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MINUTES
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
Wednesday, August 5, 2011, 7:30 a.m.
Meridian City Hall Conference Room
33 East Broadway Avenue - Meridian, Idaho

1. Call Meeting to Order (Pipal):

Meeting called to order at 7:30 a.m.

2. Roll-call Attendance (Pipal):

__X__Julie Pipal – Chairman
__X__Craig Slocum – Vice-Chairman
__X__Eric Jensen – Secretary/Treasurer

__X__ Keith Bird – Member
__X__ Jim Escobar – Member
__X__ Larry Lipschultz – Member
__X__ Tammy de Weerd – Member
__X__ Dan Basalone – Member
__O__ Jennifer Pike

__X__ Joe Borton – Counsel
__X__ Ashley Ford – Project Manager

3. Confirm Agenda (Pipal):

Bird: I move we approve the agenda as published.

Jensen: Second.

Pipal: Motion and a second. All those in favor signify by saying aye. Opposed same sign.

ALL AYES. MOTION CARRIED.

DISCUSSION ITEMS

4. FY2012 Budget Worksession Continued:

Pipal: We are going to continue on with the budget worksession. Several (inaudible) going back through and making sure that Ashley and Teri and all of us are all on the same page as to where revenue is coming from, where the expenses were and ultimately what we will have left over after we meet our contractual obligations so that

we can just decide what we are going to with any other additional funds throughout the year. Ashley I know that you have a weak voice but I would like for you to just go through kind of what we talked about over the phone the other day.

Ford: (Inaudible). For accounting purposes we do still have all of the columns that we originally listed, we are just not showing you that to avoid confusion (inaudible) projects throughout the year and will make it a much easier audit for Teri and for auditors. So we will start at the beginning. So the three columns that we are going to focus on are the (inaudible) budget (inaudible) and the fiscal year 2011 budget (inaudible) So starting over in the (inaudible) we have gone through an exercise to estimate what cash dollars we will have at the end of this fiscal year. There is an attachment to this which should demonstrate what those numbers are. Teri (inaudible) put it together. We are anticipating cash dollars at a half million dollars (inaudible). Operating revenue (inaudible) mentioned at the last meeting this was the estimate – the estimate was about $570,000, but (inaudible) what we had this year and so we thought we would be very conservative and stick with that number. (Inaudible) business incubator revenue and again that number came from the last board meeting that we had as well. You will notice that there will be some finance in fiscal year 2012 that have a dash in it and (inaudible) assigned for a reason and that is why (inaudible) there was a number assigned in fiscal year 2011 (inaudible). Grant revenue this is the community development block grant revenue that we are anticipating for façade improvement program. We know this is going back to HUD for a combination of dollars, but we anticipate that this is what we will be working with. Then the proceeds from the loan are from the bank and COMPASS VRT building and I would look to Larry if there are any questions specific to that to help me (inaudible).

Lipschultz: Can I just kind of go through the loan --? Looking at the proceeds for the loan at the (inaudible) column – fiscal 2011 to date – and what you will see what Teri did over to the right and broke out that $980,370 – basically to date it is the sum of the three drawers for construction (inaudible). In addition to that below is legal (inaudible) and then finally there is a $159,507 that was used to pay off the Bank of the Cascades loan. The balance of the pay off of the Bank of the Cascade's loan, which is about $430,000 came out of cash, so that was equity basically (inaudible) the project. So the total of the initial trust the date of construction is about $180,000 – anticipating it in August and September (inaudible) against the loan for progress of the construction. So the balance of the (inaudible) $135,000 – just the way this flows so the fiscal 2012 proposed budget is $935,731 and some proceeds from the loans and that would be Washington Trust and basically (inaudible) Wright Brothers Construction. (Inaudible) so basically the money is drawn against the loans and then paid down to (inaudible). About two thirds down the page is operational expenses and you see debt services for construction loan, principle (inaudible) $241,000. When we closed on our sale of the condo units with VRT and COMPASS we will take those proceeds and basically pay off the construction loan the $1.8 and then we also are going to pay the $241,000 principle on the term loan and the way that works is that because of the appraisal that came in we are limited on the construction loan to $1.8, so what we did with Washington Trust is we took the planned term loan for a million dollars and increased that to $1,270,000. So that allowed us to basically take some of the funds needed for construction (inaudible). When all the funds have been drawn and the construction is (inaudible) on the project,

we will draw a $1.8 on construction and then $1,270,000 on the term loan and what we will do then is sell the project and right now we are anticipating – the final, final closing, the sale (inaudible) – time of close the operation of the construction will be $1.8 and then we will take down the term loan, the $241,000 (inaudible) $33,000. So that will be the term loan that you will have for ten years. Basically what we will end up in terms of debt for the MDC that will be going to the place (inaudible) term loan with Washington Trust the $33,000 – really is going to be the sum of the $431,000 that was remaining on the Bank of the Cascade's loan and then the balance would be equity of what we put into that project – our costs associated with the project. So at the end of the day we will sell the project, have the term loan of $33,000 and have ownership of the parking lot for the COMPASS VRT project. (Inaudible). One of the things that we did as an exercise this last week is make sure we really laid out from a cash flow perspective how (inaudible) – what the debt service will be in terms of principle interest (inaudible).

Pipal: Is there anything else?

Slocum: So if I am understanding in the overall synopsis if you look at the sale amount and what we are paying both for the construction loan and the term there is $200,000 and change in taxes that we will be paying?

Lipschultz: That is correct. If you look at the sale of assets which is what the sale price comes (inaudible) that is the one that (inaudible) and we will pay out the construction loan (inaudible) and will also pay down the debt – (inaudible).

Pipal: Any more questions?

Basalone: The estimated cash balance at 9/30/11 of $500,000 is that unencumbered balance or is that part of that encumbered things like that term loan?

Lipschultz: The fiscal year ends for MDC and that is approximately the cash (inaudible) but if you assume that you are not getting any funding in fiscal 2012, you have $500,000 you would have to go for the debt service (inaudible), but I think what we are trying to do here is be able to add some perspective to the Board in that (inaudible) and we have all of the obligations that we were talking about for fiscal 2012, subtracted that out as well as operating expenses and then there is the difference – so the obligations are going to be different, but you also added into that (inaudible) –

Basalone: No I realize that, but I guess what my question is is it new money or is it money that already has a current obligation in addition to the expenses for 2012? Are they 2011 expenses that just haven't come to fruition or is it money that can be applied to 2012 to pay for just for 2012 operating expenses?

Ford: I was just going to verify that (inaudible) yes there were some encumbrances on the (inaudible) – as you get on the second pay of outlay – we are going to have a presentation (inaudible). So that would be in regard to next fiscal year and it would also be my understanding that there are funding (inaudible) and that is listed as $500,000 as well too.

Basalone: Funds that were absolutely needed this year that had been budgeted?

Ford: That is my understanding.

Pipal: Any other questions?

Ford: We broke out contractual obligations – professional services and operational expenses – the professional services we know there is going to be a couple lines here that we are not anticipating this year, but surely (inaudible). Administrative services from the project manager, the Ground Floor, the public education for the website, contracting legal services and this is broken out to general services and also broken out to COMPASS and VRT because there will be some anticipated costs with the closing of the condos and the purchase and sale agreements and they anticipate (inaudible) for this category (inaudible) so we put an amount to that as well. Having audit services, on call engineering services and basically that number has been pretty close to what we spent this year and then (inaudible) the same as discussed in the last board meeting and as I understand from Commissioner Pipal (inaudible) those contrasts and making recommendations back to the Board at a later date– so if there are no questions I will move onto the operational expenses? The building (inaudible) and lease – we put a dollar amount of (inaudible) we are anticipating at the new Ground Floor that we will still (inaudible) to the current location from October through December and those because we will need to do so improvements to the Bank of Cascades building. So we are trying to prepare for that (inaudible). Interest premiums, partnerships, VRT (inaudible) obligation, downtown (inaudible) – irrigation taxes for this year, legal notices, office meeting for Ground Floor, grounds maintenance for the Ground Floor, grounds maintenance for our share of one third (inaudible) VRT building (inaudible) an assumption with that number at this point and time. (Inaudible) debt services associated with the building and so these are our contractual obligations. In regards to ongoing expenses, we have the software maintenance replacement for the software that Teri uses for her accounting system and the Ground Floor is included in that in a different area. Utilities, telephone, electronic expenses (inaudible). Office expenses the Ground Floor (inaudible). Leadership (inaudible) Boise Metro Leadership we had decreased that amount for what had traditionally been budgeted for – I think last year it was $5,000 budgeted and there is just no way that we need to put that much towards that. (Inaudible) the downtown (inaudible). This is for the Masonic Temple and any improvements that we need to make (inaudible). In the (inaudible) the Church of the Harvest (inaudible) and we did give them a grant last year and that will probably carry over to this fiscal year – I caught this last night Teri and I am not sure that this is where it should be or it may to be moved under capital expenditures is branding? I am not sure if this is the appropriate location or if we need to move (inaudible) but anyway we put dollars towards that branding effort. The COMPASS VRT building and then the Bank of the Cascades (inaudible) and this is what I described to at the regular meeting that we are required for our purchase and sale agreement with the Bank of the Cascades to do a plat on the property next door in order to separate those two parcels (inaudible). So moving forward discretionary expenses and again we broke it into operational and capital expenditures upon the recommendation of subcommittee members (inaudible) – we did put together (inaudible), so not including obviously anything in discretionary expense the Board has approximately $710,000 to assign to

various projects. Any questions (inaudible) and Larry you have been instrumental in this and Mr. Jensen has been very helpful as well.

Borton: One thing on the façade improvement program, it would be best to have two sub categories under that one of which would be $40,000 which is the CDBG grant funds and the next item would be whatever dollar figure would be whatever this Board wants to allocate for its own general tax funding as discussed earlier and so that is grant applications come through, until those revenues (inaudible) source of funding, it would be cleaner for this Board (inaudible).

Pipal: Okay it makes sense. Essentially what you are saying is that somebody can contribute match to the grant funding?

Borton: Yeah.

Lipschultz: Quick question for counsel. So we break that (inaudible) CDBG funds or requirements for that – (inaudible) CDBG funded or MDC funded or do they have different requirements in terms of (inaudible)?

Borton: Yes.

Pipal: Any other questions? Just for the record, I would like to specifically thank Members Lipschultz and Jensen for slogging through this with Teri and Ashley to come up with the budget that you have in front of you and I think we all agree that we would not have wanted to go through last Wednesday's budget meeting the way that we did. I think all of us have a better understanding now of where our funds are coming from and what we have been spending them on and I think the format that we have is more consistent of what a budget looks like. Anyone picking it up and looking at it I think it would make sense to them and I know that it took a lot of extra time particularly on parts of our contracted folks and our Board Members so I would just like to say thank you.

Lipschultz: Madame Chair.

Pipal: Member Lipschultz. You aren't going to contradict me are you?

Lipschultz: No. The only other comment that I was going to make is that (inaudible) the $710,000 (inaudible) – if we subtract out the $500,000 (inaudible) – from this budget there is really about $200,000 available for discretionary spending – this year, fiscal 2012 we do have about $250,000 in this year only and a one time expenses associated with the COMPASS VRT project. So just (inaudible) this next couple of years, assuming that operating and out door expenses don't change a whole lot – it would normally have $200,000 plus the $76,000 reserve, plus (inaudible) that is fiscal 2012 only expenses, so it is about $500,000 out of our $950,000 that are available for discretionary spending. (Inaudible). Potentially one place that you could talk like when we talked about it at the last meeting with the $76,000 reserve which I think makes a lot of sense. One place to potentially start is be thinking about the fiscal 12 year end and where we might be at in total cash (inaudible). So whatever that one is and subtract it

from the $710,000 to get us the number that is available for discretionary spending this year.

Escobar: Shouldn't we also consider the fact that we have got $40,000 of operating revenue and we don't show it as an expense so really that $710,000 is really only $670,000? Is it because we won't get that funding (inaudible)?

Pipal: Correct. What is the required match for CDBG? I can't remember.

Ford: For MDC to the city there is no requirements – it is basically what we require of our own –

Pipal: Okay. In that façade improvement program do we have a required match?

Ford: We ask for one match (inaudible) but for the façade improvements I do not believe it was a specific percentage but they do have to demonstrate some level of match (inaudible) criteria.

Bird: I believe we have been doing it on a case by case basis, haven't we Ashley? That is kind of what I always thought.

Ford: Yeah, that is my understanding at this point. Legal counsel (inaudible).

Borton: I think there is a 50 / 50 match up to a certain level – categories.

Ford: So it may be for some and not others. (Inaudible).

Bird: We only went so high too.

Pipal: Then back to Member Escobar's point before we go forward we probably have to have another category in – (inaudible) and also in expenses – if we are going to require – because the project would be run through MDC so it would have to be shown all sources of revenue – to Member Bird's point earlier last week where you have any revenue coming in has to be identified so we would have to have if we are going to be accepting a match then we would also have to include that and included in the capital expenditures as well.

Borton: The source of the funds is the $40,000 that you would utilize for the match. I don't know that – the budget (inaudible) see or expenditure of funds, it wouldn't – (inaudible).

Pipal: Okay that was my question.

Borton: So you are 40 is the source of what would potentially choose to apply as a match.

Basalone: Can you clarify that because it appears that the applicant is putting – is giving us the money in trust to pay their portion along with the grant – it is not –

Bird: No, it is the opposite way. We give them the money.

Basalone: We give them the money?

Bird: Yeah, Dan.

Basalone: They then pay directly to whatever their --?

Bird: Yeah.

Pipal: Does anyone have anything else that they want to talk about in terms of what has been laid out as a draft budget?

Bird: I have one question that shouldn't surprise any of you. What are we considering branding for $19,000 Ashley?

Ford: That was the proposal (inaudible) for Red Sky to do the branding as part of destination downtown (inaudible).

Pipal: Member Bird, would you like to move it down for discussion to discretionary?

Bird: Well yeah, it seems like –

Slocum: It is listed there.

Bird: Once you get it approved in the budget then it is – they usually feel that is a go and we approved it, I mean, you know, as I have said before I am not approving anymore branding downtown until I see some results from what we have already paid to brand. You can only brand cattle so many times.

Pipal: So it may be in our best interest to include that – if we did something for destination downtown implementation and have an amount available for that and if we chose as a board to use funds for branding we can take it from that category. I will just tell the board that I have been talking to the Chairman of the Board of the Meridian Chamber, but they have had their President and CEO leave. She left on the 29th, so they have been in the middle of a lot of things and he wasn't able to talk to the executive committee about partnering with us, but we talked about several things including some kind of a sponsorship for some of the Chamber businesses perhaps direct participation from the Chamber itself. We just – he didn't have a chance to talk to the executive committee because it was right before she left and he – and I asked him again before this meeting and so I still think there is an opportunity for partnerships if we decided to do something.

Basalone: Going back to Member Bird's comment about branding and clarification how does branding fit into destination downtown? Is it a part of destination downtown or is it --?

Pipal: When all of the public involvement work was done there were several things that came out of there that were the priorities and we had several meetings after the public involvement stuff was done and members that participated came together and looked at all of the priorities that came from the study and branding was one of the things that they said that they wanted to be done for downtown. They wanted it to be branded. One of the other things was the Urban Market, which we were able to accomplish – it wasn't specifically that market, but it was a downtown market and Ashley what was the other one?

Ford: Way finding and signage.

Pipal: Yes, way finding and signage.

Ford: Obviously the branding in terms of that look and feel for the way finding and signage, in terms of kiosks and all of those things were kind of rolled into the branding and how that works.

Pipal: Those are the things that the public from destination downtown has said were the priorities that they wanted to see from that study implemented first.

Basalone: Then what specific outcomes were expected from the branding? Was it like capital outlay types of things, like kiosks and so forth or was it more just a public relations type thing? Was it soft or hard?

Ford: Well essentially the discussion that we had was what are the frustrations (inaudible)? Everybody is telling a different story about downtown Meridian, you know, MDC tells a story, the City of Meridian tells a story, the Chamber tells a story and I don't know that they are all the same story and it I think there has been quite a bit of frustration on how we sell downtown (inaudible) and so one of the conversations that we had is that we need to bring all of these groups together and be sure that we put together an overall look and feel and again what we are trying to sell for downtown Meridian as well. Making sure we are all telling that same story and that would transfer into the build up of the website and transfers into way finding and signage and are very, very important to this committee as well – so that was the rationale in –

Basalone: Yeah, I understand that and that –

Pipal: So they are both soft and hard costs because we do end up on the hard from the products and the deliverables on the hard costs side would be for the design of the logo, the design of the campaign that would be launched to publicize, so you would have (inaudible) costs and advertising and all those other costs, but then you would also have the themes, the more softer things that you would have, but you would actually be able to walk away with a product that you will be able to say that this is what we are saying about our downtown, here is the look and here is the feel.

Basalone: My concern is that I have spoken informally to a number of the business owners that I know and part of their concern is that they are not seeing enough tangible things. They see some of the trees going in and those kinds of things, but they are not

seeing the tangibles and I think that that if branding – if $19,000 is being spent on just more design type work or advertising work, it may not be the best use for the money because you have already got as Member Bird has said you have done a number of design activities, but I think people want to see a product is basically what I am saying.

Ford: If I may respond to that a little bit. We have been having these (inaudible) in terms of (inaudible) property owners and most of the business owners are very excited about the fact that we are undertaking (inaudible) and they really want downtown to be vibrant and they want to make sure that they are going to be there to stay. So I actually have a pretty long list of folks who have said that we will participate in those efforts, so I think there is an excitement there and I think that they realize that we are serious about (inaudible) through that process (inaudible) and way finding signage and all the other aspects that will come out of that session.

Basalone: Well the signage type things and those types of things are positives. Those are tangible positives.

Pipal: I think that we haven't done a good job in helping folks understand how a consistent brand for downtown – if you been invested in way finding signage – to your point in the email about lighting and that look and feel of downtown and you actually take that brand and turn it into something tangible, but what we had is a series of activities that never translated into implementation and that is probably some of the frustration that you are hearing from some folks and that is why I think it is wise that if you see if we can garner some partners and put some skin in the game, an actual financial commitment to partner with MDC Board for that design, that branding process so that when we come out the other side, we will have the tangibles that you are talking about. We can't do it one more time where we talk about it and it doesn't happen.

Basalone: Yeah, one of the other – maybe this is a little off topic, but along the same lines in terms of the downtown concerns is that is in partnerships has to do with safety and with – for instance, I have heard from some people there is concern about there is tagging going on and some graffiti that is showing up in the downtown area and so what kind of partnerships are being done for instance with the PD in terms of the downtown neighborhood watch or something like this because that is a concern as well. I think there is some overarching concerns that have to do certainly with branding but with other aspects as well.

Pipal: Are we generally comfortable with moving the branding component and pulling it down to our discussion today instead of leaving that right now as a commitment?

De Weerd: Umm hmmn.

Pipal: And Ashley, to Member Bird's point he is right about (inaudible) out and you (inaudible) money and then it becomes a signal to go spend, whereas if you put it down in our discretionary spending discussion – but other than that are we okay with our obligations and everything clear on what we spent in the past and what our budget looks like in terms of the – we have been calling them contractual obligations in our discussions?

Slocum: I am for it Madame Chair.

Pipal: Thank you Member Slocum your (inaudible) was important to everybody else. So Ashley how do we want to walk folks through this? I have a couple of other things that I would like to throw on the table just for discussion maybe when we get those –

Ford: Talk about what the priorities are (Inaudible) from discretionary (inaudible) that we knew of (inaudible) also haven't had the discussion on the priorities yet. I do suggest changing (inaudible) destination downtown (inaudible) gives us a lot more possibility. Let's say we do put a branding to the way finding signage and we want (inaudible).

Pipal: I have a couple of things that I would like to encourage that we should talk about at the next – I did get an email from our lobbyist and I am not suggesting because I still believe that we don't need to allocate funds to legislative services but I would like to advise the Board that we are hearing that there is continuing attack on urban renewal and we should particularly because one of our representatives really doesn't like it at all and he is now in a position of leadership and I just want to make the Board aware that we may just want to keep that in mind going forward and that it may come up again and the other thing that I wanted to talk about is and Member De Weerd can probably jump in on this, there is an effort being made by the city but also in cooperation with businesses and other interested parties to get Meridian Interchange funded and one of the things that makes federal funding or the chance to get federal funding attractive are partnerships – when local dollars are invested and although we don't do roads, there is – one of the significant concerns with Meridian Interchange is the safety component, people trying to ride their bikes, take their strollers across that facility and the way that ITD is planning projects is they think about cars and trucks and we haven't seen the design yet but I am told it looks like Vista and if you have ever watched pedestrians trying to navigate that signal point urban interchange it has got a crown on it. So you can't even see over to the other side if bicycles were coming quickly and they are not very pedestrian friendly. But in terms of looking at it from the city's pathway plan, there is a lot of work that has gone into their pathway plan and Member Basalone has talked about this and the mobility committee has talked about it is MDC being able to fill in some of the gaps and connect and if there is a direct correlation between what we are doing on the north side of the interstate, we could potentially help leverage potential dollars for the replacement of that interchange. So I wanted to throw that as well. I don't know – that might be just a general pathway's category where we could see that there was a gap anywhere in the district but may also allow us to participate and contribute pursuing federal funds. Even giving the idea if the effort to get the interchange replaced looked a little like Ten Mile where there was a lot of public participation, it gives the transportation boards some cover if they are local partners because they can say well yeah we can fund that because there are these efforts that will be done locally so if we fund it, it is not the same as us picking our favorite district or favorite project. They can say the community has come to us with a tremendous amount of efforts. So I just wanted to throw that out there and let you know that that is happening. I don't know if Member De Weerd wants to add anything to that, but I wanted to put pathways possibility on the table as something we might want to consider

setting aside not necessarily for that specifically but maybe with that or filling other gaps in the district keeping that in mind.

Basalone: Two responses and one is I am in favor of your proposal to include some funds for legislative services for legislative interaction because I think it is something that may need to be done realistically for this Board. The other part – I think one of the goals as I keep hearing it for the downtown area and for the urban renewal area in general is that it be pedestrian friendly. We do want it to be pedestrian friendly. That is one of our goals. The more people we can have walking the sidewalks rather than driving through here, the better off this area will be, not only for businesses but for public safety. I think that when people are walking they are observant, they know what is going on and they are interacting positively with other people and so I think the goal should be keep this as pedestrian friendly city as possible and part of it as you indicated I have talked about in the past, the pathways to connect with the outside neighborhoods as well, but if we don't start with the inner city, people aren't walking around here. So yeah, I agree fully with that.

Bird: On the interchange, Joe or Tammy where is our boundary stuff? Doesn't it stop –

Slocum: North side.

Bird: The north side? I believe that in the state statute, revenue from urban renewal districts cannot be spent outside the district, is that correct? That is what I have been told. That is a good reason to worry about the legislature on you for stuff like that I would support it 100 percent. (Inaudible) while the laws are (inaudible) I don't think we need to be stepping out – I like the pathway idea and I would like to help that too but it is not in our district and if it is against the law, you will have to have your legislative guy. I wholeheartedly agree with that. I would keep a little set aside for that because you are not done yet; there is still a lot of legislators that would like to see urban renewal districts go away. It is just not one from this district.

Lipschultz: Potentially consider (inaudible) and I am not sure where the sub committee is on that – we have one building that we are planning to move the Ground Floor into – I don't know if there is any allocation (inaudible) or expense for that building –

Ford: We did put Ground Floor renovation portion as a line item. (Inaudible).

Pipal: You are saying – this would be for marketing – trying to get that property – if we need some funds to get that property leased or sold and if we needed to do something to get that accomplished.

Lipschultz: Again (inaudible) and hopefully there is revenues with it too. (Inaudible) any further renovation or survey work that needs to be done and associated with some (inaudible) provision—

Pipal: Is anybody from the –

Slocum: The committee did meet earlier this week and we are on the agenda for next weeks meeting to bring back a recommendation.

Borton: (Inaudible) may or may not bring (inaudible) today you can just copy it into the budget figure (inaudible) and then be acted upon.

Pipal: Without more detail do you have an amount that you are recommending or arranged or something? We can discuss the particulars.

Borton: Your decision today would be $50,000 fee, for example, be to an allocated budget line item of $50,000 and Wednesday make the decision of whether you want to do all or some or (inaudible) budget.

Jensen: That sounds about like what our recommendation would be or for the line item that we would probably want to put in there is about $50,000 – I think it would probably be addressed to bank buildings.

Pipal: Okay. So we would put in $50,000 for discussion purposes today in the draft budget and then the actual decision would be the Board's decision. Do we want to since we have just kind of talked about it in terms of just starting to bring some additions, do we want to add something for legislative services in the amount of maybe $5,000 just to put a spot in the budget?

Jensen: Just from your experience what would that get us?

Pipal: What I would anticipate that being is if something came up, we could –rather than what we paid for in the past, which we actually paid somebody to start in the fall to work a piece of legislation that requires (inaudible) to payment and ongoing – what the $5,000 would be for is to watch what is coming to just kind of – well we can watch what is coming and stay in touch, but if something happened and there was a piece of legislation that we wanted monitored or to oppose we could use that $5,000 to send a lobbyist to the legislature, but it would be on a – because it is a lot more expensive to run your own bill, it is not as expensive to have somebody just to monitor and if necessary meeting with legislators, so this would be something that if it came up during the session we would have the ability to contact a lobbyist to go and take care of and represent MDC in the legislature.

Jensen: Something kind of like on call legislative services?

Pipal: Basically.

De Weerd: I would just remind members to speak up. I don't know how much you hear of any of this conversation. Can you hear Gwen?

Runyon: Yeah.

De Weerd: I can hardly hear. I would like to just ask the Board normal practice because a lot of times we don't notice when people are here. I don't. But just to speak

up. We are a public board and I even note in our meeting minutes that there is not all conversation caught because even these don't pick it up. Just an FYI.

Pipal: Thank you for the reminder. You guys are welcome to sit in the back and make a noise if we get too quiet. It is hard because you get involved in a conversation and we are used to communicating with each other in just normal circumstances as one on one, but here it is best to try and project your voice a little bit. Thank you for that reminder.

De Weerd: I am sorry I always have to think of that in that room and so it is hard not to do think of it.

Pipal: It is always welcome. I don't think anybody would disagree.

Lipschultz: One other item to consider as a line item would be new projects with the idea being that if some individual company came to us today for a new potential project for downtown that we would consider some infrastructure support on – I am not sure if that is something we would normally put in the budget (inaudible) – obviously it would always be subject to review and approval or not by the Board but just as we look at the budget going forward for the year that if we are going to address it pursue the businesses (inaudible) activities – you know it doesn't make sense to send a message that (inaudible) Meridian projects (inaudible).

Pipal: Any others that we need to add to what is already on the paper?

Basalone: Under partnerships in discretionary expenses I would include public safety and see if there is an agreement to do something like supporting neighborhood watch groups in the area.

Pipal: Okay. Well do we want to maybe tackle operational expenses first? Maybe just look at those line by line and we can always go back and address – we can do it one of two ways, we can set a target and work ourselves through and say we are not going to exceed as we set it or we can go through and do a wish list and then prioritize for discussions and see what the total is when we get done with our wish list.

Jensen: I think we should just go line by line and then add it at the end (inaudible).

Pipal: Does that work for everyone? Ashley why don't you lead us through that.

Ford: I will as best I can – advertising, professional and publications – so what we spent for this year is on paper publications for the ground breaking, so we do have a separate legal publications budget under operational expenses (inaudible), not necessarily (inaudible) unless we do some sort of advertising or some sort of event. Nothing is coming to mind.

Lipschultz: (Inaudible) anticipating something with the VRT building and I think we could look at whatever is proposed (inaudible) up to a $1,000 to just kind of budget in for some type of (inaudible).

Pipal: I would think we would probably also have something associated at the Ground Floor when we move.

De Weerd: If VRT and COMPASS want to have a party, they can pay for it themselves.

Bird: Amen.

De Weerd: I think we have paid enough for them; just a personal opinion.

Bird: I will second that.

Pipal: We can come back –

De Weerd: If that does sound snotty, sorry.

Pipal: I would say that is strictly –

Basalone: A question about the legality of the budget. If we don't put a placeholder in for some of these discretionary items, let's say a nominal amount of $100, does that mean that in the future if there is a need we couldn't budget for advertising or promotion or whatever these operational expenses are?

Borton: No. You still could.

Basalone: And it would come out of reserve or something like that? Anything that isn't used would go into the reserve and then we could draw down the reserve if an emergency came up or some need came up?

Borton: Unallocated expenditure is another category that you have got.

Basalone: And we could add line items in the future?

Borton: You would just track it during the course of the year.

Ford: Public meeting expense. This would be anything – maybe in regards to if we do a branding session (inaudible) –

Bird: I am not against for putting in a little for advertising for publication, but I certainly don't – I agree with Commissioner De Weerd that I don't want to see it go for a party for their deal, but it doesn't hurt to have it in there. We don't have to use it.

Pipal: As far as public meeting expense goes, I would think that that would be a subcategory for whatever our project was, for example, branding that is already included in the budget, so we wouldn't have – if we know we have to do a public meeting for a project it may be in the project budget, so we may not need to have that allocated.

Ford: So meeting expense – there is $48 and the note that I have from Teri (inaudible).

Pipal: Unless someone wants to allocate to those three categories, I would say at least eliminate them from our list – because if we have to do a public meeting it should be part of the budget for that project. Does anybody have any objections to removing those three for this year?

Ford: Training – we had money budgeted for this – we are still not sure as to what the intent was for this training – maybe a (inaudible) for the Board Members, but we obviously did not use any this year.

De Weerd: I think you could take the training out if you don't have a specific plan, but again I will go back to the meeting expense. If you are looking at trying to improve communication with the Chamber, you may want to have some and I assume the expenses that are on there with the Chamber lunches has been having a representative of MDC be desirable especially with the Ground Floor engages the small business community. Is it expected that members that represent MDC pay for their own lunch and that is a meeting expense and so you may not want to wipe that totally out for those reasons. Just a point to bring up.

Pipal: Would that not be better under a more general category like community outreach?

De Weerd: I would put it under meetings.

Pipal: Okay. It sounds like we are going to keep that one. If we are going to put a –

De Weerd: It doesn't look like you need $400.

Ford: Down to $200?

Pipal: Put in the budget – if we put it in there for that exact purpose then we should be making sure that it is used for that purpose.

Bird: It doesn't have to necessarily be used for that purpose.

Pipal: Well not for that purpose – if it is important then we should not be relying on whether or not its – if we are going to want to be better partners with them, we should then want to make sure we make those meetings. Do we want to cut in half to $200? Does that seen like a good number?

Bird: Yeah, we don't have to use it.

Basalone: Under community outreach rather than meeting expense?

Pipal: No I think the recommendation was to leave it under the meeting expense – we didn't need the amount that was already allocated because we didn't spend it.

Ford: So I moved legislative services because it is not a capital expenditure it is more of an operational expense over to (inaudible) for $1,000 like we discussed. Due and

subscriptions – Meridian Chamber of Commerce and Sage Community Resources. Obviously there isn't – I understand the benefit of the Meridian Chamber of Commerce membership, but I am not as clear as to the Sage Community Resource. I have never interacted with them as part of my role. I am not sure what we have done in the past with them, but further down we were aware that there was some grant writing funds that were expended to them, but (inaudible).

Pipal: I will tell you my experience as I became more aware of them as I became active on the Board, I tried to contact them just to try and find out a little bit more about them and I received absolutely no response and in fact almost a hostile why in the world would you want to contact us?

De Weerd: Let's drop it.

Bird: Why did we ever take it anyway?

Pipal: So do we know how much the Chamber membership is?

Ford: $175.

Pipal: Are you aware of anything else Teri with dues and subscriptions?

Stockton: No.

Pipal: Sage is $250? If we wanted to do something else we could always – so do we just put the Chamber membership in there for $175?

Bird: Why don't you keep $200 in there in case it goes up? I have a feeling dues might go up.

Ford: So next one is bank fees – (inaudible).

Stockton: I am not sure (inaudible) there are new rules at Washington Trust and Bank of the Cascades. There was a wire transfer – oh, we had to do a wire transfer for $20 when we did the initial loans under (inaudible) in December. (Inaudible).

Pipal: Do we want to put $100 in there just to be safe.

Ford: Again, grant writing services – I don't know if we have a need for that (inaudible).

Pipal: Ashley said that with the resources that we have on the Board and her skills in writing grants that we could probably put together an application without having to go outside.

Slocum: A question for Teri. I know we just discussed the dues and subscriptions that Sage was $250 of the $425 – I see the $250 under grant writing services – are those two separate $250's?

Stockton: Yeah, one invoice said membership dues and one invoice said grant writing services.

Bird: Did they ever write a grant for us this fiscal year?

Pipal: Not to my knowledge. Counsel?

Borton: A suggestion as we are talking about some of these categories that your are not going to put a budget line item in – it is helpful in earlier meetings from a historical perspective to see some of those items that might have been funded some years and not others and not necessarily eliminate the category but just place a zero in there so you can see a five year budget history. There is some category that you maybe funded in '08 or '09 and not the next two years, you would want to see that that line item was used.

Bird: I agree, just put a zero.

De Weerd: Before we move off of this one, if we can just make a note to send a letter and ask what that billing was for? If we paid $250 to Sage for grant writing services and to no one's knowledge, have they done anything? We should be asking them what that is about and asking for our money back.

Pipal: Did you get that Ashley? Okay.

Ford: (Inaudible) and I have not heard back from her as to what their needs may be. We have had conversations in the past (inaudible) a little bit of time to get responses out of her (inaudible) but I was not able to obtain any confirmation or recommendation from her as to what they would like to see this fiscal year.

Jensen: I don't know that Meg Glasgow is the Chair person anymore.

De Weerd: Nancy Rountree.

Pipal: With regard to the public art, we never made any decision on the split corridor – that section that ACHD is proposing to just pave?

Slocum: The two (inaudible) triangles?

Pipal: The two (inaudible) triangles. Is it possible that we could do landscaping in that if we wanted to partner with them and it is also possible that it might be the location for a piece of public art? Do we want to allocate something in the budget there and if we don't use it –

Bird: I would keep it in there actually. I don't know if I would put a full 10 in there, but I would at least put 5 in there. We don't have to use it.

Escobar: I am in favor of keeping money in there. In fact I think one of the big expenses is irrigation to those parcels and if that is the case why don't we be forward

thinking, do something (inaudible) scaped – along with public art and start setting examples of (inaudible)? Design services, installation – I am in favor of keeping the $10,000.

Jensen: I think that actually – we have got a whole separate line item down below that for the split corridor parcels –

Bird: I still think we need public art. I am not just talking about split corridor.

Jensen: I agree.

Pipal: Well it is not unheard of to take funds from two budget categories to accomplish tasks.

Jensen: I would just suggest that we leave public art what it has previously been funded at and set the split corridor parcels as another amount just because I think that will take more.

Ford: (Inaudible) public safety partnership –

Basalone: Actually I have three proposals for partnerships that we have discussed generally at other meetings. One is the partnership for public safety, which I think unless there is something in the budget that shows it as a placeholder it doesn't appear that it is of interest and if it is of interest, I think it needs to be in. I would just propose like a nominal $500 or something like that as funds available to help support a partnership between the police and the community in terms of their public safety concerns and needs like neighborhood watch. I would also propose the same thing as a partnership with the Chamber of the city on the development of the master calendar and I would call it partnership for master calendar and a third partnership on pathways with Parks and Recreation, just a nominal $500 just so that we can explore what we can do together to develop whatever needs to be developed and not necessarily that we need to spend the money but there is a placeholder.

Pipal: General agreement?

Bird: I think that is a great idea.

Jensen: Member Basalone what is the master calendar specifically?

Basalone: Master activity calendar that the city has activities that take place downtown and throughout the city. The Chamber has activities that they sponsor. We have activities like the farmer's market that we sponsor and I think those three groups need to coordinate and come up with a single master calendar for the city and specifically for the downtown area. Chairman has had some communication with the Chamber and I know you referred somebody to me, I believe, Ms. Johnson, Julie, who is willing to work with us to develop a master calendar and so if there is an expense in publishing the master calendar or whatever that is where this partnership money would go. But it has to be a coordinated adventure because as I expressed at other meetings and maybe it

is my own lack of information or whatever, but there are a lot of city activities especially in the downtown area that people in the neighborhoods around the downtown don't really know about and it is very helpful – unfortunately not everyone gets the communication that the Mayor sends out through emails and so forth and so we need to have something that could be publishable, put into newspapers, signs and windows in businesses that these are the major activities for the year – that kind of thing.

Pipal: Sandy represents Meridian online (inaudible) – Boise online (inaudible) and they do have activities as long as they get connected with the entities involved, they do that for their Boise online (inaudible). They do it for Meridian and they assume the expense for doing that. There may be some nominal fees that we would have to do, but that is why I referred her to you; she immediately expressed interest in wanting to participate from a business standpoint, which is exactly what we want. We want that private dollar investment in our community, even if it is virtual.

Basalone: I think that when I look at the work of the MDC, I think the partnerships are key because it isn't us spending $950,000 on the people in this area; it is us supporting the people in this area so that they will invest more in this community and the partnerships I think are key.

De Weerd: Just for a point of information the city does have a calendar on our website and anyone can submit calendar events. We developed that program opportunity this last year, so really all it takes is the Chamber and MDC plugging in their events in that calendar. We have a lot of people that go online weekly to look at this week in Meridian and to look at the calendars and so the opportunity is there, it is just if people use it. Now if you are talking about printing calendars that is something totally different.

Pipal: I don't think we have even gotten that far. It is just a coordination -- we are not even coordinating with each other.

De Weerd: Well it is available for anyone to use and we have organizations that as long as it is not for a self promotion business or something, any event is allowed on there.

Ford: We are working with Robert in the Mayor's Office with our new website being launched (inaudible) some sort of feedback (inaudible). We are still trying to work on how that would work, but we are having that conversation.

Basalone: I certainly believe in not reinventing the wheel, but I think it is finding out about the services that are already available and coordinating them as you mentioned together and the reason, once again going back to the reason why I feel it needs to be a line item in the budget is that it shows our commitment to that coordination.

Bird: I think the webs are really great and we should be using them, but actual physical read posters or whatever calendars are ten times more used than what – the same people hit the website. You guys probably hit the website. I have never hit a website – I get my email – you can go to the Speedway today, they have got a nice website, but find out where they get most of their people is from the schedules that they print and send out. He has a good idea to get that out. I have thought about that. The problem

is putting it on a calendar you are way too late for calendar year 2012, but we could certainly have something ready for 2013. It is expensive but it is worth it I think.

Basalone: I think also that if you have a nicely printed poster, not a calendar Tammy, but a poster that businesses can put into their window it shows kind of the unifying approach of what we are trying to do down here. That is what they do for instance on Bown Way with the farmer's market there with every retailer having a poster in their window showing the farmer's market sponsored by the Bown Way merchants and so forth. I think we need to show that the people down here are actively involved with us and that is one way of showing it.

Ford: So did we determine a dollar amount?

Basalone: I am recommending $500.

Pipal: We will have to look at this at the end, but a good place to start.

Ford: What did we recommend for public safety?

Basalone: $500 as well. For all three of those as I mentioned.

Ford: I guess I am trying to get clarification – the partnership of the pathway (inaudible) what exactly would that entail?

Basalone: It would be coordination as well, talking with people in Parks and Recreation and other areas of the city. The neighborhood associations, the different homeowner's groups that have pathways through their areas and what could we do to help with that coordination so that we could talk about pedestrian development?

Ford: (Inaudible) overlapping the destination downtown implementation – I am just trying to make sure that we are not splitting things up unnecessarily?

Pipal: Well I think what Member Basalone is talking about is highlighting partnerships in specific areas and I think if we just – we can always take it back – but I think we should get all the way through if we can.

Ford: The next category is Concerts on Broadway – (inaudible).

Pipal: We need dollars available to them to make sure that they have seed money, but was that the amount – I recall $5,000, but --?

Bird: No, we went $7,500 last year.

Pipal: They didn't spend it but I think it was the insurance that they could continue.

Bird: I would leave it in there if we can. Let's put it in and if we have to take it out we can. But I would only put $5,000, I think.

De Weerd: I think we talked last week about possibly having that as an event line and again partnerships if someone wanted to submit a request for proposal, but that might be used for Concerts on Broadway or it could be used for another music series or some other type of event in downtown.

Basalone: Concerts on Broadway sounds to me like it is professional musicians performing – I would expand that a little bit and invite student musicians from our high schools to come and perform downtown. One way to get people down here is have their children perform and if you had a band from Meridian High School down her performing at City Hall, I am sure you would have all the parents of those children down here as well. I think the more that we can do to showcase the arts in our schools would be important as well.

Pipal: Maybe then what we will do with this arts and events is maybe just partnerships, arts and events and so people don't think that is money for only one, but it is money for those types of things.

Ford: Do you agree with the (inaudible) of $5,000 (inaudible)?

Jensen: I think if we are going to open it up to additional types of things, probably should expand it back up to $7,500 because I could imagine should we go down that pathway a little more expenses there especially if it is student associated.

Pipal: Could you speak up please. You can instruct the transcriptionist to just put dot, dot, dot at the end of all your words.

Ford: She will laugh at that one. (Inaudible) is the farmer's market (inaudible) pretty clear sentiment that there would be a contribution, but we need discussion on that.

De Weerd: I would recommend zeroing that out and if there is a request it can certainly be under that events line item.

Pipal: Is that agreeable?

Bird: I would second that.

Pipal: We are all surprised by that.

Ford: The next one is the wireless network and we have accounted for this elsewhere (inaudible).

Pipal: Do we want to zero that out?

Ford: Arts Commission and split corridor parcels – this was what we envisioned differently was being (inaudible) actually putting public art out there, but we can certainly categorize this differently.

Pipal: If we are really talking about either irrigation or water lines (inaudible) would that be under capital expenditure instead of under operational? So we could – was that – we didn't have anything in last year's budget.

Ford: Under just split corridor we had – we spent $7,800 for streetlights that was part of the CDBG.

Pipal: Again that would have been capital – so we should probably move that down.

Jensen: If I remember correctly last year our budget we had the split corridor parcels in there as a line item and I think we had $50,000 contributed to it and the fact that it wasn't going to be happening that fiscal year, we kind of pulled it out, but I think it was put in there as a placeholder or a reminder that something – or it may be a project that we wanted to take a look at. I don't know what the actual costs would be or what the extent of the involvement would be there, but – I don't know that I would want to see the entrance into downtown be just asphalt.

Ford: I did give you in the last meeting's packet a cost estimate from the Public Works Department for the water lines would be for those two parcels at $1,400 per parcel.

Jensen: Actually I guess there is nothing more to – I think we should seriously look into doing something a little more substantial than what is proposed.

Pipal: Should we include then the cost estimate and then some additional for – I really don't know and maybe Mr. Escobar can help me with this (inaudible) but what kind of costs are we talking about? Let's say we were just to put $5,000 in there and maybe low balling it, what would you recommend?

Escobar: I don't know what to recommend. I am not sure about where those parcels are. But I do know that it is probably going to be more than $5,000 for each one.

Bird: I don't think you are going to even come close to $5,000. I remotely – I mean wholly cow look what we spent on the first phase and I know and I realize there is a lot more to that – I know it is a big deal. By the time you get pipe and everything ran in and get it out and I can assure you that you are going to pay your share to ACHD.

Pipal: If we wanted to participate in that and we want it to not be paved over parcels and we are talking about two parcels – if we said 10 for each parcel, are we closer? Plus we have funds for the art? So it would be $20,000 in this category.

Bird: Yeah, because you are not going to use it this fiscal year anyway. I don't think.

Jensen: I think like Member Bird said I don't know if the money will be spent specifically for developing parcels, but if that is something that we are going to do we are going to need to put together some sort of subcommittee or whatever, task forces looking at those parcels and probably need some sort of funds for design and that probably would happen this year and then I would imagine that that amount would cover that portion and then next year's budget.

Ford: I believe (inaudible) needed to improve parcels would be in Winter 2012 with construction (inaudible).

Pipal: So we would want design and water and that is per parcel. So do we want to do $10,000 for potentially this year for design and –

Bird: I would do $10,000 this year and we can carry it over, what we don't use. Because I will tell you it is going to cost more – I mean, I couldn't believe the estimates that we got.

Pipal: Is everyone comfortable with that? And putting that under our capital expenditures?

Basalone: Yeah, I fully agree with supporting the design and the infrastructure for these two projects, but I think I would add that these two parcels are another opportunity for us to reach out to our general community in terms of donations. For instance, I would certainly feel comfortable with somebody going to ZamZows and saying would you donate the landscaping for the parcels in terms of their community involvement or something like that – these do give us an opportunity if we want to utilize it.

Pipal: I think Member Slocum has another comment.

Slocum: I am just looking back to phase 1. I think we need to act fairly quickly on plans (inaudible) complete for phase 2 – certainly don't want to (inaudible) with paving and have to rip it out and I think back to Commissioner Basalone's – while I would agree that that is an opportunity, I think it is going to have to be bids of part of the overall packet and we may lose that potential at that point. (Inaudible) and I am wondering if that cost is under capital expenditures or does it go back to professional fees – or can capital expenditures be inclusive of that?

Ford: It would be (inaudible) design the city would do for their water and sewer price that they are doing that because they are the ones doing the water lines and they are the ones questioning do we want (inaudible) to those properties or not?

Slocum: I guess I am talking about the actual design –

Ford: (Inaudible) infrastructure.

Pipal: Or if we even need infrastructure. If we decide to go with Member Escobar's idea and then the city wouldn't need to include the steps and it would be –

De Weerd: I think it is under project specific, so under capital is appropriate.

Ford: So (inaudible) operational expenses from last year was street and sidewalk engineering. We have (inaudible) for. I had hoped to have (inaudible) to talk about what sidewalk projects are going in downtown and there is actually a lot of them and I actually was very surprised to hear. So I went in representation of the Board about

what they will be doing in the next 12 months and it actually is quite a bit – as we have been doing our door to door just kind of interviews and conversations with partnering business owners, we have been noting that areas certainly could utilize some sidewalk improvements and so I think that is what the overlap was the layer that ACHD is targeting so I did get a sense of that. But I do think there is property owners that would like to take any sort of grants or assistance that MDC could give.

De Weerd: So is your recommendation to keep it as is, increase that?

Ford: I would like to rely on my fellow architects for some costs on the sidewalks. I am not sure (inaudible). I don't know what $8,000 would actually pay for at this point – if we are wanting to do an entire block.

De Weerd: Well this is engineering and improvements are down below it at $200,000. I guess I think under the sidewalk engineering and this has come up off and on this year is looking at opportunities to create outdoor dining and evaluating some of our site or block designs to see where those opportunities would be best utilized. For example on Idaho looking at expanding one side of the street so that you have greater opportunity for outdoor dining and that would require sidewalk engineering and probably parking reevaluation, so I would push the $20,000 as enough, too, but I would defer to the professionals on our Board as well.

Pipal: I am not sure, again the same question, wouldn't be a project engineering, the design be part of the capital outlay rather than – I don't think we would be.

Stockton: From an accounting standpoint if you do the design and never actually do the project, it (inaudible) be operational; if you actually do the project then it would all be capital.

De Weerd: In the operational I am looking at more of a master plan to show where those opportunities would exist and you are not going to be able to do all of them in one year, so you can put out a plan on where those opportunities are and then what kind of implementation you would do and put a time specific implementation plan together. Again going back to Member Basalone's points – people want to know what is going to happen and they don't want to just know what is going to happen, they want to see it happen.

Pipal: So would we have a recommendation then to increase that amount?

De Weerd: I don't know.

Slocum: I guess I would look to the Board as to how big a scope – you could get a better part of a block, probably designed for $20,000 in today's environment of civil engineers. But I guess the question is how big – how many, do you want multiple blocks design?

Escobar: I would see this being an RFP where we go out and do the master plan and we don't need to really go into construction documents, other than project (inaudible)

specific and so that is only one step into the capital expenditures and say we allocate $150,000 to sidewalk improvements for FY2012, the construction documents could go into that phase and meanwhile we still have a master plan that is up to the entire downtown core to say that these are the areas of opportunity, come back to the Board for suggestions on which project to move forward with and then we could actually have some tangible results at the end of the year.

Pipal: If you went that route what would you recommend in terms of dollars? So if we were just going to do that study for street and sidewalk engineering and then as Teri said we were actually going to then do one of the projects that would fall under the capital what would you recommend with that just from an RFP standpoint?

Escobar: I would hope that $20,000 is enough for somebody to do an analysis of the downtown and the sidewalk improvement areas – what businesses it benefits and I would hope that is plenty. But it is another plan.

Bird: We have already spent $30,000 or $40,000 doing this master plan before. It is just the same thing (inaudible) the last one.

Slocum: We have previously had Land Group hired to do the block design, east west blocks, north south blocks – I guess the one down side to that it didn't look at specific businesses and uses and specific opportunities, but it generally deals with the downtown core and how those blocks are all going to look.

Pipal: I think what Member Escobar is talking about though is a way to get off the planning and into the implementation because the purpose of the RFP would be to identify the next project verses a general plan.

Slocum: And we can't identify the next project? If we can't, I am not sure why we would expect someone else to.

Pipal: I think what we need to decide right now is $20,000 – if we were to do something like that or we were to do a design on that project and need to have in FY2012 maybe the construction wouldn't happen until FY2013 is $20,000 a good number to set in that placement of the budget process?

Slocum: I don't mind $20,000.

Pipal: Okay.

Ford: (Inaudible) expenditures -- (inaudible) Ground Floor renovations so I put a number of (inaudible) for that – plus I felt, again, this was fiscal year 2011, so I am comparing with FY2012 – operating services we did have a bit of discussion about this at the last meeting it didn't sound like anyone was going to put dollars towards this, but we need to have that discussion again. Under the split corridor parcels, $10,000 here – the next is the tree replacement – this is the request by the City Parks Department to cost share the replacement of downtown trees with MDC. Apparently in the past, not the

last year or two we have split the costs with the city – I know that has happened; (inaudible) but they have requested $30,000.

Bird: How much?

Ford: $30,000.

Pipal: Would we need then to include – because under last year's category I think we had allocated that $30,000 to the Church of the Harvest, would it then need to be $60,000?

Ford: No we have Church of the Harvest up under obligatory – we have them separately. With that request that were put into your packet comes with more specific places identified (inaudible).

Bird: And they will invoice us right?

Ford: Yes.

Borton: Follow up on that – the draft that Emily created is just that – a creation (inaudible) a 50 /50 match of funds expended by the city up to the cap of (inaudible) replacements, $30,000 and that is it – then they would complete the items that they identified with the tree wells and trees and then (inaudible) reimburse MDC (inaudible).

Ford: The next category was what was suggested for potential projects.

Lipschultz: I don't have any specific in mind –

Ford: To speak of the Board's perspective I am having conversations – I believe with a gentleman that has been in front of this Board before was providing property on 2 ½ Street – I know he is looking at doing (inaudible) project (inaudible). I know that he would like to utilize MDC funding for some of those improvements needed to be able to make this project work for him from a financial aspect. I don't have a formal proposal from him at this point and I have been pretty clear with him our funds are pretty limited and we (inaudible) and why we are looking for those types of partnerships and you have got to expect $100,000 which I think is kind of initially what he was aiming for – so that being said I do know that there are things out there that are being investigated at this point but I don't have anything specific to present to you as a potential project cost.

Borton: To add to that, communicated as well your expenditure funds is solely focused on public premises and in that regard one of the line items that has been included in prior budgets that might fit here was land acquisition, whether you place a dollar figure in this one or another one, historically utilized – keep it on your radar and consistent with that you might include a revenue line item of sale proceeds – urban renewals continuing business not necessarily to hold indefinitely property, but sell it back into the private premises; where you have a dollar figure in place in there, you could have offsetting categories, sale proceeds each and every year (inaudible) also land acquisition.

Pipal: What about something like land acquisition and infrastructure improvements instead of new projects? We could put $100,000 in there and then as you say sale of proceeds and the revenue just a blank item and a place to fill in? Because I have had this conversation with Ashley that we look at making an improvement, ultimately it needs to be a benefit to the downtown district and to the tax payers, so if there is an upgrade needed in a sewer line that is needed for that project, but also benefits the entire system, that those would be the types of things that we would look at funding on behalf of. A project that couldn't be done without that kind of general infrastructure improvement made and my guess is that it probably still is. I would like you to do something for me, we hear that a lot, but the reality is what should we do to create an infrastructure that benefits not only that project, but benefits all of the businesses by improving the infrastructure.

Ford: So is everybody comfortable with the $100,000 --?

Pipal: I just threw that out what do you think?

De Weerd: I think I stepped out at the wrong moment.

Basalone: Is that coinciding with what Board Attorney said about the offsetting revenue from land sales, so it would be $100,000 for the infrastructure –

Pipal: Land acquisition.

Basalone: and offset by the land sale $100,000 is that what --?

Borton: The idea on the land sale is just always to have that as a budget item, to keep it so you are conscious in your process each year –

Basalone: When you say a budget item, Joe, you are talking about just the line item, not a dollar figure with it? Oh, okay.

Pipal: I was simply saying add infrastructure and improvement because it tells the public that a new project may be a land acquisition or infrastructure improvement and kind of broaden the category a little bit, instead of new projects. But I was also thinking in terms of what types of those things will cost and we wouldn't be doing things like that for a small dollar amount.

De Weerd: So it is not about this particular project or what have you? It is if an opportunity should arise.

Borton: A detail on that is the Board's intention of using, for example, $100,000 that it allocates that for this purpose and it piggybacks that allocation so to speak and then next year you have a fund available (inaudible) for eventual land acquisition or improvements or is the intention that the $100,000 is the piggybank is gone and you try next year. You try to build up fund for acquisition land --?

Bird: I think you would end up with the fund myself. That would be my thought. On infrastructure what are you talking about? You are not talking about sewer and water are you?

Pipal: I used that as an example.

Bird: I hope you are not talking about that.

Pipal: It could be sidewalks – but it needs to be something that is a benefit to the district.

Bird: Sewer and water gets paid for by fees, has no taxes and what we have is tax dollars. So they are two different items – sidewalks and stuff like that, but your public utilities is paid by fees.

Pipal: Thank you for the clarification. I was looking for something where it would be an obstacle to a developer project if there was an infrastructure need, but it would not go directly to that development for to offset their costs in developing their project. I think it needs to be clear to people who do business with MDC and that we are not piggybank for them to come to if we want to look for ways to offset their costs; that ours are for pubic purposes and not for a particular developer wanting to shave $100,000 off of his cost and he will come to the public entity to get it. It has to have a greater benefit; it has to connect the community – you know it has to be something related to an infrastructure improvement. It can't be something that he wants us to just build his sidewalk.

Bird: I agree.

Jensen: Thinking on all of those comments and we not wanting people to feel like they can just grab at the money, would it make more sense not to have it as a line item then? When we were talking about a new building to purchase land or whatever, wouldn't that be what the reserves are for building – we don't put a specific line item and then they can come to us and make that decision and do an amendment to the budget or whatever we need to make some special project happen as opposed to making people feel they are possibly entitled to that money because it was in the budget?

Pipal: I think that was Counsel's and Member Bird's on the discussion on the extension that be used to build up the fund that it doesn't just – if a new project didn't appear then that new money would be banked for future projects and we would then start to build up an additional funds for those kinds of things because we don't have that right now.

Bird: Mr. Jensen to clarify that the reserve is a fund balance for anything. This we are setting aside for a specific item land purchase or improvements. So I would think you would want it in two separate categories.

Slocum: I ask the same question about the (inaudible). Should land acquisition stand on its own, infrastructure improvements stand on its own?

Borton: Historically I believe we have done that. You have got land acquisition as a separate item.

Slocum: Sidewalk improvements (inaudible) on that list – although infrastructure may be outside of the realm of sidewalks.

De Weerd: We are probably trying not to define what that is right now and leave it on a proposal basis and certainly the sidewalk line item is more of the block improvements –

Pipal: Do we want to allocate just a smaller number just to infrastructure improvements? That could be the new project that we may not know about yet and perhaps at this point because we haven't used (inaudible) $10,000 instead of –

Basalone: I think that I would agree with you and rather than – if sidewalk improvements is kind of a catch all category there, it should be infrastructure improvements it may not necessarily be sidewalks or are we designating $200,000 specifically just for sidewalks? If we are then –

Pipal: Just for sidewalks.

Basalone: Well yeah then if we are then infrastructure for future improvement projects would be important, land acquisition would be important.

Bird: The reason I would like to keep it separate because the sidewalks – the whole $200,000 – we are going to do it block by block and stuff like that. The others as I understand it are going to be for specific projects that come in and they might not be in this block by block master but they need stuff that helps the public not just the contractor but the whole public and that is why I would keep them separated. That $200,000 is just to take existing sidewalks, existing downtown and redo – you know whatever ACHD will let us do – street friendly cafés.

Pipal: So do we want to put $100,000 in land acquisition, maybe $10,000 in infrastructure improvements and kind of get a handle and then move the $200,000 forward to 2012 for sidewalk improvements?

Bird: I could go along with that if it adds up.

Escobar: I would suggest for arts and infrastructure. I don't think $10,000 might get a project, but that can get pretty spendy pretty quick.

Jensen: The infrastructure are we looking at that as it is going to be a continual savings fund like the land acquisition as well or is that going to be just --?

Pipal: I think that is the new project category that we discussed earlier just that placeholder where we had something that came before the Board that would have a place to put it – since we are supposed to be generating investment and infrastructure is one of the primary reasons that urban renewal districts exist, that that would be a category that ties in with our charge.

Ford: (Inaudible) floodplain study on the Heritage for discussion purposes. If you recall the conversation from last week we did apply for CDBG dollars for this study and granted (inaudible) dollars. The reason why this study would be something that we would want to consider is the fact that (inaudible) businesses at Franklin (inaudible) within the floodplain and not able to utilize CDBG dollars for façade improvement program because they are currently in the floodplain. It also makes it more difficult for them – (inaudible) establish pathways and businesses established in most instances too and is what makes it difficult for them to renovate, to expand and bring new businesses in due to the cost associated with that. They are paying flood insurance as well. So if we can do this first phase with the floodplain study and then be able to do a letter of acquisition, eventually have the floodplain removed from this location it would be (inaudible).

Pipal: What was the price tag on that Ashley?

Ford: Based on the conversations that I have had with the engineers at ACHD and with Tim Curns with the city, the costs are around $50,000 to the study itself. The rationale for not allotting CDBG dollars towards this is because there is not necessarily a construction project that comes out of this study necessarily. Once we would get to the third phase which would be potentially be construction that is when the Board (inaudible) and we would have more of an opportunity to get dollars from CDBG. So I wasn't aware and I know I have spoken (inaudible) priority this next year, but at least right now have the discussion.

Jensen: I don't know if anyone would be able to answer this, but point of thought would be with the split corridor phase 2 going in is that going to affect that floodplain and do we know where they are raising grates on the roadway – is that going to--? I know it is just the railroad tracks that kind of push it all back into that one specific area?

Ford: I don't believe the current design (inaudible) just dealing with the grates.

Escobar: I think our floodplain issue has directly associated pipe sizes – increase in pipe sizes (inaudible) so it is not so much of a land elevation it is more to get the flow of the water through the area.

De Weerd: And the day lighting – I think it is the day lighting issue with the water too.

Pipal: Ashley why don't you plug that in because we are going to have to (inaudible) and we can remove it if we need to.

Ford: So the branding was -- ?

Pipal: The total amount of branding was $19,000.

Ford: (Inaudible).

Pipal: Why don't you plug that in.

Ford: So the façade improvement program, we did the CDBG match for categories and then we can discuss what MDC would like to put in (inaudible).

Pipal: Façade improvement community – what are we looking at in terms of dollars and blocks? If you were to do that – that was one of the criteria is my understanding that if we had to do a block, it can't just be for one business, but it has to be sections. Is there any estimate what that would cost? How far do we get for $40,000? Do we need to put another $40,000 in the program's match?

Bird: Well if you are a business and you are going to improve it any amount would be nice. I think that our budgeting aspects and for us to start – because we haven't had people beating down our doors to get – I think 40 is plenty. The only one we have had come forward wound up costing more money to use ours than to go and do it themselves because of the Bacon Davis wages.

Escobar: If I remember correctly with CDBG funds, the $40,000 had to be allocated in very specific ways so the reason why we adjusted the façade improvement program on the last go around a few months ago was to open up some MDC dollars to put into it in case a company or a proposal could meet the CDBG requirements. Maybe they (inaudible) requirements, but of course they would all have to be for the general public good. From what I understand we have the $40,000 CDBG and I would like to see another $40,000 from MDC side and budgetary to be able to fill in that gap and I mean project by project basis when people apply for that façade improvement, not for us to go out and improve the whole street front, unless that is the request that somebody wants.

Bird: I don't have any problem with that. Can't we find someplace else for the CDBG fund? Just use it somewhere and take the money that we have got. It will help a lot of people because you are talking about such small jobs that Bacon Davis kills you because they are very labor intent and that is when you have to start paying Bacon Davis wages.

Pipal: (Inaudible) leave the application under the façade improvement program.

De Weerd: That is how it is approved. If you don't use it for that then you lose it.

Pipal: I do agree with you that Davis Bacon can kill a small project. It has killed some large ones too.

De Weerd: Okay, next item.

Ford: So MDC owns (inaudible) and get the bank assessments this year (inaudible) around the $40,000 estimate (inaudible).

Pipal: Is that the (inaudible)?

Ford: I don't know if it has to be before it is leased, I just know that is a big enough issue for the water on the roof.

Borton: You may want a separate line item for this building.

Ford: I think we put everything with regards to the Bank of the Cascades building under the Ground Floor at this point. I guess in promotional you brought up the idea of the lease and to go out for an RFP, maybe work with a broker and try and get someone in there and those are items that we have discussed for the last few months.

Pipal: Is there a recommendation from the subcommittee on what it would take to get that one --?

Ford: We haven't discussed it yet, but we certainly can.

Pipal: Do we want to focus on the Ground Floor and the Bank of the Cascades building this year and maybe just put a little bit of marketing funds just towards that one, if we needed to adjust it or if an opportunity came up.

Escobar: If we have ponding on the roof and water entering the building, we need to get that fixed. Ponding on the roof can lead to structural damage – (inaudible) and we don't want to continue our water damage to get worse and have a more expensive project.

Pipal: So put the estimate in and see what the bottom line is --?

Slocum: I guess some of the decisions to spend money on that building is whether we intend to try and get an occupant for it or ultimately it comes down if something bigger happens – but how soon would that --?

Pipal: In that case we would likely be responsible for the raising or would that be the developers? What does it cost to raise a building?

Bird: Not too much, it is pretty cheap. If you let it go without getting it fixed, don't get something in it, you won't have to worry about it it will fall down itself.

Basalone: I think the question would be if we raise that building and sold just the bare land would we be getting the equity out of it that we would get if we sold the building and the property and let the new developer raise it if they want or whatever that we sell it as a building to get more equity out of it? So I think the question goes back to what Jim brought up is that is it worthwhile to do the quick fixes now to maintain it as a building with the idea that in the future we are going to sell it as a building or lease it as a building as opposed to raising it. If we are going to raise it, I wouldn't do anything to it. So I think that is a critical discussion.

Jensen: I think maybe what we should do for the immediate present is just maybe put a maintenance budget in there, not necessarily full on remodel or whatever, just to maintain the building. We have got the landscaping, contractors, but just a couple of thousand bucks in case something comes up that needs to be maintained and then the

subcommittee really needs to make that decision on what ultimately needs to happen with that building.

Ford: You already have operational up above.

Jensen: For that building specifically?

Ford: We have already taken care of that.

Jensen: That is for maintenance – that doesn't take anything out?

Pipal: I think we should zero on this one, but keep it on as a line item so if we decided to do something, we could carry it forward.

Jensen: I was thinking a minimal amount if there is a leak in the roof, we have funds – I don't know right now that it is leaking or it is just pooling at this point from the assessment as I don't remember. But some leeway should something come up should we go a little deeper into the analysis on what to do with that.

Pipal: I think that is part of what we have the reserve for if there was something that happened, we would be able to use those dollars. So we could leave that at zero, keep it as a line item if we needed to move money from the reserve. Would that satisfy since we have the maintenance already in the operational in our architect contractual obligations already?

Bird: Who has been up on that roof is it just pooling or can you actually physically see leaking?

Jensen: I didn't see it leaking anywhere, but it is just pictures. I haven't seen any leaking –

Bird: Well maybe one of the drains are stuffed up or something.

Jensen: Well that is why – well like you said pull it out of general fund at some point.

Bird: That is what we have got that rainy day fund to do something like that if it is not too large. Basically it is a better building than the Bank of the Cascades, I think. It is a newer building.

Jensen: Just to understand how the – because in the budget now we have got this for reserve we can pull from anytime we don't have to do a budget amendment because the reserve is --?

Bird: You can do an internal amendment.

Jensen: You don't have to do a new --?

Bird: No.

Ford: Moving on directional signage – this category is way finding and signage and will come out of whether or not if we do the branding or not (inaudible).

Pipal: I think we have to know what we are doing even if we didn't go through a full branding effort we would have to have some consensus among the parties about what we are going to do with the city, Chamber, business owners – at least get a consensus and I would move that $20,000 into FY2012 and include it in FY2012.

De Weerd: I would hope it would actually happen in fiscal year 2012.

Ford: Main Street banner arms – wasn't a part of the discussion with those so I thought –

Pipal: Have we had any indication that we (inaudible)?

De Weerd: As I mentioned last week when we talked about this we have a couple different banners and if you want another set they are around $5,000. So you have the Christmas ones, the Meridian's Promise and you have the summer ones.

Jensen: Are these banner arms or are they the actual banners --?

De Weerd: They are the banners. It shouldn't have arms on there.

Jensen: This is for the actual – the little flags that hang on the side of the lights.

Slocum: I wasn't here at the last budget discussion, my apologies, but I believe that this not only is the banners, but I think it stems back to a very old discussion when we did the welcome sign, we were additionally do some secondary larger banner that you could put a banner across the street – we had designed some additional signage into the downtown core.

De Weerd: That is right and that is always a push it to the next year fund.

Pipal: I think that most of the folks of this Board have been on the way finding and signage and we need to get that accomplished and we can only do so many things.

De Weerd: To get back to Commissioner – this has been a long going thing with the street lighting and with the banners and with all of the standards that we have been talking about and the way finding signs if you go back and look at the designs that we finally unearthed, it has those banner components to it and it has been something that the community has asked for in terms of how do you best let people know there is community event going on and so these banner arms, now that Board Member Slocum mentioned it was really to be its hardware. It is a pole with arms on it that you can hang a banner on. So two different things and we had two different line items and we thought those are the same thing. So thank you for the historian. I don't know what their costs were. Does the historian remember that? I do know for 70 banners which we have 70

posts that you have banners put on for graphic design and the 70 banners was $5,000 because I asked.

Bird: When was the last time we purchased them?

De Weerd: Well, no I just got that.

Pipal: What is the pleasure of the Board?

Ford: (Inaudible).

De Weerd: The city has budgeted the operational expense of putting banners up four times a year – three sets of banners. So there are banners that we put up more than once and so that is all this Board's decision as we won't be purchasing additional banners because that was an MDC Board thing. We just do the labor.

Basalone: I would recommend that we carry over and continue with the $10,000 with the idea of looking at a fourth banner that could go up four times a year. We only have three and we do a fourth and that could be developed around the theme that we feel is appropriate for either a time of the year or a certain service. You see many cities have recognition of our troops for instance or something like that. We could certainly do something that would be appropriate.

Pipal: So the banners from what we know are actually $5,000 and arms for across the street – is that what the $10,000 is for to put up the poles that you put the big banners across the street.

De Weerd: I would imagine that would be two poles.

Jensen: Is that something that would possibly go up during the split corridor development for phase 2? Because I imagine kind of going down in that general area, if the crossover happens and come to downtown Meridian, but I may be wrong it may go somewhere else.

Slocum: Originally and I don't know that we knew the split corridor design at the time of signage, but I think we intended to put them this north side of the tracks, but a lot has changed and maybe that would be a more valid location for them potentially.

Bird: Meridian Road is going to have a lot more traffic than Main.

De Weerd: (Inaudible) some art piece or entry – the split corridor offers such an ideal opportunity to have a formal entrance into our downtown. I think that is intriguing to think that you could also design some kind of a banner thing. I will tell you it took so much to get ACHD to agree to this banner thing we established having an archway or gateway would be equally painful trying to get through, but it is an idea.

Pipal: Do we want to allocate the funds or at least look at it and move forward?

De Weerd: Yes.

Ford: So it is 5 and 5.

Pipal: Five on that one and be on the arms.

Jensen: Maybe we could make that sort of that parcel subcommittee – and look at all of that together since it is going to be kind of the same location.

Escobar: I think it needs to be 10 and 10 because if we are going to do 5 just for another set of arms, the banners for downtown area, but we also need money for the actual banner. I don't know if the 10 is just the poles or banner – might want a little bit more dollars on that.

Bird: I don't remember what the arms were.

Pipal: Well maybe something that we would have to do a basis – an actual -- could just have the arms put up this year and do the banner next year. Do you want to change it? Okay.

Ford: Okay, the last category that we have identified is survey appraisals – not sure why they are grouped together. Anything from our historian?

Lipschultz: I tend to think that that goes along with Joe's talk about just having some new (inaudible) and land acquisition and it catches that.

Ford: (Inaudible) go away then?

Pipal: No I would just leave it.

Slocum: The land acquisitions (inaudible).

Pipal: Okay, but we want to leave those things for historical purposes – we would just put zero.

Ford: All right that gets us down to (inaudible).

Lipschultz: With that one is that cash (inaudible) – we started at $500,000, so we (inaudible).

Pipal: So now comes the claritization part. I don't know what the feeling of the Board is. Probably the first question is how far into the reserve do you want to spend?

Slocum: I guess just to clarify what Commissioner Lipschultz (inaudible) so is the net 89 would we also add the 76 reserve funds, so cash is 175 --?

Basalone: So just to clarify again because maybe I am looking at a distance here and not seeing clearly, we are currently $89,000 under budget? So we have an additional

$89,000 that could be expended in that and we have already included the $76,000 for reserve, so theoretically we have something like $165,000 in reserve if that net worth moved up to it?

Pipal: Correct.

Bird: The budget – you need to move that up there so the total revenue and total expense come out exactly on that bottom line.

Lipschultz: If (inaudible) in the total revenues, available cash you added that $500,000 (inaudible) so if you just want to look at balancing this year's budget, (inaudible) you would have to subtract that (inaudible) quarter budget $412,000 and could take away (inaudible)–

Bird: Where did we add that in the revenue?

Ford: The very top.

Lipschultz: If you go to the top.

Bird: Oh, cash balance $500,000.

Lipschultz: So it really is (inaudible) available cash. So that $89,000, kind of a projected cash balance (inaudible) the $500,000 expend it before 2012 over that (inaudible).

Bird: You can put that in a fund balance. That is what we do every year, the city. Anything left over goes to fund balance and that is why the City Hall was built with no payments.

Lipschultz: I think that you would want to look at balancing the budget (inaudible) Ashley just zero in on $500,000 (inaudible).

Bird: Actually that is an estimate. Because you are showing another $100,000 in revenue for taxes and you have already got in 800 or 950 – isn't right if –

Stockton: (Inaudible).

Basalone: Larry I am not understanding why you are taking out the carryover? I mean if the carryover is there, it is there.

Pipal: That is the question that we just asked is what is the Board's feeling about spending the carryover? Do you want to live in – at what level do you want to budget? There is another $950,000 we are estimating in revenue, plus we have the cash reserve and I think the Board generally is to say we want to continue to carryover that much, do we want to spend it down? Do we want to live just within the revenue that we expect we are going to get?

Basalone: If we are not accounting for the $500,000 then we would have to have a separate budget for the $500,000 because right now, we have them mixed together, we have the carryover plus the current anticipated current year budget and so our net has to be a combination of both of those at the present time. If we zero out the $500,000 then we have to have a separate budget somewhere that says we have this money in an ongoing reserve, in an ongoing fund, something to show it. That is what I am not seeing?

Ford: We have these dollars set aside this year for projects, but we got so encompassed with the arguability so that took all of our priorities and so we did have this money set aside.

Basalone: Right. And that is not what I am referring to though, Ashley, what I am saying is that if we didn't spend the money, it was budgeted, it wasn't spent – it appears we are doing zero based budgeting and if we are doing zero based budgeting then that money that wasn't spent this year is still available somewhere? Am I right Teri? It is still available so somehow you have got to account for it and in this year's carryover budget and so you can call it like Member Bird is saying it is a fund carryover, something, but it isn't a negative it is a positive.

Pipal: Yes.

Lipschultz: The way that I look at it is we start with the $500,000 and (inaudible) number would be comfortable here in terms of kind of a cash reserve / contingency. That being said that number was $400,000 (inaudible) and maybe we just adjust that reserve (inaudible) $76,000 and you have got that $400,000 and that is exactly what we want to end up with.

Basalone: That is exactly what I am saying and then the only question I would have for Joe is legally are we expected to spend money this year, in this year to a certain percentage like are you allowed to have a 25 or 30 percent reserve? Is that legally defense-able?

Borton: Yes, it is – in effect your fund balance over the years have been up and down in (inaudible) depending on projects and carry cash forward.

Basalone: Then I would recommend that we show it as part of the reserve.

Bird: The thing is if we are not going to show it – if we are going to use it, you have got to go down here in the bottom of your deal and show how much fund balance you are using from previous years. I have never budgeted anything where you took the carryover and used it under your new. You take what you have got, anticipate it in for your new year, for this fiscal year – that is what is your budget – we budget planning on having $500,000 carryover, we don't know what our carryover is until we get one of these. We are building a building down here and you could have a $400,000, $500,000 mistake. So how can you plan that in this year's budget? Leave it alone. It is not actually a fund balance until we get an audit.

Pipal: When you say leave it alone, I don't think I followed you?

Bird: Put it in fund balance. It isn't part of this year's budget. It was last year's budget.

Stockton: So you are saying instead of having up top as cash, have it at the bottom as use of fund balance.

Pipal: And to Ashley's point, we had plans to do these things; many of these things cannot get done and because their focus gets on somewhere else and we promise that we do them.

Bird: That is fine, but that is fiscal year 2011's budget. We are doing fiscal year 2012 and we are doing it off of 2012's revenue, not off of 2011 and 2012.

Borton: Just for example, to Commissioner Bird's point – in 2007 you had revenue of $855,000, expenditures of $288,000, capital outlay $684,000 so your final net affect on the fund balance of that budget was negative $87,000 – net affect on the fund balance would be negative $410,000 – (inaudible).

Bird: If you go look at any of the municipalities budgets, right at the bottom it will show how much – just like this year I think we had to use $1.2 or $1.3 fund balance to balance our budget for FY2012.

Pipal: As a Board, we don't have to. If we look at our contractual obligations, our operational expenses and those things that we have to do and then we get into the discretionary spending, we have to do that and I am trying to get a sense from the Board what the (inaudible) is for going into the fund balance? That is why that I made the statement that everything that we said we were going to do that we should have done in previous years – is that what the Board wants to do is to push forward this year and try to get those things accomplished. If you want to do that and we need to decide are you comfortable with $970,000? And if we are not then we need to go back to our discretionary spending and make some decisions.

Bird: I have no problem with it because we all know that we are not going to be able to spend every penny of that in this fiscal year by a long shot. It takes time to do things and I have no problem with it –

Borton: I could add to that the purpose that you are going to leave here today is the adoption of the tentative budget which could shrink (inaudible).

Bird: There is nothing wrong with having a fund balance at the end of the year. There are a whole bunch of companies out there –

Lipschultz: I would agree with Keith – I think we can go ahead and balance it (inaudible) conservative is two big question marks (inaudible) secondly as Keith said the finalization of projects would take care of that. I don't see any challenges. I think the way to look at it to (inaudible) the cash – maybe we are kind of duplicating ourselves

when we put that reserve (inaudible) and that will get us to the affect on the fund balance and so as it sits right now –

Pipal: I think the reserve was simply to ensure that we did not exceed – that was for our purposes to ensure that we at least had that much in the balance. So we don't necessarily need it.

Bird: Yeah, Larry is right.

Lipschultz: Right now (inaudible) –

Slocum: That is the use of our fund balance?

Lipschultz: Right.

Slocum: $344,000 out of $500,000?

Lipschultz: Right.

Pipal: Did we get everything covered? Does this look like what we want to present to the public?

Bird: Yeah.

Basalone: Yeah, sure.

Pipal: Member Lipschultz?

Lipschultz: We have got (inaudible) the fund balance (inaudible).

Pipal: That is the question.

Bird: I thought we was back in Washington, D.C. I thought we had some funny math.

Pipal: I would really would like to look at it in terms of what we said we were going to do. Are we trying to meet some of those obligations, but we don't necessarily have to use that percentage of our fund balance – do some of those things.

Lipschultz: I think in terms of big numbers, I think about (inaudible) COMPASS VRT project is a priority and moving probably towards (inaudible) and I think or hope maybe some anticipation of some other (inaudible). One idea (inaudible) see to it this year, maybe getting through some planning of sidewalks this year and fiscal 2013 (inaudible) carryover expenses in the VRT building and (inaudible).

Jensen: So is there a column that we sort of zero out the $200,000 for the sidewalk improvement, not necessarily focused on doing an actual improvement and then that cuts us to $134,000 into the fund balance.

Lipschultz: Correct.

Bird: I agree because I think we need to put it in there to get started on it, but I don't think we need to be carrying $200,000 around because we are not going to use and you and I both know that.

Lipschultz: Another possibility too (inaudible) $100,000 in acquisition – 50 or I guess we could zero it out. Joe had us keep it as a line item in there for us to start thinking about this and I am not sure (inaudible).

Bird: I don't think I would – I maybe would put 20 in. There is maybe until we get this building and everything completely done and get find out we got obligations on notes and stuff like this, I am real skeptical about taxes – I mean there was a lot more delinquency this year and I am sure there is going to be less next year. Values went down, so I would cut that down. I just think that this Board needs to sit back and see how and it is not going to be until like Larry said when we close out in March or April, but we are really going to know what effect that building has on us or – I agree acquisitions will just to have – I don't want to lose the line item, but I don't see us buying anything this next year.

Pipal: Well, you could do a smaller amount with the idea that that would go into a fund, but we are just simply taking it and seeing where we are going to fund it. We wouldn't necessarily have to fund it.

Bird: You just carry it over next year.

Pipal: But set it aside as deliberately carrying it over.

Bird: Yeah.

Pipal: You had mentioned – I am sorry we talked some angles, did you say 20?

Bird: Yeah, 20 at the most. I don't know what do you think, Larry? Just leaves a line item right there --

Pipal: Perhaps maybe what we would want to do is did you say take the 200 out of the sidewalks?

Bird: Yep. Larry what about leaving 20 in that just to keep it a line item?

Lipschultz: That sounds good.

Bird: The thing I am afraid is if I am a downtown business man and I look at $200,000 for a repaired sidewalks in this year's budget, I would expect it to happen. Just like Dan has been saying, they have heard all of us this stuff but they haven't seen anything. Then you look in there and there is $200,000 for sidewalks, man we are going to get that fixed.

Slocum: Should be a calculation.

Jensen: Zero out the reserve in there – is that so we can just figure out exactly where we were at before?

Pipal: That was to ensure that we set that aside as we balanced – that was always going to be included in our expected cash or expected net at the end, but we wanted to take that out so that is something that we ensured that we have.

Jensen: I am just curious why we zeroed it --?

Pipal: Because it is not a technically line item in our budget, it was for our planning purposes but it is in there and it is not something – we are not actually setting up a fund, it was to ensure that we didn't go into the 950.

Lipschultz: (Inaudible).

Basalone: Once we get a final audit figure for the year and we know what our exact dollars are that we have as carryover and we look at our fund balance and the use of the fund balance, what we have in excess then as of net certainly could then be amended to become our reserve for this year. So essentially when we have a reserve only we listed it differently.

Pipal: For a second there I thought I was on the wrong Board that we must have been eating into the fund balance (inaudible).

Slocum: I have dealt with that for nine years on this Board; we are supposed to spend money.

Pipal: Okay, we actually have an agenda. All right our action item.

ACTION ITEMS

5. Adopt 2011 – 2012 Tentative Budget:

Pipal: Okay let's see if we can get through this briefly.

Bird: Let's make sure it is balanced out.

Borton: What it looks like we are going to be seeing here is a budget that has a negative effect on your fund balance of approximately $75,000 (inaudible) remaining portion in fund balance. That is existing to start at this year.

Bird: Where is your fund balance at Joe? Wait a minute. We are positive that is our fund balance?

Pipal: That is our estimated.

Bird: That is our estimated. This is not an estimation people. This budget is the real thing that you send into the State of Idaho, I am not signing off on anything that is estimated.

Stockton: The 500 won't show in the fund balance, it will just show you the $75,000.

Bird: What if we don't have $75,000 fund balance? Right now as of August 5th we think we have one.

Pipal: But we have the ability to decrease our budget, we do not have the ability to increase.

Bird: But you don't show an unbalanced budget for this fiscal year.

Pipal: I think the question of whether or not $75,000 verses $500,000 –

Bird: What did our audit show last year as a fund balance?

Stockton: I don't have that in front of me.

Bird: I can't remember, can you Craig?

Stockton: (Inaudible).

Bird: That is the fund balance that we had.

Basalone: (Inaudible). I am full agreement with Commissioner Bird for if no other reasons than just public relations of showing a negative fund balance is not an appropriate thing to do so if we can maybe lesson some of the discretionary expenditures, take $75,000 off of some of the discretionary expenditures with the full knowledge that if we do have a good fund balance of $500,000 we can always restore.

Pipal: But we can't restore it, that was the point, we can't add to it – when we go to the public we are not going to be adding to the budget.

Basalone: I thought we could amend if we had the funds?

Bird: We can amend.

Jensen: Ashley, Teri looking at this sheet this is actual cash of MDC as of yesterday, correct the $473,317.52? So that is not estimated cash that is actual cash that we have got and that breakout here is what remaining expenses that (inaudible) remainder of fiscal 2011 year – so we are not actually just hoping that some money is going to show up, there is actual money there. There is going to be a fund balance. In my opinion I don't think we need to do the shaving just for the sake of shaving it when there is going to be legitimate actual money.

Slocum: Unless we spend $473,000.

Stockton: The draft fund audit balance last year was over $2 million, so there really is fund balance there.

Borton: To follow up on those comments to what Commissioner Jensen pointed out, the only contingency that would disrupt the numbers you are using is if in the next 50 days MDC spent an additional $500,000 beyond the normal operating expenses. That is what it would require.

Basalone: At this what is confusing is that we are assuming two things. We are assuming if we don't have $500,000 we are in the hole and we don't have the funds for this year. But if we do have the money and it hasn't been budgeted and it can't be amended and used, how do you ever use your carryover money? How would you ever do that?

Slocum: Use $75,000 next year.

Basalone: Yeah, if we negative the net for this year right now?

Slocum: Commissioner Bird and the city they used $1.2 to carryover and balance their budget.

Bird: But then I also heard Commissioner Bird say that we wouldn't have a balanced budget to submit to the State and we can't have a balanced budget with a $75,000 deficit and then at the same time have carryover money sometime after September 30th that will be available that we then can't use.

Borton: You can submit a budget with a negative effect on the fund balance. That is permissible. That is what this proposal – MDC has done that in prior years and the alternative would require MDC to only bank money and grow a fund that is equally unacceptable in the public eye. You obtain these funds and on certain years you are going to dip into it more than your available revenues until you accomplish the funded purpose – other years you won't. Prior years – in 2007 you did – (inaudible) is your 2012 budget shows you dipping into that carry forward $75,000 and that principle.

Basalone: Then we should have been able to dip into it if there was a carryover from 2010, we should have been able to dip into that for 2012 because now we know it is not an estimate, it is an actuality. Is that kind of what I am hearing? It is like you are one year behind in terms of the use of your carryover as actual money.

Borton: I am not sure I understand.

Basalone: Well we don't know – when does our actual audit come out for fiscal year 2010? Or 2011 I am sorry.

Ford: We usually start the process in early October and get it in December.

Basalone: So by December we will know the actual closing figures for this year. At that time that is actual money, that is not an estimate.

Borton: The auditors will tell you what happened in 2010-11.

Pipal: I think that element of the budget for those that have been more involved that might be missing is that with the idea the tax collections were projected to increase until we hit recent economic times and now we don't even know if we are going to meet projections. So how much of a curve do we want in that fund reserve, in that cash balance? How much are people comfortable with using that fund balance going forward into the year and from a public budgeting standpoint we should generally be able to tell people what we can do and it is not that we can't then use those dollars, but I think the reason we cut the budgets for the programs that we did is because we know realistically that that is probably not going to happen so that we can – so we don't have to say that we are going to try commit ourselves spending a huge amount of our fund balance. Just so that when we go forward what we are presenting to the public is very close to what we intend to do.

Bird: My one argument on the reason of this is I don't have any problem using some of the fund balance, but you balance out the budget. If I am a taxpayer and I see that this firm that I am paying tax dollars to and they have got an excess of that much money and my businesses are tighter than the devil and every penny counts, I am going to go and say hey why am I getting charged so much on the taxes. I think whatever entity you look at they have fund balances but they don't show it. They might have line items that we use out of the fund balance; they don't show the fund balance. That comes out in the audit.

Stockton: This isn't – we just stuck it on this sheet for today.

Bird: But you have got to show it balanced.

Stockton: I agree. Right. It will be the $74,000 and stop right there. I just put that on there so you could see.

Slocum: So we thought we were going to tell them –

Lipschultz: I guess for presentation purposes (inaudible) show 2011 projects which would include the $30,000 (inaudible) and some other expenses that are really carryover items (inaudible). We are also while we are showing $75,000 negative we are also accelerated (inaudible) debt on expense items and reducing obligations (inaudible).

Basalone: Going on what Commissioner Bird is saying about how you account for the fund balance. Then the sticking point is that $74,796, use of fund balance is not a negative it is a positive in this budget because it is actual money that you are using and you are showing the negative in the fund balance that is not being shown, so we do have a balance budget.

Stockton: (Inaudible) the formatting –

Basalone: I think it is both ways in terms of what does the public see? Mr. Bird is absolutely correct if we are making a profit as an agency, then yeah, why are we paying taxes if we are paying for profit, so that is something separate, but in terms of the budget itself we don't want to show that it is negative budget, a deficit budget because then people say you don't know how to budget. You are over budgeting that you have available, so that $74,000 is actually money that is coming from another revenue source so it is money to balance that budget, but you are making a negative –

Stockton: This is –

Basalone: So what is going to be shown to the public and the paper if you are able.

Borton: What would be in the paper is your revenue and expenses and gross revenue from other sources, for expenditures, your capital outlay and net effect on the fund balance, which is either positive or negative.

Bird: Then what – your expenses included on the fund balance and your revenues are right identical. That is a balanced budget.

Slocum: If you are using fund balance.

Basalone: It is a revenue source.

Bird: If you are going to use $74,000 you show it as revenue.

Pipal: I think that we will follow the procedure that we need to, but we have done it in the past and make sure that it gets published properly.

Ford: We have outlay (inaudible).

Pipal: All right we are to number 5, the adoption of the tentative budget for 2012. I would entertain a motion.

Lipschultz: I move that we adopt this fiscal 2012 budget and projected in the fund balance of $74,796.

Jensen: Second.

Pipal: I want to note that Member De Weerd had to leave at approximately 9:30. Any further discussion?

Borton: I would recommend that the motion also includes direction for the administrator to publish notice according to Idaho Code and for the public hearing to be on Wednesday, August 24th.

Lipschultz: I include that in my motion.

Pipal: Second as well?

Jensen: Yes.

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

ALL AYES. MOTION CARRIED.

Pipal: I don't believe we need item 6.

6. Executive Session as per Idaho State Code 67-2345:

7. Adjourn the meeting:

Jensen: Move to adjourn.

Bird: Second.

Pipal: All in favor signify by saying aye. Opposed same sign.

ALL AYES. MOTION CARRIED.

(AUDIO ON FILE OF THESE PROCEEDINGS)

APPROVED:

_____ ____/_____/_____

JULIE PIPAL, CHAIR DATE