

**FLOOD DIVERSION FINANCE COMMITTEE
MAY 8, 2013—9:00 AM**

1. MEETING TO ORDER

A meeting of the Flood Diversion Finance Committee was held on May 8, 2013, at 9:00 AM in the Cass County Commission Conference Room with the following present: City of Fargo Finance Director Kent Costin; Fargo City Administrator Pat Zavoral; Cass County Auditor Mike Montplaisir; City of Moorhead Finance Director Wanda Wagner; Moorhead City Commissioner Nancy Otto; and Clay County Auditor Lori Johnson; Cass County Commission Darrell Vanyo; Cass County Administrator Keith Berndt; Fargo City Commissioner Brad Wimmer; and Southeast Water Resource District Manager Mark Brodshaug.

Also present were Martin Nicholson, Mark Enochs and Tom O'Hara, CH2MHill; Eric Dodds, AE2S; Jessica Mitchell and Matt Schnackenberg, PFM Group; and Mike Thorstad, West Fargo City Commissioner.

2. APPROVAL OF MINUTES FROM PREVIOUS MEETING

MOTION, passed

Ms. Otto moved and Mr. Wimmer seconded to approve the minutes from the March 13, 2013 meeting as presented. Motion carried.

3. APPROVAL OF BILLS, WIKS and LERRDS, Approved

Mr. Costin explained the bills from April and May. He said it may be necessary to have discussion in the future regarding raising the bill payment threshold above \$1,000. For now it will remain at \$1,000.

The bills presented are for legal services rendered.

MOTION, passed

Mr. Brodshaug moved and Ms. Otto seconded to approve the bills and forward them to the Flood Diversion Board of Authority. Discussion: Mr. Vanyo requested more detail on the billings from the Red River Basin Commission. Mr. Costin said he spoke with them and requested the same. Motion carried.

4. FINANCIAL UPDATE, WIKS and LERRDS, Approved

Mr. Costin reviewed the financial statement.

MOTION, passed

Mr. Brodshaug moved and Ms. Otto seconded to approve the financial statement for April and May as presented. Motion carried.

Mr. Enoch's presented the WIKS and LERRDS report. It was requested that a budget column be added to the overview. Mr. Enochs will do so and present an overview including a budget column at the Diversion Board of Authority meeting tomorrow.

5. HARDSHIP ACQUISITION UPDATE

Mr. Dodds said they are still working on acquiring the 2012-01 Hardship Property. The first appraisal came in at \$350,000 plus there would be an additional \$6,000 for relocation. The second appraisal did not meet the yellow book standards and was thrown out. A third appraisal has been ordered and if this appraisal comes back higher than \$350,000 the first and third appraisals will be averaged. The property owner will be offered \$350,000, or the average of the first and third appraisal whichever appraisal is higher.

MOTION, passed

Mr. Vanyo moved and Ms. Otto seconded to approve and forward the agreement to purchase residential property #2012-01 determined to be in compliance with the conditions of the Hardship Policy adopted by the Hardship Review Committee. The contract is for purchase of not less than \$350,000, based on the "complete" appraisal, plus \$6,000 to compensate for relocation expenses, for a total not less than \$356,000. This contract amount may be increased based on the results of a third "pending" appraisal of the property. The pending appraisal, to be conducted by an appraiser acceptable to the USACE and contracted by

Houston-Moore Group, will be used to determine any an additional payment to purchase the property as follows: If the pending appraisal results in a value above the accepted appraisal amount of \$350,000, seller agrees to accept the amount resulting from an average of the accepted and pending appraisals; if the pending appraisal results in a value at or below the accepted appraisal amount of \$350,000, seller agrees to accept the amount of the accepted appraisal. Furthermore, Mr. Costin or Mr. Montplaisir is authorized to sign the paperwork for the Hardship Property buyout. Motion carried.

6. LEGISLATIVE UPDATE HOUSE BILL 1020

Mr. Berndt distributed a handout highlighting House Bill 1020 and how it relates to the diversion project. He outlined Sections 7 through 11 which define the limitations as set forth by the legislature. He also, spoke briefly on Section 15 which addresses the budget for 2013 and 2014.

7. USACE SUPPLEMENTAL FUNDING REQUEST

Mr. O'Hara said the St Paul District of the US Army Corp of Engineers did not include technical reviews for the expanded In-Town Levees and the Oxbow/Hickson/Bakke levee designs in the 2013 budget. It is vital for these design reviews to take place and to keep the components of the project within the federal program. Therefore, the reviews would need to be started in FY 2013 to ensure the designs are completed in a timely manner and to allow time for issuance of contract solicitation in the fall of 2013 and to begin construction in the spring of 2014. The Corps estimates it will cost about \$350,000 to complete the required reviews which was budgeted within the Diversion Authority's \$29 million FY2013 operating budget so, will not require additional revenue. This amount will also be credited against the local sponsor's cash contribution total for the project.

MOTION, passed

Mr. Zavoral moved and Mr. Wimmer seconded to recommend the Diversion Board of Authority approve providing \$350,000 in funding to the St. Paul District, US Army Corps to fund technical reviews required to complete the In-Town Levees and the Oxbow/Hickson/Bakke levee designs. Motion carried.

8. FINANCIAL MODEL UPDATE

Ms. Mitchell distributed a handout and outlined potential funding options for the diversion. She said The PFM Group reviewed four preliminary scenarios for financing the local share of the diversion project. All of the scenarios assume the funding of \$450 million over a five-year timeframe. This would include \$50 million in federal fiscal year 2014 and \$100 million in each federal fiscal year from 2015 to 2018.

The preliminary scenarios provide a range of the security options available from stand-alone sales tax revenue financing to special assessment backed financing which does not have a coverage requirement and offers the ability to size issuances for future sales tax growth. The North Dakota Public Finance Authority's Capital Financing Program offers the Diversion Board of Authority additional capacity compared to the stand-alone sales tax revenue financing due to lower borrowing costs and a lower coverage requirement without requiring the Authority to establish a special assessment district prior to the first bond issuance. The scenarios reviewed all assume long-term, fixed-rate issuances, however, there are a number of financing options and combination of financing options available to the Authority which be explored.

Ms. Mitchell said aside from the stand-alone sales tax revenue bonds, other options for financing include capital financing program bonds which can be "A" or "AA" rated, and an additional option would be the special assessment bonds.

Ms. Mitchell has been in contact with the Industrial Commission making them aware of the potential funding request. She said it takes about two months to get the Capital Financing Program Bonds in place and to obtain interim financing would take about six weeks. She will continue to monitor financing and bring the information to the committee.

9. SPECIAL ASSESSMENT UPDATE

Mr. Brodshaug said the Special Assessment Committee is meeting monthly and is looking at the benefits

within the channel area. At this time plans do not include assigning drainage benefits. They are working on an agreement with AE2S. Mr. Dodds said it is important to include the entire project when developing the special assessment district even if the project is done in stages.

10. NEXT MEETING

The next meeting is Wednesday, June 12, 2013 at 9:00 AM.

11. ADJOURNMENT

MOTION, passed

**On motion by Mr. Berndt, seconded by Mr. Brodshaug, and all voting in favor,
the meeting was adjourned at 10:24 AM.**

Minutes prepared by Cindy Stoick, Principal Secretary