

**METRO FLOOD DIVERSION AUTHORITY
SEPTEMBER 26, 2019—3:30 PM**

1. MEETING TO ORDER

A meeting of the Metro Flood Diversion Authority was held Thursday, September 26, 2019, at 3:30 PM in the Fargo City Commission Chambers with the following members present: Cass County Commissioner Rick Steen; Clay County Commissioner Kevin Campbell; Clay County Commissioner Grant Weyland; Fargo City Mayor Tim Mahoney; Fargo City Commissioner Tony Grindberg; Fargo City Commissioner Dave Piepkorn; Moorhead City Council Member Chuck Hendrickson; Cass County Joint Water Resource District Chairman Dan Jacobson; and West Fargo City Commissioner Mike Thorstad. Cass County Commissioner Mary Scherling; Cass County Commissioner Chad Peterson; Moorhead City Mayor Johnathan Judd; Moorhead City Council Member Shelly Carlson; and Cass County Joint Water Resource District Manager Rodger Olson were absent.

2. MINUTES APPROVED

MOTION, passed

Mr. Steen moved and Mr. Grindberg seconded to approve the minutes from the meeting held August 22, 2019, as presented. Motion carried.

3. AGENDA ORDER

MOTION, passed

Mr. Weyland moved and Mr. Hendrickson seconded to approve the order of the agenda. Motion carried.

4. MANAGEMENT UPDATE

Joel Paulsen, Executive Director of the Diversion Authority, said going forward the PMC report will be the Executive Director report, and he will present the agenda item.

Kim Daily from Jacobs said the expenditures-to-date are \$494,257,539, actual project cost-to-date is \$479,087,478, and \$40,524,519 has been paid-to-date from the FY2019 cash budget. She reviewed contract actions approved by the Executive Director and Cass County Joint Water Resource District. She provided an update on activities and achievements over the last month, which included support of submission of a letter of intent for the Environmental Protection Agency Water Infrastructure Finance and Innovation Act loan program; support of the financial plan update; re-activation of the Public Private Partnership (P3) procurement; update to the P3 procurement schedule; work on the 2nd Street South flood mitigation; approval of 35 appraisals primarily for the channel and for early/opportunistic acquisitions; acquisition of two parcels; negotiation of numerous purchase agreements for channel parcels; update of the deadline for acquisition of property rights for the P3 portion of the project from spring 2020 to fall 2020; contracting with appraisers for valuation of property rights needed for various properties; securing rights-of-entry to support the I-29 road raise and southern embankment designs; securing environmental monitoring easements; meeting with the City of Drayton regarding the Drayton Dam replacement project; sending FEMA Conditional Letter of Map Revision (CLOMR) letters and offers to meet to jurisdictions; and creating a new version of Project Flyover Animation.

Short-term priorities include supporting the contested case hearing and Buffalo Red River Watershed District (BRRWD) permit challenge processes; completing appraisals for all diversion channel properties and initiating appraisals for the western tieback and I-29 road raise; meeting with ND Office of State Engineer staff to review mitigation requirements and permit conditions; outreach to upstream mitigation area property owners; preparing a questionnaire for State Revolving Fund loan programs; welcoming USACE Commanding General Toy to Fargo-Moorhead; finalizing development of the P3 draft request for proposals (RFP); achieving

substantial completion of several work packages; and organizing a leadership trip to Washington, D.C.

Long-term priorities over the next six months include to issue the draft RFP for the P3; initiate the bidding phase for two work packages; and solidify upstream structure mitigation requirements in coordination with permitting agencies and initiate outreach to upstream property owners.

5. CORPS OF ENGINEERS UPDATE

Terry Williams, Project Manager from the Corps of Engineers, provided an update, which included excavation of the diversion inlet structure construction site; receipt of proposals for the Wild Rice River structure with an anticipated contract award in November; construction of the physical model of the Red River structure design; geotechnical borings and ongoing design to incorporate Plan B into the southern embankment; cultural resources mitigation of two archaeological sites along the diversion channel; and an upcoming visit from Major General Toy.

6. PUBLIC OUTREACH UPDATE

The Public Outreach Committee met on September 25th. Rocky Schneider from AE2S said the CLOMR mailings went out to 31 jurisdictions, and about six or seven of them have responded; Mr. Paulsen is scheduled to meet with a number of the entities.

Mr. Schneider showed a construction flyover video of the inlet structure, in addition to two short fact videos about spring flooding and the diversion project. All videos are available on the Diversion Authority's YouTube channel.

7. LAND MANAGEMENT UPDATE

Committee report

The Land Management Committee met on September 25th. Eric Dodds from AE2S gave an update on recent activities, which include discussions with representatives from the City of Drayton about the Drayton dam replacement; continued efforts to get ready for appraisal work for the western tieback; solidifying plans for the quick take process, which is a last resort for acquiring parcels but needed to provide a date certain for the P3 contract process; and work on additional policies to address added complications in acquiring farmsteads and rural residential properties.

Property Acquisition Status Report

The Property Acquisition Status Report is updated monthly and shows the status of all parcels required for the project.

Mr. Dodds said the Minnesota Clay County Joint Powers Authority (MCCJPA) approved a resolution for authorization to begin contacting property owners to get preliminary right of entry agreements for environmental monitoring areas.

Mr. Dodds said a question was raised on the amount expended on environmental monitoring areas in relation to the small number of easements secured. Mr. Dodds has been able to verify that the \$76,000 spent thus far includes survey monuments.

8. FINANCE UPDATE

Committee report

The Finance Committee met on September 25th. Mr. Grindberg referred to the financial report and said the total project expenditures to date is \$494,257,539 and the net cash position is \$97,101,252.

MOTION, passed

Mr. Grindberg moved and Mr. Steen seconded to accept the financial report as presented. Motion carried.

Voucher approval

The bills for the month are from Cass County Joint Water Resource District (CCJWRD) for costs associated with the Metro Flood Diversion right-of-entry and land acquisitions, OHB levee, and in-town levees; Dorsey & Whitney for legal services; Ohnstad Twichell, P.C. for legal services; and Cass County for reimbursement for the Cass Highway 17 bituminous patching project.

MOTION, passed

Mr. Grindberg moved and Mr. Steen seconded to approve the vouchers received through September 20, 2019, in the amount of \$935,548.52. On roll call vote, the motion carried unanimously.

FY2020 cash budget

Mr. Paulsen said information on the FY2020 cash budget will be presented at the next meeting.

Financial plan review

Mr. Paulsen and Martin Nicholson of Jacobs gave a presentation on the financial plan for the project, including funding updates, near-term goals, and a financial plan summary.

Mr. Nicholson said there is a \$120 million gap in funding that was requested, but not secured, from the North Dakota Legislature during its last session. The Diversion Authority's near-term goals are in support of a 2021 funding request from the ND Legislature and include bidding the P3, designating costs for future ND legislative funding, and pursuing and obtaining long-term loans.

Mr. Nicholson said ring-fencing the P3 financing will allow the P3 procurement to move forward. Ring-fencing is identifying specific funds to dedicate for the procurement as assurance to the proposers that sufficient funds will be available when payments are due, and to provide surety that any gaps in funding will not apply to them.

Mr. Nicholson discussed the proposed P3 contract schedule; actual payments will be bid by the proposers and will not be known until a later time.

Attorney John Shockley discussed available loan programs and financing tools currently being pursued for the project, including Water Infrastructure Finance and Innovation Act (WIFIA) loans through the Environmental Protection Agency (EPA) and the US Army Corps of Engineers, State Revolving Fund (SRF) loans, Private Activity Bonds (PABs), and state and local loans, if and when available.

Mr. Shockley said the goal of utilizing the loan programs is to secure the lowest cost capital possible from the market. At the Finance Committee meeting, the question was raised on how the project can take advantage of current low interest rates for long-term debt. The advantage of the loan programs previously discussed is that once approved, interest rates are locked in. WIFIA loans are also drawdown loans, which allow funds to be pulled as needed, with debt service payments sculpted based on ability to pay. Loan repayment does not begin until after project completion.

Mr. Steen left the meeting.

Mr. Nicholson discussed the cost-loaded schedule and financial model, and how they are implemented to determine funding and financing needs to cover all construction and short-term financing costs, which will be paid using multiple sources.

Mr. Nicholson said short-term debt will be converted into long-term debt post-construction, with annual payments completely covered by voter-approved sales taxes, assuming a sales tax growth rate of 1.5%. The old financial plan outlined the use of sales taxes through 2084; however, if funding through WIFIA loans is accepted, the project could be paid off by 2062.

Mr. Nicholson said next steps to prepare for and request funding during the 2021 North Dakota legislative session include pursuing long-term loans and confirmation of all funding sources; providing updates to interested parties; receiving input from P3 proposers; and continuing to monitor short and long-term interest rates and general financial market conditions.

Mr. Paulsen provided closing comments. He said the contested case hearing and BRRWD processes will be concluded before the next legislative session, which will provide additional clarity to mitigate measures necessary on the Minnesota side; the Minnesota funding process is underway with the MN Legislature, and a funding request for the deferred projects needed to complete the diversion project will be made to the 2021 North Dakota Legislature. P3 costs will be locked in by the end of 2020 and an updated financial analysis may be needed at that time.

Mr. Piepkorn asked how the Diversion Authority can take advantage of the current interest rate market. Mr. Nicholson said bidding the project as soon as possible will be beneficial for the developer and the Diversion Authority. As previously discussed, utilizing various federal and state loan programs and financing tools is also advantageous to secure low-interest financing.

9. NEXT MEETING DATE

Mr. Paulsen said the next meeting will be postponed a week due to a planned trip to Washington, D.C. involving several board members.

The next meeting is scheduled for Thursday, October 31, 2019.

10. ADJOURNMENT

MOTION, passed

On motion by Mr. Grindberg, seconded by Mr. Hendrickson, and all voting in favor, the meeting was adjourned at 4:29 PM.