I think for them that was a business phase that (inaudible) seen at restaurants and – when we first set down at the table as a merchant group and had this discussion about the idea of the market (inaudible) neighborhoods and had probably a little more to lose (inaudible) with their business so far – but they have been successful and it has been helpful to their business and they have expressed a very strong support of next year as well. That is pretty true across the board if you look at the businesses at the Bound Crossing. Like Rob was saying each opportunity is different but as far as impacting a business and we didn't really anticipate that on the day off, we thought that that would be more like oh they will see it and they will know about it for later, but really the day of was quite a shock.

Websten: The businesses can't operate as businesses as usual. None of the businesses in Bound Crossing operated like they normally do when the market took place. You have to change the way you operate on the market day in order to capitalize on the benefits of the market. Like Jonathan's Flowers doesn't put flowers outside seven days of the week, but on the market day he did. Flatbread Community Oven doesn't serve breakfast, but on market days devised a breakfast menu serving breakfast pizza, mimosas and wrapped our arms around it and took advantage of it. The (inaudible) capitalizing on the local produce that was delivered to the market using that produce during that day. Element's Massage, they don't put chairs and message tables seven days a week, but they did on market day to attract awareness and improve business on that day alone. Element's Massage received a huge benefit. Just the awareness in knowing that they were there. The ability to sell gift cards. The ability to lay out a to go menu, anything – businesses have to do that. If you expect to benefit the market and still do the same thing you have been doing the whole time – you have got to take advantage of the opportunity – the businesses on Idaho will have to – in order to really succeed with this, they will have to adapt to it and take advantage of it.

Feider: There was some side results just by nature (inaudible) and get some business because families were out. But I do think that those businesses that focused on the market opportunity had a marginal increase of 15 to 25 percent more additional profit.

So everybody had a nice bump for the most part, but those who decided to advise (inaudible) – so it is sort of down to how they run a business, but there is definitely an opportunity to capitalize.

Pipal: When you look at 2nd Street, when you are going – the corner with the community center on it – and the one across the street and kind of down that side to the bank, those businesses in that area from the Board's experience when trying to improve 2nd Street essentially was do absolutely, do nothing anywhere near my business – not that there was any opportunity for them in anything that we did and perhaps by the time we engaged with them at a level that we should have, that opportunity has passed for us as a Board, but this location though – I am really excited about generating commerce and potential in downtown Meridian. I am concerned about that for this effort.

Feider: Just so I understand, are you talking about Idaho Community Bank and --? Further down by --?

Pipal: As you probably, Mr. Chairman, are well aware of some of the concerns that would be raised from some of the –

Websten: Yeah, well it was just like Craig said last time, were we successful in establishing a merchant association in Bound Crossing (inaudible) and the businesses out there are certainly aligned for the common goal. Here is a much more independent and everyone is doing their own thing and it is going to be – is there going to be some challenges getting some businesses on board and behind us? Sure, but maybe it takes a business to do that rather than a board. Maybe it takes some grass roots and flyers and saying hey meet at the restaurant we want to share with you what we think about.

Feider: We have done a lot of that and a lot of listening and I think that is definitely in the cards here. I would say that I think that if we wait for every single business to get on board this won't get off the ground –it will take long, quite frankly – if we wait for them to come around on their own – if we decide we are doing something and we even have some fluid experience with where the location might be, maybe for any reason this location got (inaudible) we started to look at how that could be moved in an appropriate way to accommodate what we needed to for businesses. That is a possibility, but overall trying to get them to come as a group and discuss with each other is more positive than speaking to each of them individually as well, but if we wait for each of them to return our call as we just sort of sit back and wait it will take a little time I think. It is definitely incumbent upon us that if this project to go forward to go to each of them personally and say we (inaudible) and we want to hear your concerns and we want to service your concerns (inaudible) and do what we can to elevate your business. I am not sure how that would go over – I do know that a year before we started the Bound market there was no alignments with that group either and we got there. So I think that there is something to be said for just sort of going at hand a little bit and saying we want to work with you and make sure this is a good thing.

Lipschultz: I think those discussion definitely need to take place and the question for the Board today is do you want to consider a commitment today or would you like to see those discussions take place first or other questions?

Bird: Mr. Chairman my preference would be to bring it back to the meeting on the fourth Wednesday.

Ford: That is probably a question for a little bit later in the –

Bird: That would be my preference.

Ford: Mr. Chairman that was going to be one of my questions during my project manager's report was if we were going to be able to have a quorum for that day. I have been told by a couple that there may be some issues.

Pipal: While we are thinking about that, Mr. Chairman, am I to understand that basically that you are telling us that for a \$10,000 investment that we will see approximately a \$97,000 return on this investment in terms of this market and what is generated, not necessarily what is generated but what your estimating could be – part of the activity for the market –

Feider: That would be revenues, sponsorship, all of the income I guess but –

Pipal: We would be privately provide it is what I am saying –

Feider: Right. In balance there is about that much going out as well (inaudible) so it is really to be level (inaudible).

Pipal: I would like to just make a comment about using – as we consider this we should just be really careful about if we make that commitment that we don't end up committing a lot of Ashley's time and work, or our accountant's time, or our PR firm's time so that it no longer becomes a \$10,000 investment, but it just starts to grab stuff as moving forward.

Feider: Well and I think that is what we outlined here, we have a financial report that is entire on our side, we have the PR that we can take on our side should that be appropriate; we can collaborate if that is more appropriate with your PR agency and then as far as Ashley's time it stands to literally to reporting to you, providing you with our documents and that is it. So it should be extremely minimal.

Websten: Otherwise, if you did and you are making the investment (inaudible) and then you want to make sure you throw in some PR for sure. That is the big thing and that was the thing that helped us the most in Bound Crossing add beyond the television stations, the newspaper (inaudible).

Pipal: I do understand that, but you also need to understand that we are under extreme strain as an urban renewal district and all of us are facing it and we have to be very careful of what we are doing and will survive whatever happens to us in the legislative session.

Feider: We took on that responsibility in the Bound Crossing, so we are entirely capable of running that if that will help for a solution and it can be part of our

management situation, so anything above – I think Rob's point is anything above and beyond that, the more effort, the more result, so if it is appropriate for us to make some of those efforts and for your agency to support that all the better, if it is not, it will still be successful with us handling that. We want to be respectful for the fact that you have a relationship with a PR agency and not come in and say we have to (inaudible) those because that is not – it is more of a question of what –

Lipschultz: Do you think between now and the 22nd or the first meeting in January that you could have some of those discussions with the businesses on Idaho Street and 2nd and maybe come back with that feedback because I think maybe we do want to consider that if that makes sense to the Board.

De Weerd: I do think that we should have some of Ashley's time put into calling together a meeting for these businesses, maybe at the Ground Floor to work on that communication – the thing that Ms. Pipal mentions is we did not do that ahead of time and it was a decision already made is what the businesses thought and that they had no opportunity to have input and that was a problem. So I do think we should have an investment of time, certainly my office could help in getting invitations out at least to bring them to the table to talk about it before this Board makes a decision.

Websten: Well and we have a conceptual summary, something meaningful to show them, exciting as well, it is focused.

Ford: Mr. Chairman if I may add one of the initiatives that we were going to take on in January was to do a meeting with myself and the business owners to do a meet and greet and to get to know me a little bit better and get that open dialogue. We were planning on that in January most likely because of the holiday season and knowing how difficult it can be at this month – however, if this Board feels that we need to try and push that up, I am willing to do so.

De Weerd: I just don't know what your time commitment is before you need to start talking to your vendors and all of that.

Feider: A matter of a couple of weeks from the holidays and quite frankly I think that is why we haven't received the feedback from those neighbors is because they are busy. It is the holiday season and it is tricky timing.

De Weerd: It is getting out and walking the street. This email and phone calls don't do it. They don't.

Feider: But I think you are right that having a discussion together is the most positive situation and having to feel that if your group and our group are open and listening to them and taking in their needs and their thoughts I think is the most essential part of that and I think naturally you will see the layers emerge from that and those that will have a strong voice and also concerns being vetted in that forum is really positive. As much as I would like to see this happen before the year end if that is a bigger major turning point in this process – if we did it the very, very beginning of January then that

seems like a better time to actually get everyone to the table, but they may not attend the meeting in the next couple of weeks. But you know them better than I do.

Lipschultz: Ashley, if you could maybe take the lead on that and get that all coordinated.

De Weerd: I do want to say that the Parks Department in doing the Christmas tree lighting, we do close that same street down and so our Parks Department does have a little bit of knowledge as to what the concerns might be. Certainly the base concern is going to be closing it before five because they do have the drive through and it is going to have to figure out some of that and that will be their primary concerns.

Lahey: Just as we talked about before one of the challenges that we have as meeting the purposes of MDC and then just a straight donation to a private entity and the Board may feel like they want to accept that challenge and go that direction, but do you have the ability or are you open to another creative way of doing it where we could have some kind of deliverables?

Feider: As outlined in the budget – it is not a donation. It is a contribution to labor hours, vendor meetings, sponsor meetings and a grant that is created specifically for this – it is actually all outlined in deliverables, so I guess that depends on how your bookkeeping works and I don't know about that process on your side, but I do know that this is outlined completely with firm items that match in budget and your contribution sort of offsets that overall budget, but it is all detailed and so I think we could even say take the donation from MDC and put it to specific deliverables so that it is directly aligned in investment so that it is in no way seemed as a donation is the case. I should also throw out that we are working at looking into the process of the 501 (c)3 arrangement for this and the other markets that we manage, but it is an expensive process and takes a long time and so I can't promise that it would be in place, but that research is in play and so it might be possible that that would be the situation for next season as well. That being said we would probably have to try and work on an arrangement to get the development process going before that took place, but we are conscientious of that on your behalf and others and that is why the budget is balanced and that you aren't seeing any expensive (inaudible) because that is not really our purpose, it is just what it takes to get the workload for the project done. But we can put it to direct deliverables matched in the budget so that your investment would (inaudible).

Lahey: So we could have the – public private business isn't much of a problem if we could have some kind of an agreement for the deliverables that you would check in every so often that here is what we are getting for the money being spent and there is a contract in place?

Feider: I think that we would send you financials quarterly and more often if need be and we would have someone on our side that would do that process, but I am sure you would want to review that with your own team as well. If you look at the budget you can see in expenses, the brand creation, strategy and there are specific things that we could just add up to the amount that (inaudible) and make sure that it is very clear and just

create and issue a contract to you that has the right terms that match your legal needs as well.

Lahey: Just kind of a non legal question. I noticed in the Valley Times that there was another farmers market that was happening at one of the high schools – did you see any issues or conflict or –

Feider: I really don't, honestly because like in the case of Bound Crossing just by circumstance we had to do it at the same time as the (inaudible) and renaissance market. We don't ideally want to conflict with another market – (inaudible) but on a weekly basis, I don't know how often they are running, but if we are on a weekly basis it actually prevents our conflict somewhat because most of those are monthly or a little bit less frequently and so people are going to go to that and set their calendars for once a month and it is a little bit different (inaudible). I think we would be able to not really impact that situation and I don't think it would impact us.

Lipschultz: Anything else? Okay, thanks a lot Courtney.

7. Legislative Update (Scott Turlington):

Turlington: Yesterday as we discussed previously the URA groups came together at the CCDC's office. Seemed to be what I thought was going to be which direction to go and get input from the URA's in terms of the informal association verses a formal 501 C6 association of bylaws bureaucracy and stuff. It literally -- and Ashley and Larry were both there – within five minutes of when the meeting started there was a vote on informing and I am not overstating that I think – but there was a vote to form this association and we literally did not have an opportunity prior to that to put the concerns that we had discussed with our Board and so there wasn't even a moment that they had discussion (inaudible) – Larry voted no to form the association and I think was a matter of principle and (inaudible) have the opportunity to talk about those concerns.

De Weerd: How many were there?

Lipschultz: I think about something over 20 associations represented over the phone and in person.

De Weerd: And they all voted --?

Lipschultz: Yeah, after their vote, I raised the comment to Mr. Kushlan that we are struggling with the concept of a formal organization verses a formal coalition put together and outlined a lot of the reasons that we talked about creating bureaucracy and adding expense the way that it would be perceived by the legislature and a lot of the discussion points that we had. It was followed up by the chair legal urban renewal agency who agreed with those and said that they had the same feedback – a formal 501 C organization would not be perceived well by the legislature and they had a problem with it. At the end of the day they did another vote and again, I think there were about 25 votes altogether. We were the only no vote and there were three abstain votes and I think it was Post Falls and might have been Idaho Falls – there was one

other on the basis that they wanted to get further direction from their boards, but Eagle was the other that kind of firmly supported our position.

Turlington: We were almost sort of (inaudible) a little bit – there seems to be a little bit of this frenzy to create this organization and as the meeting unfolded – (inaudible) there seem to be no clear sense of what they were going to do and who was going to do it for them. It was almost – (inaudible) to get to this creation of this group and everyone was going to go home and one of the CCDC's folks stepped outside and the comment to me was well who is going to do all of the work? I said well it looks like you are. Because that is kind of how this thing has shaken out and his response was no I am not – I don't know what they –

Lipschultz: It appeared that the last meeting at the AIC that there were about four or five cities that got together apparently Boise, Moscow and Ketchum and Burley and they got together and decided what direction they were going to take and what the dues were going to be and who the associate members were going to be and kind of laid out the whole deal – they apparently have six or seven agencies that committed to \$500 each to help them set up and I think they were talking about dues like \$250 or something and then inviting private entities in the associate numbers.

Turlington: I have got a feeling, Mr. Chairman that that is going to drastically change. The legal – the attorneys yesterday – from my perspective I am sitting there going you guys are – the vote is going to determine this and no one has asked the question of what are the dues, how is it set up and who is – so to me it was all the cart before the horse and precisely to our point I think this again will be the initial point for this legislation – number one you are forming an association and number two you are doing it with taxpayer monies and so I think Meridian certainly preserved its position of where it has been and we can safely say (inaudible) and segway into the discussion with Chairman Lake last week – so I had the opportunity to sit down with the Chairman of the Tax Committee and all the bills that affect the urban renewal – he asked me what my opinion was of this association and I (inaudible) and he asked if Meridian was going to be a part of it and said we had not made up our mind (inaudible) – he expressed concerns as well on the association and the perks of what they are going to do and how they are going to be funded and the fact that you are creating additional bureaucracy and time (inaudible) drastic budget reductions this year. So we talked about in some detail about ideas in terms of what Meridian would be willing to support legislatively. I said that we had discussed conceptually things that we wanted to see and things that we are willing to accept (inaudible). One of the follow up items he asked me if I would come back and discuss with the Board is if the Board is comfortable providing a list of items that we had discussed I guess that would be favorable by this URD in terms of legislative actionable items, so I told him I would make that request and I know that our on the subcommittee (inaudible) and I offered to put together the bullet points items that we talked about and to collect and (inaudible) and then I think if the subcommittee and the Board is comfortable we could share that with the Chairman of the Committee. His process this session would be that if anyone has a bill he is going (inaudible) – he is not going to create subcommittee to evaluate it and go through it and he also indicated that if he has it his way it would be the last year that we take up urban renewal issues – he wants this solved this year. So with that I think as another follow up to this discussion

yesterday it appears that in about six months they will have some direction. They said that it would take a while to form this and so I am not sure who will represent the RAI Reed Development Association of Idaho –

Lipschultz: They did create a legislative subcommittee I guess that is going to meet next week and I think decide for everybody else what they should be doing at the legislature. I think two questions for our Board in terms of going forward and next steps. One we want to get the general feeling of the Board if there is any interest in joining this formal association and then secondly the direction we give Scott in terms of our legislative effort this year and is everybody comfortable with us just kind of moving forward with the discussions that Scott continues to have with the legislators and trying to get a –

Bird: My opinion right now is that I would like to proceed now with what we have with Scott and doing it. I don't see where this association is going to be very advisable – I would like to stay independent, while we can work with them, I feel comfortable with Scott being there.

Lipschultz: We did make the point that obviously from the beginning we have advocated a coalition of some sort on an informal basis, both as a legislative effort and potentially other areas that could be a mutual benefit to other agencies, but we just don't feel that forming a formal organization is the right thing at this point and time.

TURUNSTON:
Lipschultz: What I will do based on what you want me to do as a Board and prepare that list at what you consider your comfort level and get that to the subcommittee and on to the Board. The way our process will go forward is I will make sure in the legislative proposals that are coming forward that we will draft one or we will have them and incorporate our concerns and (inaudible) and bring that back to you for consideration, because there are going to be a number of them. So whether it is on our own – we still have the opportunity to do it and can do it and (inaudible) – I think our next step is we get to the subcommittee and then the Board and as my recollection goes in the last six or seven months, we have got about seven or eight things that we have discussed that there was some comfort level, for example, the no shoestring annexations, 20 year verses 24 year, the issue of if there is going to be accountability to the taxpayer does that process involve beginning a voted approved district formation verses the voters approve the Board. So I will put together that list for your review and I am confident (inaudible) that you choose to do with it and give me direction from there.

Lipschultz: That is great and we will get that out to the entire Board and everybody and get comments back together. That is great. Any other questions for Scott?

Pipal: I don't know what – or if counsel can clarify this, but I would suggest that we form a support of the chairman's actions not to join as being on the record here because I am thinking it is going to – as Scott was alluding to, it is going to get pretty dicey, there is a lot of pressure on those legislators and there are legislators who are new who have said that their number one thing is to get rid of urban renewal districts and we need to be seen as coming forward and being willing to work with the legislators and even though we are not elected right now by the taxpayers as truly trying to represent their interests

in the district and I don't know if we have to have something formally in our packets or have it be on the agenda, but the discussion is and I don't know how we would formally do that and correct me if I am wrong, but I would move that we affirm the Chairman's vote not to join a formal association of the urban renewal districts.

Lipschultz: Just to clarify that the vote that they had yesterday was to go ahead and file the incorporation documents with the state and to go ahead and form the 501 C6 and so what I took upon myself was no and note to move forward and form the formal organization.

Pipal: Then I would amend my motion to support the Chairman's vote of no in forming a corporation of 501 C6.

De Weerd: Second.

Lipschultz: A motion and a second. Any discussion?

Roll Call Vote: Slocum, aye; Bird, aye; Escobar, abstain; Pipal, aye; De Weerd, aye; Lipschultz, aye.

Escobar: I have to abstain, as I don't know what the vote was.

ALL AYES. MOTION CARRIED.

Turlington: As this debate unfolds the issue of URD's and this is one of the things that I want to bring clarity to all of us and when we are talking to the legislators (inaudible) that there is a significant distinction between the ability to levying a tax upon a citizen or the ability to spend taxpayer dollars. The two are not diabolically opposed but they are not in the same category either. URD's do not have the ability to levy tax. So in that regard the District's do not, in my opinion need to be treated as City Councils or County Commissioners or other entities, however, if we are going to be a relevant player in this discussion, what we need to be able to find is that compromise where we say we recognize we can't levy, but we recognize that we do spend, so what is the appropriate measure of accountability for this District? So that is going to really I think frame a lot of this discussion around accountability verses whether or not board members are voted in, whether or not a district is created by a majority vote. It is typically when taxing districts are created, they are created with purposes of levying a tax – mosquito abatement district, cemetery district or whatever, this Board is willing to move forward and say we will support the notion of a URD being created by a vote. You have to recognize that we don't have the ability to levy the taxes then it shouldn't require a 2/3 vote (inaudible). So I think those are some of the minutia of these negotiations and compromises go through, but I think it represents a tremendous step in the right direction and really for those legislators (inaudible) claims and to say they have done something, but I that is reasonable. I would support that as a vote by the taxpayer. Just as a point of clarification.

Lipschultz: My recommendation would be that we not join the association, which is kind of second (inaudible) as there was no vote on who is joining and who wasn't and had

different representatives who were taking that back to their Boards, but my recommendation would be that we not join at this time, but I will turn that to the Board if there is any action that it wants to take at this time?

De Weerd: Well I agree (inaudible) -- I think it has been clear on the record that no one has an interest in being involved (inaudible), but having a discussion with them whether they are an organization or not it is still important.

Lakey: Mr. Chairman, in this case, inaction is action.

Lipschultz: Thanks Scott.

8. Broadway Building Partnership Update (Lipschultz):

Lipschultz: I think the key action items that are happening now are that we did have a Q&A session this past week with potential bidders on the project. During that meeting that I think the biggest issues that surfaced – one was our liquidated damages clause that I know that we have asked for and there is concern that we are hearing back from the bidders that – as you know we have asked for a \$10,000 penalty to be included in their bid if the building is not complete by August 17th, that I think the concerns have kind of been heightened by the bad weather that we have had and if this continues is it going to be more difficult to start in mid January? I think the second concern has been if they turn the building over to us August 18th, it is still the full \$10,000 as opposed to a daily penalty fee. I think thirdly probably just the general concept that nobody likes – the liquidated damages clause. That is one issue that has surfaced and we are hearing back from our architects and engineers that it may be more of an issue for some of the smaller bidders and I think that may or may not be true, we just haven't heard necessarily from some of the larger ones. So I think as we consider addenda to our bid pack that we put out and our plan is to finalize the addenda by Friday that that was a key issue. I think there were a couple – the other points that came up were mostly –

Lakey: Technical.

Lipschultz: -- mostly just small clarifications. We didn't hear any other large issues. I guess in terms of liquidated damages we could either discuss that today or on our teleconference on Friday.

Lakey: It might be worthwhile to at least get a little temperature from the Board on that issue because we are in the process for framing the addenda for consideration to the Board on Friday. Without getting into any specifics about individuals or firms or anything like that but just a discussion and general thoughts on the concept of liquidated damages and whether they think that works or some ideas that might be incorporated into the addenda to bring into you on Friday.

Bird: I can assure you that one of my phone calls was from the largest builder in the state (inaudible). Todd are we too late to get prequalifications?

Lakey: Well, you have to go back to the drawing board if you do it.

Lipschultz: I think our approach has been that we believe that after we open the bids that we have the flexibility to do some things –

Lakey: Not much. You can look at things, but it really is a low –

Bird: He has got the license and everything (inaudible) – prequalify them and as things come up – I wished I had thought of this when we brought it out –

Lakey: The thought process of the committee that was involved was the timeline that August 17th deadline and doing the pre qualifications was essentially like another set of biddings. So you have a round of protests and then you get that group and then you do the bidding on top of that and the group just didn't feel like there was time. If we could have started sooner – we are kind of in it and you can pull it out and start over again, but then you are still up against the 17th deadline and lots of questions.

Pipal: I have a question about the 17th or the deadline. I have always been just a little bit curious about why. Is that space there currently end as a lease on August 18th? And with the amount of vacancies that are in the Valley right now, why some kind of extension wasn't negotiable for them? I have forgotten why.

Lipschultz: My understanding is it is. They have the space that could be available to them and then after that I think they have the funds set aside or purchase a condominium interest, but had not budgeted any lease payments after August 17th. So it has been more of their budget approach than anything else.

Bird: It is – if they stay (inaudible).

Lipschultz: In terms of liquidated damages, I think a conundrum we face and we want to reasonable and get the job done right and everything – the conundrum is actually if we have no liquidated damages and we do end up with a construction company that has no problem waiting until March to start or (inaudible) catch up on weekends if we have a little bit of bad weather and all those other things that are going to make this thing come in on time. We have no contractual hammer to make our deadline. Is a six month project going to turn into a nine month project? What we are trying to accomplish and open to ideas is how to best be reasonable and yet still have something in our pocket, if in fact whoever does the bid and wins the project is not responsible.

Bird: I don't think the liquidated damages – I think (inaudible) and I think the biggest complaint I got was there is no guarantee start time. We don't even have financing in place. Are we really ready to give somebody a contract to have them go over there and start doing it? Probably not. How long is it going to be before we are ready? And weather is another thing. If you give them a starting time of right now they have got to figure in it is going to cost more – because they have got to figure in coverage and all that kind of stuff to take care of their accommodations with the concrete workers. I think it is just that we are getting the compressed to the point of nobody being successful on anything that we do because we are going to get is a slapped up building and as I stated earlier to Todd, how defensible is our liquidated damages and stuff at the end? I

can see us getting a contractor that just goes about his own deal and then at the end, spend thousands of dollars for attorney's fees fighting. I think by the way it is stated as I understand that we open ourselves up for that. That is what I have been told by a few general contractors.

Lakey: The main issue really comes down to that \$10,000 payment to COMPASS and how amenable the Board is to swallowing that \$10,000 if it goes past the deadline. You don't have to do the \$10,000 at the first date – if you want to go daily or extend it out Erstad also proposed maybe putting a \$10,000 line item as a credit for them if they make the deadline, so a little bit of carrot on a stick – Commissioner Bird the legal action at the end still comes down to the \$10,000. If you don't pursue the \$10,000 and you pay it to COMPASS and they get in in September, again, that is your call. It is how comfortable of what this Board wants to do with that \$10,000 issue.

Escobar: I think Mr. Bird has a really valid point with the fact that we have to give them a start date of when they can and that should be somehow tied to the liquidated damages, so they know when they can begin. But I am also very much in favor of having the liquidated damages assessed if they know what the timeframe is that they are working with. I think \$10,000 on a \$2 million project is a minor cost – when you are dealing with contracts you are dealing with risk and this becomes a risk and they will factor that risk in and maybe they factor half that risk and maybe they factor the whole amount of that risk and at the end of the day we are still getting qualified bids that are comparable. So for me I think we would be going down the wrong path, if we remove the opportunity for liquidated damages, but at the same time we have to be fair and let them know when they can start so that they know how to take on that risk.

Bird: I also think that at times and from experience of seeing this, sometimes problems come up and getting an answer back from the engineer and the architect is a week away or something and you are in such a tight time schedule, maybe we put some liquidated damages on our professionals at the same time.

Escobar: I have seen a requirement for a three day or five day turnaround for information from the architect or engineer as far as (inaudible) are concerned.

Bird: And I have seen that not happen.

Escobar: Right.

Lipschultz: I think to add onto what Todd was saying is one of Erstad's suggestions was that we create a \$10,000 allowance and then – so if it is was completed actually by the August deadline –

Lakey: They would essentially keep that –

Lipschultz: And if it were after August they would credit that back to us, so it became more of an incentive to be done by that August date than a penalty. Again I am not sure that really meets the objective of having something contractually that if the project is not

moving along and it is due to the contractor that we have something that we can go back to legally.

Lakey: We could also try to establish a start date. That is part of one of their main concerns is that we have got this thing out there that we are going to be penalized with they don't know when they are going to start – we set a start date and if weather delays that start date then you adjust your finish date back – again it is your willingness to swallow the \$10,000 payment, but that is another thing that you could do.

Ford: Mr. Chairman, per our calendar and schedule that we have in place – as you know we are entering an award to the bid on January 5th, per our schedule that we worked with the architect and civil on is that we anticipate a start date of Monday, January 31st.

Slocum: That is in the --?

Bird: That is not in the bid.

Lipschultz: So what we are saying is in the addendum we could use January 31st as a start date and if that is delayed to anything that we cause or weather that the completion date would be extended accordingly. Does that make sense to everybody?

Escobar: Is January 31st realistic financially for us to get our financing together?

Lipschultz: We will talk about that in a couple of minutes. That is our plan. Again, it would be a January 31st start date and if that is delayed due to the Board if we didn't have financing for some reason or something else that we caused or weather or some other act of God that the date would be pushed out accordingly –

Slocum: Every change order you get is going to have an extended schedule on it. It is going to be an argument every time to get a change order – I mean that is what I would do.

Lipschultz: I think – we want to be reasonable, but at the same time, if we get a non-performing contractor, we want to have something that we could go back and take some action. And at least be able to threaten action and we have got nothing in terms of the expectation or the damages, we are just going to have to look at the result.

Lakey: Are you okay with the concept of doing the daily damages where you share some of the risk or you go over and we owe \$10,000 or they are going to pay \$10,000 – if that is another one of their concerns.

Slocum: \$5,000 for days 1-15 owner, \$10,000 that is somewhat of a shared risk.

Lakey: You can do it how you want. It's is trying to balance those two things getting bidders and holding them accountable and the \$10,000 question.

Lipschultz: That probably would be better accepted, I would think if they are two days over it's not the full month. They would do if they are 15 days over it is \$5,000. Are you guys more comfortable with daily or –?

Bird: I think maybe Mr. Lakey could get with Mr. Erstad and see if we can't come up with something and bring back to us in writing and I am so concerned that we are going to get people pushed into corners and contractors are not going to get good bids. I will guarantee you if you have a penalty like that and a short time like that – the penalty (inaudible) \$10,000 but I would put in an extra 15 or 20 in and that is what is going to happen – (inaudible). Like I said at the end of the deal we could spend hundreds of thousands –

Lipschultz: I agree and I think that is what the idea is – I think in the current bidding environment we want to have the right (inaudible) and we don't want to dissuade them from bidding and I think if we put this together right and get the right people bidding on it we have an opportunity to come in low budget and we don't want to step over dollars for dimes either.

Bird: Everything falls into place (inaudible) – but I tell you weather is going to play a big part and if we get a lot of rain this spring you are not going to get a lot of work over there and you are not going to have the building up and enclosed –

Lipschultz: How about we will get with Erstad and maybe look at the concept of the start date, pushing it out so it is weather related, get a start date and that will be considered and I think we kind of discussed the 15 day penalty or even talk to him about daily and see what is best accepted by the potential bidders. We will figure out how to do this right and then come back Friday on our conference call to approve the addendum.

Pipal: I want to add that on the other side, we might want to consider that a lot of these contractors would like to have their people working as well, so I think there is going to be in this climate, creating a job and actually putting people to work is also important and I think getting the right people to bid and those things are really important, but ultimately for us as a public entity we want to do the right things up front. We are not going to be able to control weather, we are not going to be able to control the guy who passes a bid, we are not going to be able to control some of those things, but I think up front we want to try and lay it out as best as we can to assure that we stick to the budget as closely as we can and on some of the other things that we really don't have control of that we might want to control, we just need to have the best site plan that we can and move forward.

9. Broadway Building Partnership Financing (Lipschultz):

Lipschultz: Since we last – as an update one of the three things that proposed to us as our last meeting, Zion's has decided not to propose – I think one of the biggest concerns – it didn't seem the right fit. They did come back and offer (inaudible) by a consulting role clause which we didn't see the value of – at this point and time we have proposals from the other two banks, Washington Trust and Wells Fargo and I think first

off just as a general comment, we appreciate everything they have both done on this project because to our earlier discussion this is a short time line, not just for the bids but for the financing as well and both of them were really great about it and we appreciate it. Whatever direction we go we appreciate both of these banks continued efforts here in Meridian. Both in terms of your activities and supporting our local businesses and we all appreciate that as well as our Board. We talked about at the last meeting the two concerns that we have from a timing standpoint – I think both proposals that we have in front of us from the banks are fairly close in terms of fees and the rates. Probably one of the significant differences is Wells has proposed a ten year fixed rate and Washington has proposed a ten year financing with a reset of the rate after five years. The first five years is at a lower rate than Wells ten year, which makes some sense, so that is one issue if there is concern at the Board level of resetting that rate in five years. The two big issues are getting final approval from the banks and then secondly the timing of getting all of the documentation and everything done – from a timeline perspective we have set the January 5th meeting to award the bid and I don't think we are comfortable awarding that bid without financing in place. What I would like to be able to do is at that January 5th meeting to be able to come back with a loan agreement for the Board to approve to move forward with knowing that we have the financing in place and then awarding the bid and then moving forward with the project. We have got some individuals from both banks here today and I thought – if they have no objection I was wondering if they individually could maybe just ask them to come up and address to the Board those two issues of kind of where we are at in the approval process and how firm is the banks approval and commitment to move forward and then secondly what would be – how do they see that timeline and are we going to be able to document the agreement and be able to come back to the Board to review and approve on January 5th and I think after that I think what we need to do is both for the benefit of the banks as well as our own timeline I think we need to, based on our comfort level, select one of these banks to go forward with and just kind of move 100,000 miles an hour in one direction and not – again, both banks have put a lot of work into this to date and I think in fairness to them as well make a determination as to what direction we are going and move down that road. So if everybody is in agreement I thought maybe we could have the two banks come up and answer those two questions. Last time we went alphabetically and so we will go right to the “w”s. Brian from Wells Fargo is here and if you could come up and identify yourself for the record and kind of just informally address those two questions.

Kelsoe: Brian Kelsoe with Wells Fargo Bank. The Chairman's questions – approval timeline first – (inaudible) by Friday or very early next week and I have been talking about timeline, but really Wells Fargo's last hurdle is coming up with the collateral that we are going to use for the collateral for the \$1 million takeout (inaudible). To answer your second question about the January 5th timeline, that really is going to be outside of our control and my understanding is we are hoping to have the appraisal back later this week or the early part of next week. That is a big hurdle and the other one is going to be the outside legal time. It is my understanding that some of the attorneys that we would use, have quite a few things on their table right now, so I am not exactly sure of what their turnaround time is (inaudible) – once you guys have made your final decision on which bank that will obviously allow us to move forward and really push the (inaudible). As far as an approval, I think later this week or early next week as subject

to (inaudible) from the bond counsel and the second one a review of the appraisal and take off.

Lipschultz: So assuming we get the appraisal back Friday, which is what has been committed to us to do, what is your comfort level in having documentation in front of the Board for our January 5th meeting? Is it 50 percent, 80 percent, 100 percent?

Kelsoe: On the bank side that is no problem. I cannot speak to what (inaudible) terms would be with the attorneys. I know a few and one was telling us there was (inaudible) on their desk today. Everybody is rushing at the year end trying to get this done. We actually pushed it as hard as we can on that, but to get you an exact comfort level on that, I think we would have to have that conversation – (inaudible) and we can write an opinion (inaudible). I believe by the 5th I think we have a pretty good chance if the decision was made by this Friday as far as the bank's side we will be ready to go, we can put some pressure on getting it done, so 60 or 70 percent. I would hate to say 100 and not be able to deliver it.

Pipal: I just want to say (inaudible) that the banks are represented here. The discussion about the urban renewal districts, some of the legislators (inaudible) the idea would be to move our terms from 24 to 20 years and not actually come into a lease (inaudible) those would be grandfathered in and that has been pretty much generally agreed. They don't want to get in the way of contracts and everything that has already been established. I just thought that was important.

Lipschultz: Any questions for Brian?

Divera: Joe Divera with Washington Trust Bank (inaudible) of the Meridian offices (Inaudible). I have copies of the letter we sent out yesterday and my apologies just so you know of the lateness in getting that (inaudible) and I apologize for the record and appreciate your patience on that. The first question you guys asked was timelines, so with that based on the letter you see before you we are ready to go and move forward. There are a list of things that obviously need to get completed to get the final version of the loan (inaudible). We would take into account the discussion with Project Manager Ford and Chairman Lipschultz of the fact or in the event (inaudible) loan and different ways of structure the loan to make it work (inaudible), understanding the 5th is the deadline for (inaudible) to make that happen and one of the key things and was also mentioned by Wells Fargo (inaudible) and we were able to contact bond counsel and also have them working on the process and (inaudible) and get this done. (Inaudible) and the bond counsel is based out of Spokane with Washington Bank and he would be able to find counsel for you guys if that is what you need help in doing so (inaudible) and bond counsel with Hawley Troxell and he works with somebody in Coeur d'Alene but also (inaudible) and so we see this as an opportunity to take care of this quickly. I guess to address the question of a five year mortgages verses a ten year loan and I haven't had a chance to review the offer from Wells Fargo Bank – but I think the rationale for that is (inaudible) set spread relative to what we pay for our loan and to get the money to you guys and to get (inaudible) five years isn't doable the way we do a portfolio. The way we do a portfolio of this loan is this isn't a loan (inaudible) and get swapped out and so I don't know if (inaudible) but I think we can get this. I think one of

the things to understand is with the five year wait, ten year maturity that then allows for you guys (inaudible) from the swap is two things; one, it allows for you guys to prepay the loan without a penalty and from my understanding (inaudible) would show on your balance sheet on your books as a negative liability. (Inaudible) creates a difference in actual terms and dollars. So those were the two positives in that respect, understanding the longer term fixed rate loan gives your organization more comfort beyond the five years and we feel it is kind of a shared (inaudible) – if one of the goals is to prepay this loan there is no (inaudible) penalty (inaudible).

Lipschultz: I guess I am reading through the conditions of the approval and you have got the value in for the appraisal – I think the only question on the appraisal is the land value from any change from what was paid for what the value is today drive a potentially lower appraisal of the project. So the question is if the appraisal comes back at 3.2 instead of the 3.5 what does that mean to your approval and how do we address that?

Divera: The answer is – I guess it comes to the (inaudible) – it doesn't matter as long as it is the project that you want, but the way that we see taking care of that issue is one, we already know and understand that the (inaudible) the \$1 million dollar amount (inaudible) is we would just go ahead and fund that loan in the beginning and also then fund – have the structural in place based off the appraised value of the building, so it would be a first initial drop payoff with the Bank of Cascades, the loan (inaudible) initial draws and once that is done, have the structural in place and finish the project and (inaudible) the sale of the two condos and then pay down a portion of the amount outstanding (inaudible). Then would have to maybe adjust obviously the term loan and make it instead of a ten year loan, make it an eleven year loan (inaudible). It is something that we have to work out and discuss and that is a way that we see to remedy that – and we have had discussions too about other ways that we can make it work in the event the appraisal falls short understanding you folks have a lot of assets on the books and (inaudible) short term collateralization to (inaudible) the loss, to give you (inaudible).

(Speaker unknown): I think that it is highly likely that the appraisal will not come in as high as we would all like, so there is going to be the need for some flexibility in crafting the financing and facilities to get this accomplished. I think for Washington Trust where our comfort level is in crafting that with you is really going to be kind of on the front side in terms of the degree of certainty that the buyers are willing to enter into an agreement like that and that is mutual, you don't want to get into an agreement that you don't feel that there is a commitment on their part as well and so for us we look at it and say if there is a strong commitment on the buyer side that makes both of us comfortable we have more flexibility in crafting that piece should that appraisal come in lower because at the end of the day really what we are ending up with is kind of that \$1 million loan.

Lipschultz: Both of the partners have executed the condominium reservation agreement and we will be moving forward with the purchase and sale agreement. One other question I had on the conditions had to do with the opinion on the favorable MDC legal counsel opinion letter regarding the first right of offset for loan payments. Are you just saying being able to deduct from a deposit account or what – can you just kind of clarify what that –

Divera: The funding would be taken from that account (inaudible) obviously from the revenue and that we acknowledge that the bank would have a right within the event of default to offset payment with those funds.

Lakey: I think conceptually we can do it, my concerns were if there were any other secured creditors out there, but it doesn't sound like there is, but that (inaudible) cleared out with this and then gentlemen would it also be the right of offset to go in if there is a default on that payment, take that payment verses declare of the entire amount due and payable and wipe the whole account out?

(Speaker unknown): By law on any loan agreement there is going to on an act of default – yes, the entire amount could be due and payable in practice. What happens is if payment is continuing to be made, if that would be the normal course of business is to take payment – we realize the relationship and who we are getting good partnership with and I don't know it would be beneficial to go to the extreme the entire amount (inaudible). In our perspective it could create some issues. We found over the last year with what we have had in our economy it usually works best to work with someone.

Lipschultz: I guess generally beyond the offset there would be some time period to cure any default?

Divera: Yea. Typically 30 to (inaudible).

Lakey: At first glance, Mr. Chairman and I want to dig in a little deeper, but seems like it is doable. The other funds that come out of our account relate to consultants and folks getting paid, so we would be the main ones at risk. Other than maybe some other statutory obligations, but I haven't run across those yet.

Lipschultz: Same question given Friday we get the appraisal back just from a timeline perspective, what's your level of confidence in being able to have documentation by January 5th?

Divera: High. If I may point out one point with that – one of the conditions on here is our ability to, if we approve the contract (inaudible) choose a bid, I guess one question we have for counsel is that can that be added in the addendum of an (inaudible) process of the fact of your choice of the contractor would also have to be approved by the bank, your choice to then be selected?

Lakey: Joe that is a little more challenging because we are under the statute of requirements on how we proceed and we are operating under – they have to be public works licensed and we can show you the contract and things that is in the bid package that they have to agree to, but ultimately if they need the – well, qualifications is maybe a little bit too broad of a word, but the requirements and qualifications that are put into that bid package – public works license, insurance requirements and all of those things then it is a low bid that we have to take – that is the public works contract statute that we are dealing with.

(Speaker unknown): Typically the contractors that would be in this process are normally going to be very highly reputable and sound. The bank does typically own construction projects like to at least do some type of financial review if possible of the contractor to protect both of our interests.

Lipschultz: We have created bonding requirements and insurance requirements.

Lakey: You have to provide a performance bond and a payment bond – they have bonding requirements to be license with the state – we can share all of those things with you.

Divera: That is fine, it is just again, we want to make sure (inaudible) as much as we can right now.

Lakey: Mr. Chairman and Joe, knowing that we are in the low bid process, that is where that committee felt comfortable with the insurance requirements and the bonding requirements and they are going to have reputable folks bidding them – the ones that aren't wouldn't be able to meet those requirements and at least that is their thought.

Lipschultz: Any questions for Washington Trust?

Escobar: Has a subcommittee or the rest of the Board thought out what interest rates might be like in five years and how that would affect our loan and our loan payments knowing that our government can't keep zero percentage interest rates forever.

Lipschultz: Well that is a question and there are two different approaches. I think Washington Trust approach there is some risk of rates going up. I think some of the protection we have is dealing with a tax exempt rate that if prevailing interest rates go up 4 percent, we are really going to be subject to 60 percent of that change (inaudible) – so that doesn't cap it, but it provides a little bit of protection – the other side of Wells approach, there is some risk of – I don't think it is technically prepayment penalty but with the swap depending upon where interest rates are can create an expense to get out of the swap. Is that correct Brian?

Kelsoe: That is correct, but when you price a swap you price it on a ten year curve and so (inaudible) over the next ten years and we are obviously going to predict that rates are going to go up. If rates go up faster than our prediction and you want to get out, you pay. If rates go up slower and you want out then (inaudible). You can't have a crystal ball and I would never tell you that there is no prepayment penalty (inaudible). If it is something that the Board is interested and you go we want to pay down this loan over the next ten years we can set up periods you can pay down your loan without prepayment (inaudible) and so there is a lot of flexibility if you decide to move forward with Wells Fargo (inaudible) and some individuals in Salt Lake to set this up for you. There isn't a cookie cutter and we would customize it to what your needs are and what the Board predicts where you want to be in the next five or ten years.

Lipschultz: Questions?

De Weerd: (Inaudible) to make the decision on Friday if there could be a cost analysis of the two differences of best case and worst case and I know it is hard to predict what that interest rate would be in five years – I think that would be helpful to make a decision.

Lipschultz: I think one thing that is important is having those outs in terms of prepayment because the \$1 million long term debt is what we are anticipating is the security is going to be the parking lot which we will still own and there would be a lien on our revenues, the tax increment coming in. So if we had another project come up that we wanted to refinance this – have our increments larger and wanted to do something we might be able to kind of do that without any large prepayments. But we could do that and take a look at the approaches and value those and then I guess I would ask Brian and Joe of any changes and Brian if you could kind of clarify what those points would be where we could get out with any prepayment costs and what that would look like.

Kelsoe: That would be your decision if you said you wanted to only pay “x” a year. We would have to build that into the contract. If you are asking is there a chance that you could just get out in five years and build that into the contract and you would say we want to pay by year three we would want to pay an extra \$100,000 and we could put that into the contract (inaudible).

Lipschultz: I can do that we can kind of work up the total cost with the fees and projected rates and try and come up with some value to that and at our agenda for Friday make a final decision. Any other questions for Brian or Joe?

10. Broadway Building Idaho Power Agreement (Ford):

Ford: In the spirit of time in trying to keep this process moving forward (inaudible) and also do as much organization as possible regarding services Idaho Power has provided us the contract to review and to sign if we are agreeable basically part of the project will require underground utilities but also be relocating electrical for the two (inaudible) next to us. Basically they will not schedule us for work until this assignment of fees are paid, so that is the purpose of having it on this agenda today was to get Board approval of the amount. One of the things that we are trying to work with Idaho Power in regard to the actual contract is some language that if for whatever reason this project does not move forward we will get our fees back. I have been told verbally that that would be the case anyway, but we are trying to get that into the contract. So what I am looking for today from this Board is an approval of the total payment amount that is due which is \$68,102 and then have the ability to work on the language and have Idaho Power sign that agreement when ready. Todd has been looking at the agreement as well and has provided his feedback and suggestions.

Lipschultz: I guess as part of our project cost we would do the trenching?

Ford: That is correct.

Lipschultz: So what we are paying them for is moving the lines and lay the lines?

Ford: And if we were not to move forward the only thing that we would be responsible for is the design of the project at this point and those design fees are approximately \$850.

Lakey: I think in my language we said we would get it all back –

Lipschultz: I think the two things that we were looking for in the agreement as far as language changes is one that we get the money back if for some reason we didn't move forward and then secondly was when you read their agreement it is very one sided in terms of liability, so the way I read it is if Idaho Power caused some damage or injury we would still be responsible and –

Lakey: They have to be willful or grossly negligent.

Lipschultz: So we are trying to get a little bit more mutuality so if it is their fault it is their responsibility and if it's our fault it is our responsibility. That said, apparently Idaho Power is kind of funny – their language is their language, they seem to almost have a monopoly. I guess what we are looking for is an approval of that amount and approval to execute the agreement that hopefully will make this as favorably as possible.

Lakey: I saw in an email from David at Erstad kind of later about maybe incorporating this into the agreement and having the contractor included –

Ford: He came back with a waiver email saying it is okay to leave as his.

Lakey: Okay. Do you want to approve the exact agreement today or approve the amount and try to get the language in and bring the exact contract back?

Lipschultz: What is the timing on that? I mean I know they said they won't start until we have paid them, but from what we hear they don't schedule it anyway, so I am not sure—

Ford: My understanding is that they want to obviously meet with our general contractor that is selected and so they would meet with them shortly thereafter January 5th to coordinate schedules – that is my understanding. I had no intention if the fee were to be approved to give them a check anytime prior to December 17th in the reading of the bids and making sure that we are comfortable in moving forward. My main concern and I am being pushed a little bit by the architect is that there is just that concern that making sure we do stay on schedule on the coordination because Idaho Power is a big component of that given the fact there is offsite work, which is another reason why I was mentioning to the Meridian Urban Market that the offsite work in play.

Pipal: I would move that we approve the fee of \$68,102 to the caveat that our project manager work with counsel to get a more mutually acceptable language with Idaho Power.

De Weerd: Second.

Lakey: Just some clarification, Commissioner Pipal do you want us to bring the specific agreement back if we get it, if we don't we will still bring the agreement back for approval? What are you thinking?

Pipal: I guess I was thinking about it in the affirmative terms that you would be somewhat successful and bringing back for a recommendation.

Lakey: I am not overly optimistic about getting that out of Idaho Power as far as the mutual indemnification, probably takes an act of the Board of Directors meeting or something for them to agree to it – maybe the language on the fees – so we can do that it is just a matter of a question of do you want to approve the amount and say go for it and try to get some additional language, if you don't then we will sign the agreement as presented, if you do, bring that revised agreement back? Or we can just bring whatever we finalized back after we hear from Idaho Power that they are not going to do anything, we can bring that specifically back – or whatever you want to do.

Pipal: My intention is to give them the opportunity to try and come up with something. I am very familiar with working with utilities, but that is no reason for us to at least try.

Lipschultz: So how does this motion relate to the resolution?

Lakey: If we are not approving this specific agreement, we are just saying here is the amount, but try and get some additional terms and leave that at that and we won't do the resolution.

Pipal: I will amend my motion to include language to say and then come back with us with what you have achieved.

De Weerd: Second.

Lipschultz: Any other discussion?

Roll Call Vote: Slocum, aye; Escobar, aye; Pipal, aye; De Weerd, aye; Lipschultz, aye.

ALL AYES. MOTION CARRIED.

Lipschultz: For the record, Mr. Bird left at approximately 9:50 a.m.

Pipal: Mr. Chairman, I need to go.

Lipschultz: I think that will take us out of our quorum.

Ford: We can shift everything to the December 22nd meeting if you want.

Slocum: Mr. Chairman do you want to discuss December 22nd?

Ford: I need to discuss dates in general with you, if I can have a few moments. We do the special meeting this Friday. I need to know – we have the opportunity for you to call in and we are planning on meeting at the Council Chambers conference room, but I need to know who will be present via phone and in person, the reason being is that packets are so large as you remember last time, the files are too large to download on those computers because it crashed my own computer quite frankly –

Lipschultz: I think the only thing we need is the addendum? I don't think everybody needs to get another book.

Ford: So I guess just in the off chance that it can't get to you, I can hand deliver it, I just need to know who is planning on being in person and who is not going to be in.

Lipschultz: I will be by phone.

Slocum: I will be by phone.

Escobar: Person.

De Weerd: (Inaudible).

Ford: Again, was trying to get that quorum on Friday.

Pipal: I can be here.

Ford: The December 22nd meeting I need to confirm that we have a quorum. I did get that emailed.

Lipschultz: I am in.

Slocum: I am.

Escobar: In.

Pipal: I don't know that I will get back from Spokane.

Ford: I know Keith wasn't going to be here as well.

Lipschultz: I think the idea for the 22nd is let's try and plan on a light agenda and if there is – I think we said we would schedule that meeting specially based on this project as we consider and so we want to keep that flexibility.

Ford: Then January 5th obviously we will be having a special meeting because hopefully we will be awarding that bid that day. We are planning on this replacing the January 12th meeting which is the regular meeting, the problem is in that morning we don't have a room available at City Hall for more than an hour and one half, is my understanding. Would you all be agreeable to moving that meeting into the afternoon at three o'clock?

Slocum: On the 5th?

Ford: Yes. Okay.

Pipal: Ashley will you just send out an email summary too?

Ford: I will, I will absolutely do that.

Pipal: Day, time, location. You all said you would be here, so I can double check on my calendar.

Lipschultz: Do we need a motion to move all these other items or can we just move to item 16?

Lakey: You could do a motion or just direct Ashley to add them to the agenda.

Lipschultz: Okay, we will do that and direct Ashley and move to item 16.

11. Resolution 10-098 Broadway Building Idaho Power Agreement:

12. Destination Downtown Committee Reports:

- a. Livability
- b. Mobility
- c. Prosperity
- d. Sustainability

13. Red Sky Public Relations:

14. Counsel's Report (Lakey):

15. Project Manager's Report (Ford):

16. Adjourn the Meeting (Lipschultz):

Pipal: Move to adjourn.

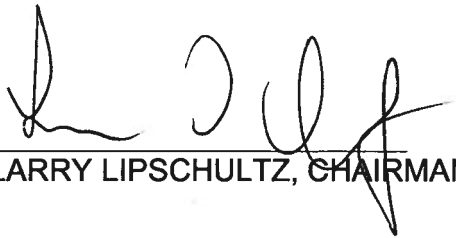
Slocum: Second.

Lipschultz: All those in favor say aye.

ALL AYES. MOTION CARRIED.

(Audio on file of these proceedings)

APPROVED:


LARRY LIPSCHULTZ, CHAIRMAN

12/22/2010
DATE