**FLOOD DIVERSION FINANCE COMMITTEE**

**JANUARY 11, 2017—4:00 PM**

1. **MEETING TO ORDER**

A meeting of the Flood Diversion Finance Committee was held on Wednesday, January 11, 2017, at 4:00 PM in the Fargo City Commission Chambers, Fargo City Hall, with the following present: Cass County Joint Water Resource District Chairman Mark Brodshaug; Fargo Finance Director Kent Costin; Fargo City Commissioner Tony Grindberg; Moorhead City Councilman Chuck Hendrickson; Fargo City Mayor Tim Mahoney; Cass County Auditor Mike Montplaisir; Fargo City Assistant Administrator Mike Redlinger; Cass County Commissioner Rick Steen; and Moorhead Finance Director Wanda Wagner. Cass County Commission Representative Darrell Vanyo was present via teleconference. Fargo City Commissioner Tony Gehrig and Clay County Auditor/Treasurer Lori Johnson were absent.

John Shockley, Ohnstad Twichell; and Robert Cowen, CH2M were also present.

1. **APPROVAL OF MINUTES FROM PREVIOUS MEETING**

 ***MOTION, passed***

**Mr. Steen moved and Dr. Mahoney seconded to approve the minutes from the December 14, 2016, meeting as presented. Motion carried.**

1. **APPROVAL OF BILLS**

Mr. Costin said bills received for the month total around $3.1 million.

Mr. Costin said the Cass County Joint Water Resource District (CCJWRD) bill includes a line item in the amount of $16,500 for auditor services for the City of Oxbow. He has requested further information on this line item.

Mr. Brodshaug said the City of Oxbow has requested a cost share for their auditor expense for the next year due to the increasing complexity and size of the workload, and the need for new systems to be set up to accommodate issues related to the project. The justification behind the request is that the Oxbow MOU contains vague language that the Diversion Authority will share in administrative costs.

Mr. Brodshaug said the line item can be pulled from the bill and brought back once additional information is received.

Dr. Mahoney said at a recent meeting of the North Dakota State Senate Appropriations Committee there was discussion on whether or not the Diversion Authority will spend the $200 million budgeted for the next year and if state funds appropriated for the project will actually be spent.

Mr. Montplaisir said state funds are always used before other funding sources are tapped, but there are several restrictions and guidelines that must be followed when utilizing these funds, which slows the drawdown.

Mr. Costin said the budget was approved with the assumption that all budgeted funds will be expended.

Dr. Mahoney requested that a letter be drafted to the Appropriations Committee that outlines the intended use and necessity of the state funds, as well as the restrictions in place.

 ***MOTION, passed***

**Mr. Montplaisir moved and Mr. Costin seconded to approve the bills in the amount of $3,092,473.92, which does not include the Oxbow auditor services line item from the Cass County Joint Water Resource District billing, and to forward them to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

Mr. Vanyo was connected via teleconference for the remainder of the meeting.

1. **FINANCIAL UPDATE**

Mr. Costin reviewed the financial statements for December. About $161 million has been expended from the FY2016 budget, and the total disbursed for the project to date is $332,400,887.

Mr. Costin said the Diversion Authority’s net position is about $79.6 million, which includes a cash balance of $76.4 million.

Mr. Costin commended the State Water Commission on the extremely fast turnaround for reimbursement requests.

Mr. Steen asked if any of the lenders have required a provision for an audit of Diversion Authority finances, or if any other audit procedure is in place.

Attorney John Shockley said the US Army Corps of Engineers will provide a federal audit at the end of the project. The Joint Powers Agreement also provides an option to undertake a full audit at the request of the Diversion Board.

Mr. Montplaisir said the Diversion Authority itself has not taken any loans out to finance the project; however, Fargo and Cass County have borrowed funds and some of the project finances on their books may have audit requirements.

Mr. Costin said the City of Fargo is audited on an annual basis in April. Diversion project funds are not scrutinized in detail, but a more in depth audit could be requested.

Mr. Steen said due to the magnitude of the project he believes it would be prudent for an independent audit to be done.

Mr. Costin said Fargo has used a modified cash basis for reporting so the audit may read differently than a traditional audit. Mr. Costin will contact Eide Bailly, which provides auditing services to the City of Fargo, to discuss the possibility of an audit of diversion finances; he will report his findings back to this committee.

***MOTION, passed***

**Mr. Steen moved and Mr. Redlinger seconded to approve the financial statement for December as presented. On roll call vote, the motion carried unanimously.**

1. **RECOMMENDED CONTRACTING ACTION**

Robert Cowen of CH2M reviewed the following contracted action:

Reimbursement Agreement

* City of Fargo Utility Relocation (2nd Street N)—final accounting of actual costs to relocate fiber communication cable in the amount of $37,526.38.

***MOTION, passed***

**Mr. Redlinger moved and Dr. Mahoney seconded to approve the appropriation of funds for the outlined Reimbursement Agreement, and to forward the recommendation to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

1. **CH2M CONTRACT EXTENSION**

Mr. Shockley presented the “Master Agreement for Professional Services” between the Diversion Authority and CH2M and gave a high level overview of the document, which has been vetted through CH2M and Diversion Authority staff.

Mr. Shockley said the associated Task Order 1 will implement the agreement. The summary budget of $23,436,000 that is included in the task order has been reviewed by the technical team, which includes representatives from all member entities.

Mr. Steen asked if the budget encompasses all expenses, including sub-contracting work. Mr. Shockley said it does, although unusual or unforeseen expenses may still arise.

***MOTION, passed***

**Mr. Steen moved and Mr. Montplaisir seconded to approve “Master Agreement for Professional Services” between the Metro Flood Diversion Authority and CH2M Hill Engineers, Inc.; and the associated Task Order 1, and to forward the recommendations to the Metro Flood Diversion Authority. On roll call vote, the motion carried unanimously.**

1. **OTHER BUSINESS**

Insurance recommendations

Mr. Shockley said he hopes to have recommendations for general liability insurance for the Diversion Authority at the next meeting. It appears that insurance costs at the onset of the project will be entirely manageable; however, costs will increase significantly once the project is completed.

1. **NEXT MEETING**

The next meeting will be held on January 25th, at 4:00 PM.

1. **ADJOURNMENT**

***MOTION, passed***

**On motion by Mr. Steen, seconded by Mr. Montplaisir and all in favor, the meeting was adjourned at 4:46 PM.**

 Minutes prepared by Brielle Edwards, HR Assistant