City of Fargo

Finance Committee Minutes (DRAFT)

January 12, 2006

A special Finance Committee was held on January 12, 2005 for the purpose of reviewing the financial analysis as prepared by Springsted, Inc. relating to the Bristol on Broadway project.

Members Present: Furness, Cosgriff, Costin, Sprague

Members Absent: Zavoral, Sprague

Guests Present: Commissioner Mahoney, Erik Johnson, Ben Hushka, Mitch Marcuson, Terry Stroh, Ace Brandt, Peter Rudeen, Dave Anderson, James Gilmour

The Committee approved the minutes from the December 20th meeting. Costin noted a change in the developer name that will be changed to Zerr Berg. Furness moved, seconded by Sprague to approve. All voted in favor.

John Cosgriff recapped the results of the financial analysis as presented by Springsted, Inc. He said that using the assumptions in their report that the debt service amortization works using the 2005 assessed values and the second financing scenario using the 2006 assessed values does not work.

Furness confirmed that the report indicates that the assumptions used in the financial model were reasonable and accurate.

Costin reviewed the bonding cash flow amortization schedule with the committee that shows how it amortizes. He stated that there will be a cash deficiency in years 2011-2013 that will be covered by future tax revenues flowing into the TIF district over time.

Furness suggested that this proposal is a unique and special situation and that the City should support this proposal.

Cosgriff wondered about the fairness in using the 2005 values vs. 2006 with the knowledge that we currently know how they will be reassessed. He stated that the City has the ability to certify either the 2005 or 2006 values.

Jim Gilmour stated that the scattered site TIF used the base valuations including the homes and that is how our local policy was being handled.

Cosgriff suggested that in cases of slum and blight properties are generally in a declining mode. In this case the properties in the district are increasing and that the 2006 values should be considered as the base year of the TIF.

Furness moved to approve the TIF plan with the assumptions contained in the report from Springsted, using the 2005 property valuations and a bonding schedule that contains three years of capitalized interest. Costin seconded the motion.

Cosgriff stated that the City should consider using credit enhancements to further protect the City in the event that valuations do not hold up over time, or that the assumptions in the financing plan do not materialize over time.

Commissioner Mahoney asked what credit enhancements would do for this proposal. Cosgriff explained that previous TIF's have used either letter of credit agreements or special assessment backup features that allow the City some recourse in the event that the plan does not materialize. Costin suggested that adding credit enhancements would cause the City to issue taxable municipal bonds and this would increase the financing rate by about 80 – 100 bps.

Cosgriff stated that the Moose property has restrictive covenants in the deed that require historic preservation and housing. He recapped how he would envision how the City should deal with the Fargo Theatre parking lot. He thinks that the Fargo Theatre should deed the lot back to the City, plus the $14,000 in the current agreement which would produce program income in the CDBG program that could be appropriated back to the Fargo Theatre. He suggested an alternative of using a regular tax exemption TIF instead of a bonding TIF, similar to the arrangement with the Oak Manor project.

Terry Stroh responded that he will be selling the units and that the only way he could capture the tax benefit would be to mark up the cost of the units being sold. He was concerned about limiting buyers by adding additional costs to the units.

Randy Thorson stated he has done comparable projects at higher prices.

Furness stated that he thinks the City needs to take the extra risk because this project is different should be done as proposed.

Randy Thorson suggested that some combination of tax incentives and grants might be a better way to approach this project.

Cosgriff was concerned about loss of tax dollars to the schools and that the developer needs to be open to other alternatives.

Peter Rudeen asked if grants are available. Cosgriff suggested that CDBG grants should available for storefront or historical preservation. Stroh stated he would be concerned about additional federal compliance requirements that would complicate the deal. The Committee and the developer agreed that if there is another satisfactory was to fund this deal that they would be open to that idea prior to the time of establishing a TIF district.

Costin expressed concern about the ability to sustain a 2% growth in property taxes over a long time frame due to current State and local discussion proposals for property tax relief. If either the State or local proposals pass, this could impact the proposed TIF.

Cosgriff informed the Committee that the City does not have any secondary sales data on Downtown condos after the expiration of the RZ tax credits. He felt that there is some risk that the values will go down after the tax benefits cease.

A vote as called and all voted in favor of forwarding this analysis to the City Commission for consideration and policy discussion.

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A vote as called and all voted in favor of forwarding this analysis to the City Commission for consideration and policy discussion.

City of Fargo

Finance Committee Meeting Minutes

January 31, 2006

The regular monthly Finance Committee meeting was held in the Mayor's Office at 7:30 a.m.

Members Present: Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin

Members Absent: None

Guests Present: Robert Stein, Peter Rudeen (Brandt Holdings)

The Finance Committee approved the minutes, subject to correction for attendees listed.

Brandt Holdings Request for Modification of Existing Assessment Deferral

A request was submitted by Brandt Holdings for modification of their existing special assessments deferral agreement. Their concern was that because they are platting two ½ sections that the existing deferrals was be billed based upon the platting language in the deferral contract. Committee discussed deferral policies and other agreements in place. A decision was made that the special assessment deferrals will be released based upon the time of the local infrastructure development on specific tracts to land. Bittner will work with Peter Rudeen to modify the existing contract language to clarify and amend the existing policy. All voted in favor of this change. Zavoral commented that the Finance Committee might revisit the ten year deferral standard as some of developers are not motivated to develop when they have a long term deferral in place with the City.

Sale of Land at North Side Fire Station

Zavoral reported that Schmidt Construction was calling about acquiring surplus land near the North Side Fire Station. They are the only property owners that have access to the lot and are interested in purchasing it. The estimated value is $ 60,000. Costin asked if the City could grant an easement for access so that other parties would be interested in bidding on this parcel.

Zavoral stated that Gary Stewart preferred a RFP process with a minimum bid of $60,000. Committee approved moving forward with the RFP process.

First Bank Parking Ramp Cost Estimates

Robert Stein reviewed the revised costs estimates to rehab the First Bank Parking ramp. The previous estimates were $1.6 million and now the revised estimates are $2.7 million for this 150 stall ramp. The total demolition and rebuilding a new structure is estimated at $2.9 million. Cosgriff suggested that this site should be considered for redevelopment with First Bank. Zavoral suggested that we can not afford a new ramp because of the local parking ramp rental pricing which is not high enough to support additional facilities. Furness said that it does not make sense to refurbish the old structure based upon the revised cost estimates. Zavoral asked Stein to get separate estimates of the demolition and the replacement cost. No other action taken.

Special Assessments on NDAG Property

Bittner reported that he has been working with the North Dakota Air Guard on an open special assessments issue since 2001. The Guard must approve and appropriate funds for payment of special assessments and have not done so on two tracts of land which have been assessed. He has spoken with many NDAG administrators over the past couple of years with no success. Furness stated that he has previously discussed this issue with Keith Bjerke and he felt that Haugen should be contacted. He will make the contact in an attempt to resolve this outstanding issue.

Sales Tax Reporting

Costin reviewed the sales tax spreadsheet which shows sales tax growth for 2005 at 3.7%, and the January 2006 collections up 38% from the previous January. There was some discussion on State cutoff procedures and rebate processing history.

Broadway Mall Flower Maintenance Procurement Method

Sprague presented a proposal to have the Fargo Park District maintain the flower beds for the Broadway Mall maintenance district under a sole source procurement method. There was

further discussion about putting this out for public bid based upon an RFP method. Bittner stated that the City has tried this method before in other maintenance districts or projects and that we never get service delivery as intended under a bid situation. Forestry has also attempted to bid certain services over the years. Zavoral asked how does the DBA fit into this contract and that they should take on some oversight role. Furness moved, seconded by Bittner to proceed with a sole source procurement method with the Fargo Park District. Costin suggested that we need buy in from the DBA before proceeding. All voted in favor.

Water and Wastewater Rate Study Progress Report

Costin reported that EES Consulting is presently working on the rate analysis project. All data requested was forwarded to them at the end of the year. The will be meeting with City staff on February 8th for further direction on moving forward.

Sales Tax for Infrastructure Proposal

Furness said that he wants to put the sales tax extension proposal on the Commission agenda by the end of February so that we can get it on the June ballot. This information is needed not later than April 17th and will be published 60 days before the election.

Local Share Borrowing for the Transit Maintenance Facility

Costin reported that the 2006 budget included borrowing the local share under a municipal lease funding structure. This will allow the City to structure the debt as desired and maintain flexibility to pay off early as desired. Zavoral said that this facility will be completed by May 1st. Costin asked for approval to start the borrowing process in the amount of $1.2 million. Furness moved to proceed, seconded by Zavoral. All voted in favor.

2007 Budget Development

Costin asked how the 2007 budget development would be handled in light of the Mayoral changeover in June. He wondered if this process should be accelerated or changed in any way to accommodate this change. Furness suggested that we should continue the process in the same manner as we have done in the past.

2005 Preliminary Financial Results

Costin reviewed a preliminary draft of the General Fund operating statement. He reported that revenues exceeded budget by $515k and that expenditures were under budget by $762k. He expressed concern about the amount of interest income generated as the 2005 figures for that revenue source was under projection because in the decline of interfund interest on capital projects. He asked for approval to transfer funds to the public safety building in the amount of $1,000,000 as shown in the approved 2006 budget summary. Furness moved, seconded by Zavoral to transfer this amount as originally planned.

Health Plan TPA Contract

A renewal proposal from BPA was reviewed. Costin stated that the proposal pricing came in higher than previous renewals because the stop loss contract was bid this year and BPA and HCCB took out all of their commissions in the procurement. Going forward they will not bid commission but rather an allowance is being made in the TPA contract for stop loss services rendered. Zavoral moved, seconded by Costin to approve the contract for a one year period.

Special Assessments Policies Update

Bittner reviewed an updated document that describes all of the city's special assessment policies. The last major policy changes were made in 2001, where some assessments were capped at certain dollar levels per foot. Street reconstruction and sewer rehabilitation amounts were raised from $21 in the early 90's to $28 per foot cost now. Reconstruction assessments will be raised from $75/ ff to $100/ff to compensate for construction cost increases. Street light replacement was added with a 50% funding share from City funding.

He also reviewed a draft policy on a special assessment assistance program for low and moderate income levels. This was tabled for further discussion due to funding concerns and program design. Furness moved, seconded by Sprague to move forward with the special assessment policy document and the proposed changed to our existing special assessment policies as detailed by Bittner.

Special Assessments and Letter of Credit on Howard Kramer Property

Sprague reviewed a spreadsheet of delinquent special assessments on Howard Kramer's development. There is $52,525 in unpaid assessments and another $72,901 uncertified balances outstanding. Committee approved the recommendation to draw on his letter of credit for $52,525, however did not approve lowering of amount of the existing letter of credit coverage due to the significant balance in the uncertified balances.

Utility Charge Waiver

Sprague asked for approval to waive the garbage, forestry and storm sewer charges on a property that includes a garage which is also metered. This property was platted as two lots; however, it is only occupied by one residence. Furness moved, seconded by Bittner to waive the non water and sewer charges on this property.

School Funding Task Force Information

Costin handed out the materials that were prepared for the School Funding Task Force. This included an analysis of exempt property in Fargo and the impact on the mill levy of discretionary exemption programs. Sales tax growth and property tax growth charts and a sales tax history were also included. Furness reported that City funding of school nurses and cops in schools were discussed again in the joint board meetings. Costin reported that this was also discussed at the School Funding Task Force and that this was considered "shifting" from one tax base to another and was not really saving any taxpayer dollars. No further action taken on this issue.

17th Ave North Reconstruction

Costin reported that NDSU would like to work on the 17th Avenue reconstruction project this summer and they did not want to wait until after the BSA is remodeled. Bittner suggested that they should sign an agreement which holds them accountable for any damages to the 17th Ave. project if caused by the BSA remodeling project. This City would be willing to proceed with this project; however, NDSU would be responsible for any damages inflicted during the BSA construction projects. All voted in favor of this concept.

The meeting was adjourned.

City of Fargo

Finance Committee Meeting

February 28, 2006

The regular monthly Finance Committee meeting was held on February 28, 2006 in the Mayor's Office.

Members Present: Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin

Guests Present: James Gilmour, Robert Stein

Furness reported that he had discussions with the National Guard (General Haugen) about the special assessments that were levied on Guard property. The will be getting Legislative approval to pay these and will due as of July, 2007. They agreed to pay them at that time.

Minutes were approved as presented from the January meeting.

17th Ave North Road Construction

Costin reported that Bruce Franz of NDSU communicated that they will not be advancing this project in the 2006 year, but will be taking it up in 2007.

Sales Tax Report for Library

Costin reviewed a spreadsheet that tracks the Library sales tax authorization. Total sales tax remitted in the first twelve months of the authorization was $ 8,244,706. There was discussion about the streamlined sales tax implementation on October, 2005 and the new rebate of local sales tax option. There was also discussion about tracking the collections at the end of the

Library tax and getting a handle on the amount of rebates, since they are open for 3 years after the date of purchase.

First Bank Ramp Reconstruction

Robert Stein reviewed revised reconstruction numbers for the First Bank Ramp. The revised estimated cost to repair the structure is now $1.9million. This budget is for structural repairs and does not contain any aesthetic funding. The repair would assure that the structure is sound for at least 20 years. A budget of $2.2 would be needed if any external aesthetics were included. The cost of demolition of the ramp would be $ 1.1, which could be replaced with about 50 surface parking spaces.

Costin reported that the previous funding plan was to issue special assessment bonds in the amount of $1 million and secure other funding sources for the balance of the project.

Furness favored the option that preserves the 150 spaces in the existing ramp as it retain the current skyway system. Jim Gilmour thought that the Skyway should be retained. He suggested that the General fund make a contribution of $50,000 per year to compensate for the use of the Civic Center lot.

Cosgriff expressed some concern about targeted redevelopment Downtown.

Furness suggested that Stein should get cost estimates to add two levels to the Radisson Ramp.

Furness moved to work on the option that repairs the ramp and preserves the Skyway connection. Bittner seconded the motion. All voted in favor.

Sole Source Procurement for Mosquito Aerial Application

Zavoral reported on the status of the negotiation with the aerial spraying service. He said that there was an upstart provider that was interested in starting a spraying business; however, they do not have any contracts or equipment at the present time. The incumbent contractor offered a rate of $2.05 with a $10,000 retainer payment, or a flat rate of $2.65 / acre. He stated that the City of Moorhead has resisted in aggressively spraying by air.

Zavoral moved to approve the contract for 2006 with the retainer option. Sprague seconded the motion. All voted in favor.

FargoDome Surplus Sales Tax Fund

Costin reported that the current surplus in the Dome sales tax surplus fund is $4.4 million. The City's financial advisor, Springsted, Inc. recommended prepaying the special assessments and the 1995 bond issue early. Motion by Furness, seconded by Zavoral to approve the prepayment option after presenting to the FargoDome. All voted in favor.

FargoDome Capital Escrow Fund Investment Performance Report

Costin reviewed a report of the current balance of the escrow fund for the FargoDome capital. The balance as of 12/2005 is $8,581,000 which has a five year investment performance of 9%.

Convention Bureau Surplus Fund Accounting

Costin presented a plan to simplify the current accounting of the CVB surplus fund. This plan would transfer the fund to the CVB and would require them to budget the expenditures and monitor them by the CVB Board of Directors. The thought was that there would be more direct budget control by operating the fund in this manner and would simplify the whole process. Furness moved that because there were only a few more years before the debt matured that the funds should be retained at the City as we have done in the past. Motion was seconded by Sprague. All voted in favor.

Consider Toll Bridge Buyout

There was a brief discussion about the potential to acquire the North side toll bridge from the Bridge Company. There is approx. $500k in outstanding debt on the project. The Bridge Company is interested in gifting the bridge to the City if the City would agree to pay the remaining debt. Furness expressed concern that the bridge may not pass the DOT specifications and might become more of a long term liability. Cosgriff suggested that the City may be able to reduce the toll period by acquiring the bridge. Bittner said that there would be a strong

disincentive in that traffic issues would emerge if the toll was lifted. He thought that the traffic would double if the toll were lifted. Furness suggested that we leave project as is.

Rocking Horse Special Assessments

A special assessment agreement from 2003 was not signed by Rocking Horse Farms and therefore the special assessments were billed, even though they had negotiated a deferral agreement. They paid their last year specials assessments and wanted a refund of the amounts paid. Motion by Zavoral, seconded by Bittner to not refund the amount paid, but rather process the deferral once signed.

Joint Dispatch Hiring of Communication Coordinator

Zavoral reported that the RRRDC is interested in hiring a new communications coordinator position. The total estimated cost of the new position is $75 - $100k. He wanted to know how the Committee felt about the cost sharing of this position and whether or not West Fargo could opt in because they declined participation in the RRRDC and are not partnered in the agency funding. Cosgriff stated that they made a conscious decision to opt out of the RRRDC and that they should not be able to contract for services independently.

City of Fargo

Finance Committee Meeting Minutes

March 14, 2006

A special meeting of the Finance Committee was held on March 14, 2006 in the River Room at 11:00 a.m.

Members Present: Cosgriff, Zavoral, Bittner, Sprague, Costin

Members Absent: Furness

Guests Present: Gary Stewart, Adrian Herbst

The purpose of the meeting was to review proposed telecommunication and master right of way ordinances. Adrian Herbst led the discussion. He briefed the Committee on changes in the telecom rules and suggested that our current ordinance was out of date and should be updated to conform to current rules. The options he presented was to keep the current taxation ordinance and update it, or to repeal and reenact a new telecommunications ordinance, which has been drafted on our behalf. The new ordinance broadens the language and includes a tax remittance form that assists the City in understanding what revenue categories are taxed. Some services are exempted by the Internet Tax Freedom Act and cannot be taxed, while several other categories currently not taxed could be taxed under the updated ordinance, including cellular phone service.

Gary Stewart provided some historical background on why our ordinance was set up the way that it is currently. He explain that this ordinance was updated just prior to the State Legislative action which preempted City's ability establish new franchise fees and that the master right of way ordinance should not be amended.

Cosgriff asked about the inequity between telecom and cable carriers in that the telecom carriers would pay a 2% franchise fee, while the cable companies pay 5%. Herbst explained that this is how the laws are currently structured. He expressed concern because historically the current phone tax ordinance was structured around right of way issues, and now under the current laws Cities have the ability to tax additional services, without regard to the right of way because of changes in technology and service delivery methods.

Costin inquired about specific new categories of services that would be taxed. He asked if cell phones would be subject to the 2% telecom franchise fee. He suggested it would be very helpful for future discussions if we could have a specific listing of services that are taxed, and service are excluded to assist in interpreting the updated ordinance. Herbst will prepare a listing. He also said that fixed line telecom carrier revenue is declining in relation to the cell phone revenues, especially in the E911 fund.

The Committee with continue discussions on this issue.

Finance Committee Meeting Minutes

March 28, 2006

The regular monthly Finance Committee meeting was held on March 28th at 7:30 a.m. in the Mayor's Office.

Members Present: Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin

Guests Present: James Gilmour

The minutes from the previous meeting were reviewed and approved. Zavoral reported that the City of West Fargo is considering joining the Dispatch Center. Cosgriff reported that the FargoDome Authority has approved the bond refinancing plan.

Sales Tax Collections

Costin reviewed the sales tax collections for the first three months of the year. The total collections were up 14.7% as compared to the same period in 2005.

Metro Area Transit Operating Hours

Gilmour reviewed a proposal to increase the hours for the dispatch services that would allow them to be open longer. The total requested was $12,000, of which $6,000 would be covered by federal grant $6,000 of local funds. Furness moved to approve, seconded by Zavoral. All voted in favor.

Purchase of Used Transit Coach from Moorhead

Gilmour requested permission to purchase a used transit coach from the City of Moorhead. They have a surplus New Flyer coach that is the same model as we have in inventory. The cost

would be $12,348, and it will need about $10 – 20K worth of repairs. He would like to get this coach for the NDSU route due to current capacity constraints and it would delay the purchase of a new coach for a couple of years. Furness moved to approved, seconded by Zavoral. All voted in favor.

Purchase of Vans for the Senior Commission

Gilmour stated that the Senior Commission needs to replace three transit vans. The cost is estimated at $18k each, with a total local share of $ 10,400 for these units. Historically, the City has paid the local share, however, during the last round of replacements the Finance Committee suggested that the Senior Commission take over the local share funding. Gilmour stated that he has discussed this with the Senior Commission and that they would like to discuss this further with the Finance Committee. Committee suggested that they come to the next meeting.

Sales Tax Modeling for Utility Rate Study

Costin reported that EES is working on the utility rate study for water and wastewater. Preliminary runs and advice from the City was to use a 2% growth factor for the sales tax. He reported that the long term average is 4.67%. He wondered if the Committee was comfortable using a slightly higher number due to the long term nature of the sales tax proposal. Committee expressed concerns about using to aggressive of an assumption in the model.

City of Fargo

Finance Committee Minutes

April 27, 2006

A regular Finance Committee meeting was held on April 27th in the Mayor's Office at 9:30 a.m.

Members Present: Cosgriff, Zavoral , Bittner, Sprague, Costin

Members Absent: Furness (Cruising the Panama Canal)

Guests Present: Jim Gilmour, Julie Bommelman, Brian Arett, Brian Richardson, Bruce Grubb

The minutes from the March meeting were approved as presented.

Local Share Funding of Senior Commission Vans

Brian Arett from the Fargo Senior Commission reviewed the van replacement schedule with the Committee and explained that they desire to continue to have the City of Fargo fund the local share requirement (20%) of van purchases. The amount requested was $9,000. Jim Gilmour has previously informed them that the Finance Committee thought they should fund the local share because it was their program and were told during the last replacements that was the direction we should be heading. He explained that West Fargo now pays for some of their local share, plus donations. He also explained that the West Fargo van is used primarily in West Fargo and they do not provide services in Moorhead. They provide about 45,000 rides per year and use a donation based fare structure.

Cosgriff wanted to be assured that West Fargo is paying their fair share of the costs associated with there services.

Zavoral wondered if someone should be looking a consolidation of all the various transit services into a single point of contact.

Costin asked about the financial information provided and how much of an increase in state aid would be in 2006.

Zavoral moved, seconded by Costin to fund the local share as requested. All voted in favor.

Transit Contract Amendment for Dispatch Services

Jim Gilmour reported that the cost of adding a dispatcher for the paratransit services was higher than he originally anticipated. He requested increased funding for a total of $26,010, with Fargo's share being $17,340 of which all but $8,670 is funded by FTA grants. Zavoral moved, seconded by Bittner to approve the revised budget amounts. All voted in favor.

Disposition of Transit Vans

Jim Gilmour asked for approval to sell used transit vans to the Senior Commission. Cosgriff asked what the requirement for payback to FTA was. Gilmour stated that if the value of the van is less than $5,000 the income is considered local income and not restricted to transit use. Costin inquired about the status of the billing relating to the last vans disposed. Brian Arett said they paid the bill which was recently presented. **Zavoral moved, seconded by Bittner to approve disposition of vans using this method.**

Sales Tax Report for April

Costin reviewed the sales tax collection total through April Y-T-D growth is 17.4%. He reported that the State Tax Commissioners Office has added some new reports that will allow the City better tracking of sales tax revenues.

Oxbow Wastewater Line Hookup Fees

Bruce Grubb and Zavoral said that a developer is asking what the fee will be for hookup to the Oxbow wastewater line. They said that Oxbow is paying a flat fee for capital of $650,000 which is about $3,900 per unit. They recommended charging $5,000 per unit which relates to the capital cost per unit of the project. The terms will be 50% down, and then the balance upon the

first unit being hooked up. This cost will be the developer's responsibility and not the homeowner. **Committee approved the $5,000 per unit pricing strategy.**

Letter of Credit Policy Requirements

Zavoral expressed concern about our current master of letter of credit being used for development protection. He said that the cost of infrastructure and the size of developments are continuing to increase. Bittner stated that West Fargo and Cass County use a 50% LOC for development. Committee felt that project specific letter of credit coverage would be preferred over the master letter of credit design. The policy will be 30% on the first $1,000,000 and 15% of the remainder. Bittner moved, seconded by Zavoral to send a letter to developers that the City will start using project specific method effective June 1st.

Mark McCord Request for Reimbursement of Flood Fighting Materials

Zavoral submitted a request from Mark McCourt who lives at 19 Woodland Drive NE for cost of plywood and other materials for the flood fight. Committee suggested that this reimbursement be contingent upon close a sale of the property.

Matrix TIF Developers Agreement

Zavoral reported that Matrix Development currently has deferral of special assessments for the large tract of land in the Matrix TIF district. The have been reluctant to sign a developer's agreement despite numerous attempts from the City to sign. The are now starting to sell properties in this area an have asked about the TIF. A working document has been drafted. Bittner stated that the agreement needs to include provisions for an easement on 30th Ave South and the Adams property. Zavoral suggested that the Committee give them one more chance to sign the development agreement. Costin stated that this will become a very sophisticated TIF over time as properties are developed and sold under this agreement. **Committee concurred with this proposal.**

Insurance Review

Costin requested approval to utilize AON for a preliminary review of insurance coverage and help in evaluating utilization of the NDIRF. **Committee concurred.**

Health Dept Procurement Request for Software

Mary Kay Hermann presented a request for approval to purchase software for the Environmental Health Program after competitive review of two vendors. **Committee concurred with choosing Digital Health Department Systems.**

Frontage Road on 64th Ave Near Frontie

Jim Gilmour asked if the City might consider paving the frontage road from 52nd Ave. South to the new development south of Frontier. He said that there is a piece of the frontage roadway just west of Frontier that could not likely be assessed to Frontier. He also said that having the developer pick up the cost of this section of paving would increase the per lot costs to where they might not be price competitive. Bittner stated that the DOT will be paving a portion of this section when their interchange project is completed. Zavoral suggested that we simply wait for a while and let this play out over time. **Committee concurred.**

City of Fargo

Finance Committee Minutes

April 27, 2006

A regular Finance Committee meeting was held on April 27th in the Mayor's Office at 9:30 a.m.

Members Present: Cosgriff, Zavoral , Bittner, Sprague, Costin

Members Absent: Furness (Cruising the Panama Canal)

Guests Present: Jim Gilmour, Julie Bommelman, Brian Arett, Brian Richardson, Bruce Grubb

The minutes from the March meeting were approved as presented.

Local Share Funding of Senior Commission Vans

Brian Arett from the Fargo Senior Commission reviewed the van replacement schedule with the Committee and explained that they desire to continue to have the City of Fargo fund the local share requirement (20%) of van purchases. The amount requested was $9,000. Jim Gilmour has previously informed them that the Finance Committee thought they should fund the local share because it was their program and were told during the last replacements that was the direction we should be heading. He explained that West Fargo now pays for some of their local share, plus donations. He also explained that the West Fargo van is used primarily in West Fargo and they do not provide services in Moorhead. They provide about 45,000 rides per year and use a donation based fare structure.

Cosgriff wanted to be assured that West Fargo is paying their fair share of the costs associated with there services.

Zavoral wondered if someone should be looking a consolidation of all the various transit services into a single point of contact.

Costin asked about the financial information provided and how much of an increase in state aid would be in 2006.

Zavoral moved, seconded by Costin to fund the local share as requested. All voted in favor.

Transit Contract Amendment for Dispatch Services

Jim Gilmour reported that the cost of adding a dispatcher for the paratransit services was higher than he originally anticipated. He requested increased funding for a total of $26,010, with Fargo's share being $17,340 of which all but $8,670 is funded by FTA grants. Zavoral moved, seconded by Bittner to approve the revised budget amounts. All voted in favor.

Disposition of Transit Vans

Jim Gilmour asked for approval to sell used transit vans to the Senior Commission. Cosgriff asked what the requirement for payback to FTA was. Gilmour stated that if the value of the van is less than $5,000 the income is considered local income and not restricted to transit use. Costin inquired about the status of the billing relating to the last vans disposed. Brian Arett said they paid the bill which was recently presented. **Zavoral moved, seconded by Bittner to approve disposition of vans using this method.**

Sales Tax Report for April

Costin reviewed the sales tax collection total through April Y-T-D growth is 17.4%. He reported that the State Tax Commissioners Office has added some new reports that will allow the City better tracking of sales tax revenues.

Oxbow Wastewater Line Hookup Fees

Bruce Grubb and Zavoral said that a developer is asking what the fee will be for hookup to the Oxbow wastewater line. They said that Oxbow is paying a flat fee for capital of $650,000 which is about $3,900 per unit. They recommended charging $5,000 per unit which relates to the capital cost per unit of the project. The terms will be 50% down, and then the balance upon the

first unit being hooked up. This cost will be the developer's responsibility and not the homeowner. **Committee approved the $5,000 per unit pricing strategy.**

Letter of Credit Policy Requirements

Zavoral expressed concern about our current master of letter of credit being used for development protection. He said that the cost of infrastructure and the size of developments are continuing to increase. Bittner stated that West Fargo and Cass County use a 50% LOC for development. Committee felt that project specific letter of credit coverage would be preferred over the master letter of credit design. The policy will be 30% on the first $1,000,000 and 15% of the remainder. Bittner moved, seconded by Zavoral to send a letter to developers that the City will start using project specific method effective June 1st.

Mark McCord Request for Reimbursement of Flood Fighting Materials

Zavoral submitted a request from Mark McCourt who lives at 19 Woodland Drive NE for cost of plywood and other materials for the flood fight. Committee suggested that this reimbursement be contingent upon close a sale of the property.

Matrix TIF Developers Agreement

Zavoral reported that Matrix Development currently has deferral of special assessments for the large tract of land in the Matrix TIF district. The have been reluctant to sign a developer's agreement despite numerous attempts from the City to sign. The are now starting to sell properties in this area an have asked about the TIF. A working document has been drafted. Bittner stated that the agreement needs to include provisions for an easement on 30th Ave South and the Adams property. Zavoral suggested that the Committee give them one more chance to sign the development agreement. Costin stated that this will become a very sophisticated TIF over time as properties are developed and sold under this agreement. **Committee concurred with this proposal.**

Insurance Review

Costin requested approval to utilize AON for a preliminary review of insurance coverage and help in evaluating utilization of the NDIRF. **Committee concurred.**

Health Dept Procurement Request for Software

Mary Kay Hermann presented a request for approval to purchase software for the Environmental Health Program after competitive review of two vendors. **Committee concurred with choosing Digital Health Department Systems.**

Frontage Road on 64th Ave Near Frontie

Jim Gilmour asked if the City might consider paving the frontage road from 52nd Ave. South to the new development south of Frontier. He said that there is a piece of the frontage roadway just west of Frontier that could not likely be assessed to Frontier. He also said that having the developer pick up the cost of this section of paving would increase the per lot costs to where they might not be price competitive. Bittner stated that the DOT will be paving a portion of this section when their interchange project is completed. Zavoral suggested that we simply wait for a while and let this play out over time. **Committee concurred.**

City of Fargo

Finance Committee Meeting Minutes

May 30th, 2006

The regular monthly Finance Committee as held at 7:30 a.m on May 30th in the Mayor's Office.

Members Attending: Furness, Cosgriff, Zavoral, Bittner, Sprague, Costin

Guests Present: James Gilmour, Jessica Thomasson, Sherlyn Dahl

Minutes

The minutes from the April meeting were approved as presented.

Family Health Care Center Rent Delinquency

Sherlyn Dahl of the Family Health Care Center requested that rent payments be deferred until July, 2006 due to cash flow issues with the Center. They are currently four months behind owing $28,815. She indicated that the Center's financial situation will improve due to shutting down a Moorhead location and a new federal grant will be approved in July. Furness moved to accept a payment plan starting in July whereby two months rent would be paid each month until they are caught up, not to exceed four months rent. Zavoral seconded and all voted in favor.

Parking Equipment Sole Source Purchase Request

James Gilmour presented a request from Bob Stein to purchase Skidata control equipment for parking facilities. He had requested proposals from three vendors, however, he did not publish in the FORUM. Bittner moved that the equipment spec should be published in the FORUM to comply with our purchasing policy, and then proceed with final vendor selection. Seconded by Zavoral, all voted in favor.

Special Assessment Payment Assistance Program

Jessica Thomasson reviewed a proposed special assessment payment assistance program based upon income levels. Previously, the City selected a couple of projects and then allocated fund based upon paying off the entire special assessment levy for the project. This was identified as creating a windfall if properties were sold due to the fact that the specials were paid in full. There was more discussion on how to administer this program and run assessment amortizations. The idea of using an alternative assessment amortization based upon eligibility was ruled out. Jessica indicated that CDBG funds could only be used to pay the principal, and not interest, and therefore another funding source would have to be identified to pay the interest. Bittner felt that the City should maintain the same spread and amortization policy to be consistent with others that are assessed using normal city standards. Bittner moved to supplement funding in the amount of $100,000 to start this assistance program, coming $50,000 from street rehab funds, and $50,000 from water main replacement funds. Furness seconded this motion and all voted in favor.

Budget Development Calendar and Strategy

Costin discussed the budget development calendar and upcoming meeting schedule. One of the budget goals will be to reduce the number of tax mills levied by the City of Fargo in conjunction with other taxing entities.

Debt Defeasance Analysis for Series 2003B Refunding Improvement Bonds

Costin reviewed a debt defeasance analysis as prepared by Springsted, Inc, our financial advisors. This fund's outstanding debt can be defeased (escrowed to maturity) with the current cash balance on hand. The interest savings would be approximately $138k. Sprague moved to approve the defeasance transaction, seconded by Zavoral. All voted in favor.

Budget Adjustment for Final Payment of the Public Safety Building Project

Costin proposed that the remaining financial obligation of $500 – 600k for the public safety building be paid in the 2006 budget. This will finish up the project as we start into the 2007 budget. Costin moved, seconded by Furness to recommend a budget adjustment to cover the remaining balance of this project. All voted in favor.

Brandt Development

Bittner reported on the Brandt Development. Estimated special assessments of $3.8 million will add approximately .25 cents per square foot for specials which is somewhat high. The Park District is planning on assessing $10 million for the lake development costs. Bittner thought that we need to recognize the West Fargo effect to the west and also concerns about westerly flow to the Sheyenne river or to Drain 27. No action taken.

City of Fargo

Finance Committee Minutes

July 25, 2006

The regular monthly meeting of the Finance Committee was held on July 25th in the River Room at 7:30 a.m.

Members Present: Walaker, Williams, Zavoral, Bittner, Sprague, Costin

Guests Present: Dan Nadler, Lynn Fundingsland, Jessica Thomasson, Erik Johnson, Bob Stein, Kym Overland, Ron Gronneberg

Minutes Approved for May Meeting

Bittner moved, seconded by Sprague to approve the minutes from the May meeting. The Brandt letter of credit is on process.

Purchase Pothole Patching Equipment

A request was made and discussed to purchase another pothole patching kettle. Williams moved seconded by Walaker to purchase another unit for up to $25,000 from street rehabilitation funds. All voted in favor.

Siren Purchase Plan

Kym Overland reviewed the current coverage map for sirens and discussed various purchase strategies for siren placement. The sirens are needed in the southwestern quadrant of the City recently expanded. Each unit costs approximately $ 21,000. Zavoral moved, seconded by Costin to approve a third unit purchased out of the 2006 budget since there is a $70,000 cash balance in the siren fund. All voted in favor.

FargoDome Homeland Security Project

Zavoral and Overland reviewed the current funding from Homeland Security grants for the FargoDome security project. The plans call for a barricade / berming system to prevent access to the facility. According to recent estimates it will cost $1.5 million to secure the entire facility. Walaker stated that he has mixed feelings about spending that much money for this project. The Dome is most vulnerable at the east and south entrances. Costin reported that the FargoDome is including $500,000 into their 2007 capital budget based upon direction with Zavoral. No further action taken.

Policy on Leasing City owned Fiber Optic Cable

Gronneberg wanted some feedback from the Committee on the potential to lease fiber optic cable surplus capacity to a private business. A wireless ISP has made a request to the City for a location near 32nd Ave. South and I29. Zavoral expressed his concern about saving capacity needed for City / governmental needs. Gronneberg explained that that a fiber cable has twelve strands of wire and that the City's use will be up to five strands eventually. There are six surplus strands in the cable. Walaker questions what happens if the cable is cut and who would be liable for damages. Erik Johnson will draft contract language to assure that the City would not be held liable. Bittner thought that the City should consider leasing to generate revenue, if there was surplus capacity. Bittner moved, seconded by Walaker to establish a policy, research and pricing needed for a contract to private parties. All voted in favor.

FNMA Line of Credit Increase to $7,000,000

Jessica Thomasson reviewed a proposal to increase the FNMA line of credit to $7,000,000. The funds available will be used for low / moderate income housing projects. She reviewed a draft term sheet that details how the financing program would operate. A historical actions document was also review which showed how initially a $2,000,000 line of credit was established, which was increased to $4,000,000 in 2005, all for housing projects. Dan Nadler and Lynn Fundingsland reviewed the specific components of their projects which helped

members understand how these project funds will be secured by the assets being placed as collateral, mortgages in place, and payments to developers based upon certification of values. Costin stated that he has checked with Springsted, the City's financial advisor and that the bond rating agencies will not be uncomfortable with this type of debt as long as it does not exceed 20% of general obligation debt. Lynn explained that they have a long listing of investors who are waiting for funding through the tax credit program. Williams inquired about how our financial due diligence could be assured. Costin suggested that the due diligence features should be placed directly into the term sheet as a program expectation so that borrowers know what will be expected from them. Williams thought that it was important that the City diversify its housing within different ethnic and economic sectors. Zavoral moved, seconded by Williams to approve increasing the FNMA line of credit from $4,000,000 to $7,000,000, All voted in favor.

Purchasing Card Program Policy Amended

Costin explained how the P card program is working and provided some history on how many transactions have been processed on cards over the past few years. Volume has been increasing each year; however, more activity is needed to defray fees charged for this service. He moved that the purchasing limit per transaction be raised from $1,000 per purchase to $2,500 which was seconded by Williams. All voted in favor.

Second Quarter Financial Status Report Filed

The financial status report was presented for the second quarter. Total revenues exceed budget by 1.3% y-t-d, while expenditures were below budget by 9%. Costin noted that the General Fund revenues were not as strong mid year as what we have seen in the past couple of years. Typically we show a larger positive variance at mid year.

Financial Abuse Policy Report 2006-01

A report was presented which detailed problems recently encountered with timeliness of money deposits in the Inspections Division and some unbilled plan review fees. Payments received for state electrical permits had not been deposited for the past five months. Approximately $140,000 was either not deposited or was unbilled for many months. Jim Gilmour is looking into this situation and will present a report of corrective actions needed at

the next Finance Committee meeting. Costin moved that the report be accepted, seconded by Zavoral and that the appropriate disciplinary actions be formulated by Gilmour. All voted in favor.

NP Parking Lot Emergency Purchase Authorization

Bob Stein explained how an underground tank was removed from the NP Parking lot. This work had previously been authorized by Zavoral in conjunction with the improvements of this parking lot. Bittner moved to approve change orders that authorized this work, seconded by Zavoral. All voted in favor.

Skyway and Broadway Mall Maintenance Districts Assessment Budgets

Sprague reviewed the budget projections for the Skyway and Broadway Mall maintenance districts. The Skyway fund is in deficit due to the recent remodeling and the Broadway mall has a deficit because of the change in assessment methodology from last year when assessments were changed to being assessed in advance of spending to in arrears. He wanted guidance on what level the assessments should be budgeted at and he presented a spreadsheet showing how these funds will come out of their deficit position in the next three to four years. Williams stated that he was comfortable with the three year plan. Costin stated that the Skyway budget can be modified down if the air conditioner replacement plan was move further into the future. Zavoral moved to set the Skyway assessment budget at $110,000 for three years, seconded by Costin. All voted in favor.

Statewide Wireless E911 Project Status Report

Costin reviewed a financial status report for the State wide wireless E911 project. The North Dakota Association of Counties who administers this program on behalf of the State will be rebating approximately $75- $80k in the next month.

NDSU Transit Route Pricing

Jim Gilmour reviewed the NDSU transit route pricing proposal for 2007. He recommended a $10,000 increase in the contract amount for transit services between the campus and Downtown. Zavoral moved to approve, seconded by Sprague. All voted in favor.

Tax Increment Financing District Summary Report

Costin reviewed a summary document that explains what tax increment districts are currently active and when they are projected to amortize. This data has been requested by the Fargo Board of Education. The Committee felt comfortable with the format of this document. Those districts that are in the West Fargo School will be labeled as not in the Fargo Board of Education's taxing boundary.

City of Fargo

Finance Committee Minutes

August 29, 2006

The regular monthly meeting of the Finance Committee was held on August 29th in the River Room at 7:30 a.m.

Members Present: Walaker, Williams, Zavoral, Bittner, Sprague, Costin

Guests Present: James Gilmour

Minutes Approved for July Meeting

Bittner moved, seconded by Sprague to approve the minutes from the July meeting.

Police Department Request to Increase Fingerprinting Fees

A request was presented by the Police Department to increase their fees for fingerprinting people. The current charge is $5.00 for up to two sets of prints. They recommended a $10 charge for up to two sets, with $5.00 for each subsequent print. Motion to approve made by Sprague, seconded by Williams. All voted in favor.

West Fargo Transit Agreement Pricing for 2007

Jim Gilmour presented a proposal to increase the West Fargo transit services contract for 2007. The recommended pricing increases were 5% for fixed route services from $40 per hour to $42 per hour, and $12.60 for paratransit. Motion to approve made by Costin, seconded by Sprague. All voted in favor.

Fire Hall Land Sale Offer

Jim Gilmour reviewed the offers received for the sale of the surplus land adjacent to the North Side Fire Station. A staff committee recommended that the land was worth $90,000. The proposal was for $30,000. Gilmour recommended that the offer be rejected by the Finance Committee as the offer was far below estimated market value.

Motion by Zavoral, seconded by Williams to reject the purchase offer. All voted in favor.

Inspections Department Cash Handling Procedures

Jim Gilmour presented a final draft of revised cash handling procedures in the Inspections Division as a follow up to the financial abuse report filed last month. He reported on the disciplinary actions taken with Inspections and Planning for this instance. Costin reported that he has reviewed and assisted in the development of the revised procedures. Motion by Costin, seconded by Sprague to receive and file the revised cash procedures. All voted in favor.

Capital Projects Bonding Listing

Costin provided a listing of capital projects that have been completed that are ready for bonding. The bond sale is scheduled for late November. The value of contracts completed was approximately $21 million.

City of Fargo

Finance Committee Meeting Minutes

September 26, 2006

The regular Finance Committee meeting was held on September 26, 2006 at 7:30 a.m. in the Mayor's Office.

Members Attending: Williams, Zavoral, Bittner, Sprague, Costin

Members Absent: Walaker

Guests Present: James Gilmour, Harold Pederson

The minutes from the last regular meeting were approved as presented.

Family Health Care Center Rents

Costin reported that the Family Health Care Center had not been keeping up with the rents payments as promised by Sherlyn Dahl in a previous negotiation. They had not been making double payments to catch up as planned. Zavoral wondered if they should move to a new location to allow more room for Fargo Cass Public Health. No action taken. The Finance Committee will continue to monitor their progress.

Special Assessment Bond Refinancing

Costin reviewed an analysis prepared by Springsted, the City's Financial Advisor of a crossover refunding proposal. The present value savings exceeds the City's target levels of 3%. The proposal involves refinancing three previous bond issues done in 1999, 2000, and 2001. The estimated interest savings is $890,000, assuming current market rates. He also reported that significant assessment prepayments have occurred in these funds since the time they were originally issued and that these balances would be used to pay down the existing debt. The final recommendations report will show the pay down effect on debt service savings. Williams moved to approve the refinancing proposal as recommended by Springsted, second by Sprague. All voted in favor.

C-2 Tax Increment District Closeout

The C-2 Urban Renewal District which was used for the development of the Radisson Hotel Complex is ready to be closed out as all financial obligations have been paid off. A residual balance of $ 28,356 remains. Costin recommended sending a close out letter to Cass County so that this tax increment district could be returned to the tax rolls. Gilmour stated that earlier in the year we had discussed using some of the residual balance in this fund to help pay for some of the costs related to the US Bank Ramp, which is part of this District. Costin reported that this fund was used to advance the Fargo Board of Education funds at the time they were considering closing some neighborhood schools. He wondered if this needed to be reported to Cass County. Zavoral suggested that the documents supporting the advance funding be forwarded to Erik for review prior to release of the closeout letter. Zavoral moved to transfer $25,000 from the C-2 Urban Renewal District to the US Bank Ramp fund. Bittner seconded the motion and all voted in favor.

Transit System New Employee Hiring

Jim Gilmour reviewed an analysis of hiring the new transit maintenance staff in November. He said that the staff should be hired early to allow time for fleet management system training and getting the new building up and running prior to having the Moorhead system cut over in January. They will start bus repairs in the new facility in December. Harold Pederson reviewed the operational issue. Gilmour stated that the local cost is minimal because Federal Transit Administration grants cover 80% of the cost of maintenance. Bittner moved, seconded by Williams to approve the November hiring timeline.

Transit System Budget Status

Jim Gilmour stated that he thinks the transit budget will be about $200k over budget by year end. He cited the several reasons including fuel costs, paratransit utilization, part and more mechanic time charged to transit. He calculated the net local share of this budget overage to be approximately $70k. Costin reported that surplus transit revenues YTD are up and that would cover about half of the estimated overage. He recommended that a budget amendment not be approved as the overall amount is insignificant to the entire transit budget and that the Finance Committee understands the justification.

Williams asked about ridership projections and transit goals. Gilmour stated that he is talking with MeritCare who has expressed an interest in transit services.

Health Plan Stop Loss Insurance Renewal for 2007

Costin reviewed the stop loss insurance renewal quote received from HCC. The same coverage was quoted and the renewal quote was 9.5%. He stated that the health care consultant had allowed a 30% increase for this coverage when setting rates for 2007, so the renewal quote was

significantly below the estimate. He also reported that health plan expenditures were considerably below budget on a year to date basis. Williams moved to approve the renewal quote, seconded by Zavoral. All voted in favor.

Library Construction Project Building Plan Review Fees

Zavoral reported that Richard Moorhead, the Architect for the Library expansion projects inquired about having the City waive the plan review fees currently charged by the Inspections Division. He reported that the City has waived fees in the past and that there is not a policy to follow. He felt that the City should consider a policy that gives the ability to waive the fees. Williams moved to approve waiving the plan review fee and adopting a policy of having fee waiver requests to come before the Finance Committee for evaluation. Zavoral seconded, and all voted in favor.

Harwood Inspection Services Proposal

Gilmour presented a proposal to consider offering inspection services for Harwood. He said that the staff could do these because the volume would not be high, however, this would likely trigger more overtime. He was not in favor of providing these services and recommended that Harwood consider using a private entity to provide inspections like other small communities are doing. Williams moved to deny offering inspection services to Harwood, seconded by Costin. All voted in favor.

Library Relocation Expense

Zavoral reported that Commission Coates had inquired about the cost of renting an alternative location for the Library during reconstruction of the Downtown site. There is potential to pay approximately $250k and that this might be considered with year end budget adjustments. Costin reported that the budget urged using anticipated General fund surplus funds for equipment replacements until we get caught up. This issue will be revisited near year end as the 2006 financial position evolves.

City of Fargo

Finance Committee Meeting Minutes

November 2, 2006

The regular monthly finance committee meeting was held at 7:30 a.m. in the Mayor's Office at 7:30 a.m on Thursday, November 2, 2006.

Members Present: Walaker, Williams, Zavoral, Bittner, Sprague, Costin

Members Absent: none

Guests Present: James Gilmour, Erik Johnson

Williams moved, seconded by Sprague to approve the minutes from the last Finance Committee meeting. All voted in favor.

Special Assessment Bond Issue Refinancing and New Money Bond Issue

Costin reported that the bond sale scheduled for November 6th might need to be cancelled and rescheduled because the City has not received the signed closing agreement from the IRS on the 1997 Water Revenue Bond audit. Finance Committee agreed to schedule a special City Commission meeting based upon the optimal market timing of the sale.

All voted in favor.

Tax Increment Financing Assistance Proposal

Zavoral and Gilmour reviewed the tax increment proposal for the redevelopment project on 19th Avenue North and University from Roer's construction. Zavoral reported that there are some blighted and underdeveloped conditions that exist in some of the buildings in the district. Gilmour reported that Springsted, Inc has completed the due diligence on the projected and has concluded that TIF assistance is warranted to make this proposal financially feasible. Erik Johnson explained that this project would use pay as we go TIF financing and that the developer would only get assistance as new taxes are generated over time up to a maximum of 15 years.

Williams stated that he liked the changes being proposed by using pay as we go assistance and limiting the term to 15 years, however, he would not support this proposal.

Zavoral moved to approve the tax increment financing district and developer's agreement with $1.4 in assistance up to a 15 year term and 6% interest on the TIF note. Walaker, Zavoral, Bittner, Sprague & Costin voted in favor, Williams voted no.

Central Garage Issues

Harold Pederson reported that he will be having excessive overtime in the Central Garage budget due to an employee who is out on a workers compensation claim. He wanted the Finance Committee to be aware of this issue.

He requested permission to complete a sole source procurement for an attachment that will function as a loader with blade combination, in lieu of purchasing a $225,000 motor grader. He stated that there is only one manufacturer of this type of set up and he wants to try this alternative set up. Zavoral moved to approve the sole source procurement, seconded by Bittner. All voted in favor.

He also requested permission to purchase an Elgin sweeper before the costs increase in 2007 by $16,000. He will be ordering the four wheel model that is more efficient and allows for easier transport. Costin moved to purchase this unit early, seconded by Williams. All voted in favor.

He reviewed the cost differences in purchasing replacement Cushman units vs. a Toyota Prius hybrid, or a Ford hybrid. Williams commented that there will be some increase in parking revenue and that the new hybrids get 60 mpg. No action taken on this issue.

Williams suggested that there may be some opportunity to create an energy development fund from the sale of methane in the Solid Waste landfill. Some discussion about how those funds might be used for other City energy investments or projects.

Lease of North Side Fire Station

Zavoral reported he received a call from the Food Pantry who is currently leasing the North Side Fire station for a new lease agreement. According to research, the last contract was renewed in 1987, with a month to month renewal automatically in place. They are currently paying $110 per month rental and it is currently being used for a food bank. Zavoral reported that some fences have been placed over the past few years and the encroachment onto the water tower site issue has been resolved as have their parking concerns. Zavoral suggested that the Committee endorse the idea of retaining ownership and updating the lease agreement with the Food Pantry. All agreed.

Special Assessment Bond Issue and Bond Refinancing

Costin forwarded the final Financial Advisor's report on proposed new money bond sale and the refunding of two previously issued debt issues. He said that one issue that was previously being considered for refinancing was dropped as it did not produce the targeted net present value savings.

Auto Liability Proposal from North Dakota Insurance Reserve Fund

Costin reviewed an analysis comparing a fully insured auto liability policy coverage vs. the existing self funded plan currently administered by the City over the past several years. He stated that based upon the past six year history, it appears that we could save money and avoid costly litigation fees by switching to a fully insured policy. The NDIRF also offers premium conferment (rebates) up to 40% of the premium paid after five years of membership. Williams moved to accept the NDIRF plan effective January 1, 2006, seconded by Walaker. All voted in favor.

Vehicles for Elected Officials

There was some discussion on providing elected officials vehicles. Zavoral reported that there currently is no policy in place and that the Finance Committee might consider how to establish policy regarding elected officials.

City of Fargo

Finance Committee Minutes

November 28, 2006

The regular monthly Finance Committee meeting was held on November 28, 2006 at 7:30 a.m. in the Mayor's Office

Members Present: Williams, Zavoral, Bittner, Sprague, Costin

Members Absent: Walaker

William moved to approve the minutes from the last meeting as amended for a date change. Seconded by Zavoral, all voted in favor.

Ron Gronneberg requested permission to proceed with Johnson Controls for the access security projects at the public safety building. He was having a difficult time getting pricing from Simplex. Bittner moved to proceed using Johnson Controls because efforts were made to obtain competitive pricing by IT. Zavoral seconded the motion and all voted in favor.

Costin forwarded a request by Cityscape Development for additional payments from the tax increment district for the Gander Mountain pipeline lowering project. Costin reported that significant delays in processing development agreements and providing cost documentation caused delay in payments and earlier this year he disallowed some of the costs as the delays in processing caused some of the additional costs to be incurred. Bittner reported that there is still an easement that needs to be legally removed in the land parcel in the tax increment district. Zavoral motioned, seconded by Williams to pay $12,350 of the $23,455 submitted and to pay one half of the interest claimed once the easement issue is cleared up. The interest allowed would be $5,553. All voted in favor.

Bittner presented a deferral agreement with Scott Dollinger and Laura Carlstrom for property on 1606 64th Ave. South. This agreement follows the standard large tract model that has been previously used in situations like this. These people originally declined the deferral offer but now are asking for it to be approved. Bittner moved to approve, seconded by Sprague. All voted in favor.

Zavoral discussed space needs and issues related to the fit up of the public safety building for pandemic flu grant employees from the Health Department and temporary fit up for the Library move. The space being considered by the Health Department needs HVAC equipment installed. The cost would be about $16 - $18k and they can pay for this out of their grants as lease expense. EAPC architects is looking at the design and needs for the fit up of the Library. The estimated costs are $100k to rehab the space and install the air handling equipment needed. He suggested that the Library pay for this cost initially and that it could be reconsidered after year end when the City knows how much year end surplus might be available. Williams suggested that this would be improvements to the building and that the Library should not have to pay for them because of the temporary nature of their needs. Williams inquired if there was any estimate of the year end surplus. Costin reported that it was too early to accurately measure this and that he was concerned about loss of FEMA funding for this years flood event for payroll costs and that the flood fund currently has a $690,000 deficit. He suggested that this might have to be incorporated into the year end surplus funding list. Committee consensus was to charge this to the General Fund.

Bittner reviewed plans for the flood control projects in the Ridgewood area and the South side flood area. He wanted to confirm use of special assessment financing for a portion of the project costs and reviewed the current assessment policy. Direct benefit for dike protection is assessed at 20 cents per sq. foot up to a maximum of $1,500 per parcel and a secondary benefit of 5 cents per sq. foot is assessed up to a maximum of $200. He said that he reviewed the sales tax bonding model provided by Costin and that assessments would allow for reimbursement of sales tax funding for future flood control projects as the assessments are levied. Projects would start in late 2007. He also discussed the need to get an agreement with the CORP before starting to assure that we get funding. Bittner moved, seconded by Zavoral to endorse the current special assessment policy for the Ridgewood and south side projects, utilizing sales taxes, assessments, and storm sewer utility resources to fund the local share. All voted in favor.

Costin presented a request by the City of Oxbow to include certain upstart costs into the SRF loan. This project is completed and there is room available in the loan authorization and certain costs they submitted are eligible as confirmed by the State Health Department. Costin moved, seconded by Bittner to include all eligible costs in the final loan funding. All voted in favor.

Zavoral briefed the Committee on his preliminary land purchase discussions with various parties. He wanted to know if the Committee would support land swapping and also reported that Kevin Christenson was interested in building a station and leasing it back to the City of Fargo. The Park District also has land available. Williams asked if the White Oaks group was being considered near 52nd Ave. Zavoral reported that the Fire Department preferred a location close

to 40th Ave and 45th Street to optimize emergency response times. He will continue discussion with interested parties and bring back a final proposal when ready.

Costin and Sprague discussed the status of the meter reading contract with SL Serco. The vendor has been experiencing difficulties partly due to their business model and staffing patterns with student part time help and also access to the meter shop. The City agrees that they are meeting the 95% read requirement, however, the remaining 5% continues to be problematic in getting reads. They outlined two options to help improve the reading issues. One would be to modify the SL Serco contract to allow them to hire some full time day staff, and give them more access to our facility and the other option would be to hire City staff in the meter department to pick up and help coordinate reading the remaining 5%. The Committee favored hiring a City employee to assist in the reading process. There was also discussion on alternative locations for the SL Serco employees to gain better access after hours.