

ABBREVIATED MINUTES
POCATELLO DEVELOPMENT AUTHORITY
Meeting January 8, 2002

Members present: Roger Chase, Steve Brown, J. O. Cotant, Ron Frasure, Harry Neuhardt, John Ricks, Dave Sanna, and Dan Schroeder

Staff present: D. Tranmer, City Attorney; R. Burstedt and C. DeWalle, Bannock Development

City staff present: Greg Lanning, Public Works Director; Curt Neville, Street Superintendent; Tim Tingey, Planning & Development Services

1. Preliminary matters. Meeting called to order at 11:08 by Vice-Chairman Brown. No conflicts were declared. Additions to agenda: Roosevelt District future engineering costs, the 2002 cash budget, and a request from the City for purchase of lots for Optimist Park. At this point, Chairman Neuhardt joined the meeting and assumed chair duties.

2. Minutes and financial matters. It was MSC (Ricks, Cotant) to approve the minutes from the December meeting. C. DeWalle presented report on income and expenditures, noting disbursements from the Roosevelt District. She also requested formal approval of the proposed 2002 budget with the understanding that Roosevelt District figures might vary. It was MSC (Schroeder, Brown) to approve the financial report and the proposed 2002 budget, with the understanding that figures for the Roosevelt District will change depending upon the scope of the RME contract and work on the Roosevelt District. Invoice for payment for 4th quarter administrative costs was presented. It was MSC (Brown, Ricks) to approve payment of the \$3,125.00 item. (BDC provides approximately 60 hours per month of staff time to PDA.)

3. Roosevelt District. Tim Tingey presented an update and recommendations resulting from a City staff meeting regarding the proposed improvements. If Council approves an amendment to the Plan extending the revenue allocation provisions for three more years, staff recommends contracting with RMES and to "fast track" a portion of the engineering work in areas where stormwater drainage problems are most critical. RMES is proposing \$85,370.00 for its engineering services. Concern was expressed by Board members at having the contract include services for the whole project if PDA is not funding the whole project. It was MSC (Schroeder/Sanna) to approve entering into a contract with RMES for services on the project, provided the contract allows for amendments as needed if the project does not proceed to bid or if the project is curtailed.

5. Stormwater Project. Brent Foster, Wade Barker, (HK), Linn Chadwick, David Schiess, and Paul Scoresby were present to explain the "Railroad Change Order" costs to the Board; they had previously met with R. Burstedt. Chairman Neuhardt summarized PDA concerns as revolving around the question of the large "profit" recovery allocation and asked that those present address the question.

Explanation: All the pertinent documents were not presented to the Board, and it was incorrect to categorize the changes as being done in accordance with sections of the contract dealing with "net increase" and "net decrease" as previously explained. Nor was the method used "required by State law." Instead the amount of the change order was derived

from negotiations as allowed under a separate paragraph of the contract. Also, several change orders were under negotiation at the same time, including a large increase for removal and disposal of excavated materials—the large boulders. The Board had been told by the engineers that the contractor was shouldering the burden of costs for the large boulders; in actuality, while this item was bid at zero cost, it was only for drilling and blasting, not removal/disposal. The costs for removal and disposal of unclassified excavated material (\$5.75/yard) included hauling away of all materials whether sized, unsized, drilled, blasted, etc. There were many times more of the enormous boulders than anticipated by the engineers (on the basis of 3 test holes) which resulted in HK having to revise its disposal methods, find additional or new sites, etc. and thereby incur greatly increased costs. Additional costs also incurred as a result of having to re-design and build a section where portions of the pipe joined. HK has invoices from suppliers, subs, etc. to adequately document their additional costs. Additional questions and responses were entertained.

R. Burstedt verified that he had reviewed the documents at a meeting among HK, Schiess, and himself and was satisfied that PDA was billed appropriately, even though the prior explanations were inadequate and some questions remained about the bid specs themselves as prepared by the engineers. Additional questions and reviews followed for each item. Chairman Neuhardt then expressed thanks to the parties for their time in preparing the explanations and attending the meeting. The parties excused themselves from the remainder of the session.

Stormwater Phase II. Members discussed whether to continue funding the second phase of the project, and if so, to what extent, whether to discontinue, re-advertise for services, etc. **It was MSC (Sanna, Cotant—Chase & Schroeder dissenting)** to authorize payment of the additional change order (#5) pending approval of the legal department.

R. Burstedt distributed construction cost estimate sheets. Phase I to date total costs (paid and unpaid) are \$5,922,414.26. This phase is about 70% complete. PDA has paid \$3,392,457.62 to date and will need approximately \$1,467,649.33 more than is available in the construction account for the remainder. (Construction account money available to pay the costs: \$4,653,477.59, less \$198,712.66 spent on Cheyenne project and Phase II preliminary costs = \$4,454,764.93 available. \$5,922,414.26 less \$4,454,764.93 leaves a preliminary "deficit" of \$1,467,649.33.) Options include borrowing \$2 million from the District fund or signing a tax anticipation note for 18 months. Additionally, some Phase II expenditures are recommended. See below.

Greg Lanning and Curt Neville described the Phase II project to the Board, noting that the first portion of the stormwater management master plan (previously approved by PDA) was for containment and routing of the stormwater and Phase II refers to the treatment portion. At this point, EPA does not require specific remedies, but only "best management practices," one of which is detention/retention. ISU is planning an additional structure near the Holt Arena which would require re-routing of City stormwater lines and the university has agreed to allow Cadet Field to be used as a drainage detention area without cost to the City, provided the City does the work and bears the costs. Additional costs: \$31,000.00 for the remaining design work, \$440,000.00 for minimal Phase II construction costs for capping off the current stormwater pipe and installing new pipe, and \$60,000 for engineering services during the construction. Total additional funds needed : \$1,944,649.33.

6. Executive Session: It was MSC (Brown, Chase) to adjourn into executive session at 1:40 p.m. to discuss litigation matters with counsel D. Tranmer.

7. Return to Regular Session. The meeting reconvened at 2:10 p.m. Members discussed with staff the Cadet Field portion of the project and, through discussion, determined that the "minimum" cost portion of proposed Phase II Cadet Field project should be pursued, but not the other items--except for any engineering work previously authorized under the Schiess & Associates contract. Staff will consult with the engineers and return to the February meeting with final estimates after having explored additional cost-saving measures if any are feasible. (having ISU assume costs of cutting off and capping the pipe, assisting with some of the berming work, etc.) Additionally, PDA would like to know if some form of commitment could be obtained from the EPA that approval of the design/construction could be "grandfathered" to protect the investment against changes in EPA regulations which might render the project obsolete or insufficient.

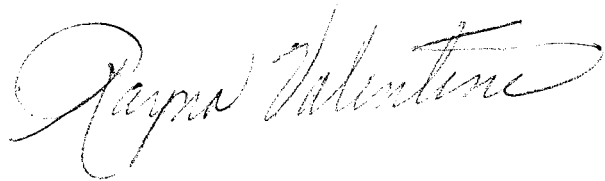
8. Adjournment. There being no further business, the meeting was adjourned at 2:21 p.m.

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Executive Session - Meeting January 8, 2002

Members present: Roger Chase, Steve Brown, J. O. Cotant, Ron Frasure, Harry Neuhardt, John Ricks, Dave Sanna, and Dan Schroeder

The executive session was convened at 1:40 p.m. during the regular meeting of the Pocatello Development Authority held January 8, 2002. Members discussed the possibility of litigation and received advice from their counsel, Dean Tranmer, in response to various questions.

The meeting was adjourned at 2:20 p.m. to return to the regular session.

A handwritten signature in cursive script, reading "Rayna Valentine". The signature is written in black ink and is positioned on the right side of the page.