City of Fargo

Finance Committee Minutes

1/17/2007

The monthly Finance Committee meeting was held on January 17, 2007 at 7:30 a.m. in the Mayor's Office.

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

Members Absent: None

Guests Present: Erik Johnson, Ace Brandt, Todd Berg, Peter Rudeen (phone)

The minutes from the last meeting were approved as presented. Zavoral reported that he has discussed land sales or exchanges with Kevin Christianson and they are willing to negotiate for a future fire station site.

A special assessment deferral on a water main project was discussed as requested by Lloyd Thompson. He was seeking a ten year deferral on undeveloped property. Some discussion that this area was platted, however, he dissolved several lots and attached them to a large undeveloped tract. More research is needed before a final decision is made. This was tabled until the next meeting.

Preliminary Year End General Fund Surplus

Costin reviewed the preliminary year end surplus numbers with the Committee. He explained the draft General Fund financial statement and noted that there are some very large variances in the revenue and expenditure numbers relating to the interoperable communications grant managed by the Police department. Negative variances of approximately $3.4 million will appear because the City is about half done with this large grant program. The reported surplus was $778,000. He recommended that a $500,000 transfer be made to the vehicle reserve fund, and $150,000 to the public safety building project for various supplemental projects and the remainder of the surplus be held to offset potential negative adjustments by FEMA on our spring flood payroll reimbursements. Zavoral moved, seconded by Williams that supplemental appropriations be approved as presented. All voted in favor.

Library Construction Status Report

Zavoral reviewed the current status of the Library building projects and a summary of funds spent and available for the libraries. Year end numbers show available funds of $8.4 million. The revised cost estimates from the architect are $11.2 million for the main library project, up from the initial $9.2 million estimates when starting. The furniture and fixtures budgets are not included in the numbers above, plus recent reports suggest that deep caissons are necessary because of poor soil conditions, and asbestos removal costs have risen. The cost estimates for these items are approximately $600k. He suggested that the Fargo Building Authority should convene after the bids are opened to decide on bridge financing that would allow short term borrowing to pledges and other costs increases. Williams stated that some pledges may be paid over time. He also reported that there will be additional funds available as energy projects are completed with some benefit accruing to the General fund to help pay for debt service costs. Mark Bittner said that he was not in favor of using additional General Fund resources on this project. Zavoral moved to approve bridge financing for the Library project after the bids are received in February. Walaker, Williams, Zavoral, Sprague, Costin voted in favor, Bittner opposed.

IRS Results Relating to Field Audit of Taxable Fringe Benefits

Costin reported that the IRS conducted a field audit in October checking on personal use of City vehicles and also uniform allowances paid to City employees. The IRS took the position that we were not including these types of reimbursement on employee W-2 as required, and that our policies were not adequate to address compliance with the regulations on these topics.

Walaker explained about the procedure used in the Street Department and that it was more efficient to require an employee to take a City vehicle home to respond in emergency situations, than to have them go to the Central Garage and switch vehicles. Bittner stated he feels that the employees should not have to pay taxes on this because the City, as employer, directed them to take the vehicles home. Costin stated that the City needs to draft formal City-wide policy in compliance with the IRS regulations for this issue to go away.

Walaker suggested that this issue be referred to Dana Sue Busch and Erik Johnson for drafting. Williams requested that City officials be included in the final policy as well.

Walaker moved to not assess employees for the 2004 and 2005 audit periods expenses paid by the City for additional employee share of taxes on these transactions. Bittner seconded, and all voted in favor.

Urban Plains Subdivision Special Assessment Deferrals

Bittner reviewed the Urban Plains Subdivision assessment deferral agreements with the Committee. Ace Brandt requested the City provide the same terms for property in the western half of this subdivision, using the same terms as on the eastern phase of the projects. Essentially, this would give longer term deferrals than what the City was suggesting. The desired to maintain ten year deferrals as well as interest free deferrals on local (non arterial) projects and also requested deferrals on every phase of the project as they move forward with future development. The City's position on this request was that once the eastern phase is completed they have the ability to plan out the additional development, so a three year deferral might be excessive.

More discussion on why interest is being capitalized in the short term deferral agreements and the overall balance of risk in this subdivision.

Bittner felt that the City's current proposal offers a good balance of risk between the City and the developer and that not offering future deferrals is in the best interest of the City.

Zavoral moved, seconded by Bittner, to leave the east side agreements as is with ten year deferrals on the arterial street assessments and three year deferrals with interest accruing on the local improvements. The west side would have the same arterial deferrals, but no short term deferrals. All voted in favor.

Legislative Data Provided by Finance Department

Costin distributed various tables, charts, and graphs that could be used for legislative issue in the future. No discussion.

City of Fargo

Finance Committee Meeting

March 9, 2007

The regular meeting of the Finance Committee was held on March, 9, 2007, at 8:00 a.m. in the Mayor's Office.

Members Attending: Walaker, Williams, Zavoral, Costin,

Members Absent: Sprague, Bittner

Guests Present: Terry Ludlum, Solid Waste

The minutes from the last meeting were approved as presented.

Arts Feasibility Study

The Committee reviewed and discussed a request from Commissioner Coates for funding for an arts feasibility study. The scope of the project was estimated at $60 - $70k, with $30k proposed from the City of Fargo. The City of Moorhead and other agencies have committed funding already and an application for funding has been submitted to the FM Area Foundation for $10k. There was some discussion on the status of the 2006 flood reimbursement from FEMA and the possibility of having to fund more of this cost locally. Zavoral moved, seconded by Williams to approve funding not to exceed $30,000.

Solid Waste Budget Amendments

Terri Ludlum presented a request to restore budgets for two capital accounts that were missed during the 2007 budget development and to carryover capital funds appropriated in 2006 into 2007 for the baling building. He reported that the new baling operation has begun and is currently operating at a capacity of somewhat less than expected. Williams moved, seconded by Costin to approve the budget amendments. All voted in favor.

Landfill Gas Compressor Station Upgrade Sole Source Procurement Request

Ludlum presented a request to seek a sole source procurement request for the expansion of the landfill methane gas system. Costin suggested that this be approved as long as there are no IRS compliance issues related to the Clean Renewable Energy Bonds (CREB) that would prohibit a sole source procurement. Zavoral moved to approve this request, seconded by Williams. All voted in favor.

Police Special Duty Overtime Rate Adjustment

Keith Ternes proposed that overtime rates for special event police work be increased to more closely align with the actual costs being incurred. He reported that during 2006 the Police Department provided 1,255 hours of special duty coverage for special events. The rates proposed were to increase a patrol officer to $40/ hour and the Sergeants to $45/ hour each with a three hour minimum bill. Williams moved, seconded by Zavoral to approve the overtime rate increase proposal as presented. All voted in favor.

Special Assessment Deferral Agreements on Urban Plains Development

The final special assessment deferral agreements with Urban Plains were reviewed with the Committee. The agreements cover the east portion and the west portion of this development. The east part of has been platted and is being developed. The agreements for this section call for a three year deferral with interest accruing on the deferred balance for non arterial projects, and a ten year deferral with interest accruing on the arterial assessments. Williams inquired if there were any interest free deferrals included in the agreements. Zavoral reported that all deferrals had interest accruing. Zavoral moved, seconded by Costin to approve the agreements as presented. All voted in favor.

Debt Management Policy Development

Costin requested approval for utilizing Springsted, Inc. for the development of a debt management policy. Standard & Poor's rating bond rating agency as initiated a review process for management practices as part of their bond rating process. A lack of a formally approved debt management policy was noted in their last credit report and he recommended to the Committee that Springsted assist in the process of drafting a formal policy that can be adopted by the Commission. Williams noted that he would like to see special assessment debt be

handled differently. Williams moved, seconded by Zavoral to approve this project. All voted in favor.

FEMA Flood Financial Status Report for 2006 Spring Flood Event

Mark Bittner prepared a written report as a follow up to last months meeting regarding the status of flood reimbursements for the spring 2006 flood event. He stated that FEMA was taking a closer look at the overtime reimbursements. The total costs incurred for the event were $ 845,000. Assuming a normal payment is finally made, the estimated local share is $ 127,000. If payroll costs are deemed ineligible for FEMA reimbursement, then the local share would rise to approximately $ 335,000. No formal action taken on this issue.

Annual Report of City Credit Card Utilization

Costin presented an annual report on the City's credit card program and informed the Committee that the Finance Office is working with departments to increase their usage of credit card utilization and a more efficient means of procuring goods and services. This program was started in 1999 and currently there are 254 P cards active. The volume of card purchases in 2006 was $ 1,400,421, a 14.5% increase over 2005. There were 9,276 transaction processed in 2006 with an average transaction size of 151. He said that the City will look into raising volumes high enough to waive the current $1 per transaction processing fee.

Special Assessment Deferral Request

The Committee reviewed a request as a follow up to last months meeting an assessment deferral request for a property which had been platted, and then the developer essentially "unplatted" part of the development into a larger parcel. This type of deferral request has not been granted in the past. The amount assessed against the parcels seeking deferral was approximately $41,000. Williams moved, seconded by Zavoral to deny the assessment deferral request.

Library Construction Fund Update

Zavoral updated the Committee on the status of the Library construction project. He said that the last time the City Commission was briefed on this projects that the budget was $9.6 million

and the building committee desired to have $1.3 million deducted out for furniture, fixtures and equipment. There was further discussion on funding issues for this project. Williams suggested that investing in energy saving features will pay off in the long run, and that some of the energy projects currently underway might be a source of funds to pay for potential bridge financing in the future. No action taken on this item.

The meeting was adjourned.

City of Fargo

Finance Committee Meeting Minutes

April 3, 2007

The regular meeting of the Finance Committee was held at 8:00 a.m. on April 3, 2007 in the Mayor's Office.

Members Present:	Walaker, Williams, Zavoral, Bittner, Sprague, Costin
Guests Present:	Erik Johnson, James Gilmour, Roger Gilbertson, Jeremy Carlson, Mark Thelen, Jeff Volk

The minutes from the last meeting were approved as amended to state that assessment deferrals on the Urban Plains plat were interest free for the arterial roads. Internal projects (non arterials) will accrue interest. Moved by Williams, seconded by Zavoral, all voted in favor.

12th Avenue North Tax Increment Project Review

The Committee reviewed the financial analysis as completed by Springsted, Inc on the 12th Ave tax increment project adjacent to the NDSU campus. A total of $ 820,000 of TIF assistance was requested. Mark Thelen presented concerns on behalf of the developer. The Springsted analysis concluded that this project would not make economic sense with or without TIF assistance. The expressed concern about the high amount of land assistance write down requested, the cost of demolition used in their assumptions, and the extraordinary amount of repair and maintenance costs during the life of the project. Zavoral clarified the City's position on land write down which should not exceed the FMV of the property by more than 50%. The developer stated that they do have an alternative plan for a four-plex for this site, however, the current proposal is a small design than one considered about a year ago. They desire to proceed with this plan as quickly as possible as NDSU has concerns about construction interruption during the school year. Zavoral suggested that the developer provide all data needed by Springsted and that staff meet with the developer to re-evaluate the proposed amount of TIF assistance requested by the developer. This proposal could be resubmitted.

Long Term Finance Quotes for Transit Maintenance Facility

Costin presented financing quotes received from three local banks for the permanent financing of the local share of the transit maintenance facility in the amount of $1.4 million. Wells Fargo Public Finance was the low bidder at 4.68%. Quotes were also submitted by US Bank and Bank of the West. The debt has been structured with a prepayment option after twenty four months and is being amortized over a fifteen year time period. The prepayment option was included in the event that the City wanted to pay this obligation off early. There is no prepayment penalty. It will be issued through the Building Authority. There was more discussion on the need to remodel and fit up the area vacated by the Transit Division. This space is planned to be used by the Police and Fire (Public Safety) functions and would allow consolidation of the Fire mechanics into one common area with other maintenance staff. Zavoral reported the architect's budget for Phase I and Phase II was $450,000. Committee favored including this amount into the long term financing to allow conversion of this space in 2007. Williams moved, seconded by Bittner, to approve Wells Fargo Public Finance as the underwriter of this issue, and to increase the borrowed amount for the suggested remodeling. All voted in favor.

Bonding Recommendation for Tax Increment Project 2006-01

Costin reviewed a bond financing proposal received from Wells Fargo Public Finance for the Bristol on Broadway project which has now been completed. Their quoted rate was 6.47%, which is within the estimated interest rate range predicted when this project was completed. It has been structured as a taxable transaction because of the developer letter of credit in place to guarantee the debt payments. Zavoral moved, seconded Sprague to approve this proposal. Walaker, Zavoral, Bittner, Sprague and Costin voted in favor, Williams against. Motion carried.

Draft Tax Increment Financing Policy

This item was deferred to the next meeting in the interest of time.

Memorandum of Understanding with Cass Rural Water Users

Zavoral handed out a memorandum of understanding with Cass Rural Water Users that documents the relationship for the proposed sale of wastewater to the ethanol plant in Casselton. No action taken as this was in informational item.

South Side Flood Control Status Report

Bittner presented a detailed review of several south side flood control plans. All plans have a base levy estimated cost of $40 million. The most expensive option was the Wild Rice Diversion estimated at $130 million with a 14cfs capacity.

He reviewed the current special assessment policy for flood control which is .20 cents per sq/ft with a cap of $1,500 as a direct benefit, and 5 cents per sq/ft with a cap of $200 for an indirect benefit. About 65% of the benefiting area is currently outside of City limits. Options for this area would be to carry the cost until they are annexed, platted and developed and that independent Cities would have to create their own special assessment districts.

Jeff Volk presented an overview of the methodology that SE Cass Water Resource District used in paying for the West Fargo Diversion Project. The developed project boundaries, estimated assessments, and granted voting power based upon assessments and provided ballots and letter of explanation to the property owners. If at least ½ vote yes, then they moved forward with the project. He said that a vote is now required because of a State law change. The methodology included allocation of a base cost, plus an area and value factor. The redistributed the benefits annually to pick up newly developed property, which has the effect of lowering the assessment for other in the assessment area over time. He handed out a chart which showed the impact of the redistribution process over time. They also charged a maintenance levy for ongoing care of the diversion channel.

Bittner stated he thought that the perpetual deferral until annexation was more equitable in that everyone would pay the same rate, however, the City would have to fund major amounts of deferred assessments.

He stated that a final decision by the Public Works Evaluation Review Committee of the preferred options would be ranked and that it was important to start working with the preferred option. The two most likely options were budgeted at $44 million, and $54 million.

Zavoral moved, seconded by Williams to use SE Cass for assisting in the special assessment process because of the large area outside of the City of Fargo. All voted in favor.

City of Fargo

Finance Committee Minutes

May 1, 2007

The regular monthly Finance Committee was held on May 1, 2007 at 10:00 a.m. in the Mayor's Office.

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

Guests Present: Dana Sue Busch, Roger Gilbertson, Mark Thelen, Jeremy Carlson

The minutes from the April 3rd meeting were approved as presented.

Great Northern Tax Increment District History and Tax Exemption Recommendation

Zavoral and Costin reviewed the history of the Great Northern tax increment financing district. Erik Johnson reviewed the title on the property. The development agreement was held by the original developers, Biller and Harwood, and was not transferred to Magic City Financial Group when the property was sold. We do not have the right of recovery from Magic City. Two options were presented on how to handle the existing tax increment deficit. One option would be to provide a 100% RZ tax exemption and collect the TIF revenues after the five year exemption runs out, and the other model would be a 50% tax exemption. Costin provided amortization schedules on both options. Williams was concerned about the public image of granting a full exemption and thought the 50% model would be most appropriate. Zavoral moved to offer a 100% RZ tax exemption. Walaker, Zavoral, Bittner, Sprague & Costin voted yes, Williams voted no.

Ethanol Plant Memorandum of Understanding for Water Delivery

Zavoral reviewed the latest draft of the memorandum of understanding for the Tharaldson ethanol plant. Cass Rural Water Users District will finance most of the infrastructure costs. The City will retain a six million dollar membrane filter plant without having to pay for it. The ethanol group will be charged for wastewater delivered and for the return flows associate with their project. CRWUD will pay for the delivery infrastructure from City of Fargo city limits Bittner inquired about what responsibility the City has regarding constant delivery and

guaranteed up time for water delivery. Costin suggested that the insurance and indemnity language should be expanded to follow normal City contract language. This was an informational item only. No action taken.

Consider Long Term Disability Insurance RFP

Dana Sue Busch presented a proposal to initiate an RFP process for long term disability insurance. She has been working with the Stanton Group who has surveyed employer participation in LTD plans. They are becoming increasingly more popular. She reviewed the anticipated plan design and the cost estimates. The costs will be considerably less if the City Pension system is merged with NDPERS. Bittner asked about continuation of coverage and how long the policy would pay benefits. Discussion followed on how this benefit would be funded. Costin moved, seconded by Bittner to proceed with an RFP for long term disability insurance coverage.

Debt Management Policy

Costin reviewed a draft copy of a debt management policy as received from Springsted, Inc. This policy is being considered because of recent comments by our bond rating firm citing lack of formal debt management policies. The policy covers various facets of the debt management process. The committee was in favor of customizing this policy to Fargo and NDCC. Bittner moved, seconded by Williams to have this customized by Springsted and adopt a final policy.

12th Avenue North Tax Increment Proposal

The Committee reviewed the second due diligence report received from Springsted, Inc. on the anticipated financial returns for this project with and without TIF assistance. The revised report shows that the developer's pro forma financial projections produce a 13.6% return without any TIF assistance and a 20.9% return with TIF assistance. The Springsted report gave examples of certain assumptions that they felt were not accurate. They cited higher than normal rental rates, lack of any vacancy rate. Roger Gilbertson discussed their business assumptions. Costin reported that the returns on the Roer's TIF project recently approved were 10.5% with TIF assistance and 5.8% without. Williams suggested that we should be thinking about the advantages of not providing TIF assistance as it relates to the effect on other taxing entities. The Committee was not in favor of recommending the assistance requested based upon the higher than normal financial results. Bittner recommended resubmission of data to Springsted for further analysis, incorporating changes resulting from the Springsted review report, seconded by Zavoral. All voted in favor.

Flood Status Report

Bittner presented summary data on the status of the flood control project. He said that Southeast Cass is willing to work on the financing of this project, but a more formal request may be necessary. More discussion on the theory behind how the City approached special assessments and how this is different that how Southeast Cass levies and they reassesses specials annually as development occurs. Bittner will forward the flood status report to the City Commission.

Environmentally Friendly Purchasing Policy

Williams presented a proposed policy on environmentally friendly purchases. The concept behind this policy was to have City Departments become more aware of this during normal City purchases. Committee felt that more education might be needed for Departmental awareness. Concern was expressed about the strict tracking system required as contained in section 3.0 of the draft policy. Zavoral suggested that consideration should be given to establishing a City wide goal and that major purchases would be more efficient to manage than small purchases. Costin offered to draft amended language for tracking methodology. This concept will be forwarded to the Cabinet for further discussion before adopting the proposed policy.

CREB Underwriter and Financial Advisory Services

Bruce Grubb forwarded a request to complete a sole source procurement with George K. Baum & Company for financial advisory service on clean renewal energy bond issues. References have been verified with Springsted and they have a strong reputation in the industry. Williams moved, seconded by Zavoral to proceed with a sole source procurement for this service.

City of Fargo

Finance Committee Minutes

May 7, 2007

A special meeting of the Finance Committee was held on Monday, May 7, 2007 at 10:00 a.m. in the Mayor's Office.

The purpose of the meeting was to develop a recommendation to the City Commission regarding the proposed 12th Avenue tax increment development request for assistance.

All members attended the meeting. No guests were present.

The Committee reviewed the May 3rd due diligence report from Springsted, Inc. The project produces a 14.58% return with TIF and $600k of assistance, and 2.42% without. At a $500k level of TIF assistance the return with TIF is 14.11% and without 2.42%. Normal industry standard returns are from 10% - 15% according to Springsted.

Zavoral reviewed the history of what cost elements are generally funded with the TIF assistance. He said that typically these have been site specific type costs such as demolition, site preparation, and related infrastructure improvements. Architectural fees are eligible under the NDCC, however, we have not typically funded them. He also reviewed for the Committee the mechanics of the land write down calculations and how the City derives its land write down assistance policy.

Walaker felt as though a 10 – 12% overall rate of return was reasonable. He also stated that it was important to the City that the 12th Avenue N corridor will be rebuilt and that this project fits into the overall plan going forward.

Williams suggested that he thinks the City process for review of tax increment districts is getting better, however, he did does not support TIF's.

Walaker thought it would be important going forward with the passage of a tax increment assistance policy that cost elements be well defined.

Costin wondered why we included an allowance for architectural fees when our practice in the past has been to not include them in the overall TIF budget.

Sprague thought that this project should be done.

Zavoral moved, seconded by Bittner to approve a $500,000 TIF assistance budget for this project. Walaker, Zavoral, Bittner, Sprague & Costin voted yes, Williams voted no. Motion carried.

Bittner reviewed the 52nd Avenue South overpass and street realignment project. He said he is looking for some guidance from the Committee on funding issues. The State is running short on Federal Urban Road Program funds and going forward it may be more difficult to get these funds allocated to Fargo projects. The issue is that excess lane capacity will cost additional dollars if we move forward on the expanded lane capacity now or later. He also discussed the frontage road west of Frontier, as some of the project costs are covered by the interchange funding package, while the south end is not.

He highlighted two locally funded options including using Fargo's Urban Roads federal funds, or to pay using sales taxes or special assessment of the additional costs to the commercial development along the proposed 52nd Ave corridor. Bittner has offered up to 50% local assistance so that these projects can move forward on a timely basis.

Committee suggested using special assessments on the overpass as the local share funding mechanism, and urban roads funds for expansion of lane capacity if necessary.

Williams asked about other projects in the area such as 45th build out of 52nd from 25th street to where the overpass ends. Bittner said that the City can generally assess a three lane equivalent, with an expanded capacity to six lanes over time. Williams expressed concern about how some other nearby projects could be completed.

City of Fargo

Finance Committee Meeting Minutes

May 31, 2007

The regular monthly meeting of the Finance Committee was held at 8:30 a.m. in the Valley Room on May 31, 2007.

All members were in attendance. Guests included James Gilmour, Erik Johnson, Jerome Feder, and David Noah.

The minutes from the last meeting were approved as presented.

Costin reported that he visited with Judy Green of the YWCA about their special assessments deferral request. Since the City does not have the legal authority to grant special privileges to not for profit organizations he told them that it was very unlikely that their request would be approved. Committee voted to deny this request.

Bittner reviewed special assessment deferral agreements with Fred Hector on property adjacent to 52nd Ave. He said that the Hectors were requesting that the City purchase 25' of property over and above the 75' normally acquired. Bittner reviewed the assessment triggering events and how the deferral processing would be handled. Costin noted that the language in the memorandum of understanding is inconsistent with the actual deferral agreement. Bittner will check with Erik Johnson on this issue. The memorandum says the City "may" charge interest on the deferred assessments, while the agreement says the City is granting interest free deferrals in the agreement. Committee approved the deferral agreements.

David Noah requested an assessment deferral on six additional lots relating to the Silver Leaf Addition. These lots had not been previously a part of an existing three year deferral for that development plat and he was requesting that they be included to run the same term as the original agreement. Sprague reported that these lots were billed in last year's certification and that the City would not refund what had already been paid. Zavoral moved, seconded by Bittner to approve adding these lots into the agreement. All voted in favor.

Jerome Feder reviewed his development project request for assistance and the Committee also reviewed the Springsted report of due diligence related to this request. The project needs TIF assistance to be financially feasible with an 8.18% return with TIF assistance. Committee approved the TIF request as justified by the City consultants due diligence report. Gilmour provided a budget breakout of where the assistance was being granted. Feder reported that this was his first TIF assisted project. He stated that he needed some assistance in completing the City TIF assistance application, but most of the information requested was straightforward. All except for Williams voted in favor of the TIF assistance at a $400,000 funding level, which was adjusted up by $25,000 to cover City administrative fees. Williams voted no.

Zavoral reviewed the draft of the tax increment policy as drafted by Erik Johnson and Springsted. Extensive discussion on the objectives of the policy and the fee structure associated with TIF. Williams questioned the logic of public assistance citing studies where it could not be proved if the assistance was successful. Zavoral and Gilmour suggested that it would be very helpful to staff to have a City policy on TIF's to help everyone understand how they will be used and what parameters the City will follow.

Committee approved the policy as revised. All voted in favor.

City of Fargo

Finance Committee Meeting

August 21, 2007

The Finance Committee met on August 21, 2007 for a special meeting.

Members Attending: Walaker, Williams, Zavoral, Costin

Members Absent: Bittner, Sprague

Guests Present: Gilmour, Mike Vipond (Developer)

The purpose of the meeting was to review and vote on a tax increment financing proposal for the redevelopment of property on 12th Ave. North on the former University Motors site.

Gilmour reviewed the specifics of the site plan and the draft tax increment plan with the Committee. Costin reviewed the Springsted due diligence report which highlighted three levels of tax increment financing assistance and related rates of return. He pointed out that Springsted assumed a 6.99% interest assumption on the TIF note and that was higher than what is included in the draft TIF policy.

Zavoral suggested that the internal rate of return on the $450k level of TIF assistance was on the high end and he questioned the need to include such a high budget level for site and soil clearance because of the fact that the owner has caused the soil condition problems by the business that was on that site. He suggested that the City negotiate a number between $350k - $400k to lower the developer rate of return.

Mike Vipond joined the Committee and reviewed the specifics of his project. He reviewed the rent structure and rent study of area developments, and explained what amenities the new housing development would have.

The Committee suggested that they would support a $350k level of TIF assistance, using a 6% interest rate on the TIF note. The developer was receptive to this level of support, however, he needed to confirm with the majority owner.

Costin asked Mr. Vipond if the application process and data requested for the financial review was overly burdensome. He said that he did it himself and that it was not a complicated or burdensome process. He did not need to provide additional data to Springsted during the review.

Zavoral moved to provide a $350k TIF note offer at 6%, seconded by Walaker. Walaker, Zavoral & Costin voted yes. Williams voted no. Motion carried.

Costin reported that vendor pricing on sewer repair projects seemed to be getting out of line and that residents may be at the mercy contractors. Committee suggested that property owners who are seeking special assessment financial assistance be required to provide three bids as evidence of market competition.

City of Fargo

Finance Committee Meeting Minutes

September 19, 2007

A special meeting of the Finance Committee was held on September 19, 2007 in the Mayor's Office at 7:30 a.m.

Members Present: Williams, Bittner, Sprague, Costin

Members Absent: Walaker, Zavoral

Guests Present: James Gilmour, Michael Domitrovitch, Jim Brekke, Laurie Brekke

The purpose of the meeting was to review the financial due diligence report as prepared by Springsted, Inc. Their conclusion was that this project was not financially feasible.

Laurie & Jim Brekke stated that they were surprised by the results of the study and realized that the existing plan has too much common and non-income producing space. They also stated they felt that the Springsted report contains some deficiencies that should be addressed and that some data was missing from the report. They felt this was a good project as the North side of Fargo needs improvement.

Mike Williams and Jim Gilmour explained what the City's view of public assistance was and how this might be applied to this project.

Bittner stated that he agrees that the North side has been struggling for a long time and he agrees with the Planning Commission.

Costin stated that not all of the information requested by the developer was provided to Springsted for review and testing, especially the market needs assessment. He inquired if the developer has a need to move this along to the Commission. The developer stated they wanted

more time to review the report and would respond directly back to Springsted with whatever issues they have about the report.

This issue will be brought back to the Finance Committee as soon as Springsted has a chance to review whatever information is provided by the developer.

No further action taken.

City of Fargo

Finance Committee Meeting Minutes

October 30, 2007

A special meeting of the Finance Committee was held on October 30, 2007 in the Mayor's Office.

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

Members Absent: None

Guests Present: Jim Gilmour

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

Meridian On Broadway Second Financial Review

The Committee discussed the second financial feasibility report on the Meridian on Broadway project from Springsted, Inc. The developer requested that this not be an agenda item, however, the Committee did review the Springsted report as presented. Jim Gilmour stated that a marketing assessment is needed. Mayor Walaker said he met with the development group and told them they should start over. A motion was made by Mike Williams to deny the tax increment assistance request based upon the current plan not being financially feasible based upon the due diligence review by Springsted. Costin seconded the motion and all voted in favor.

FargoDome Capital Escrow Fund Asset Allocation

Costin reported that the FargoDome Finance committee seemed interested in learning more about how the long term capital escrow fund is being managed and how the asset allocation decisions are made. He reported at their last committee meeting that they could be a part of that process if they desired to become involved asset allocation decisions. The Committee felt that this was acceptable to include the FargoDome Finance Committee in this discussion and recommendation process; however, the City Commission has the final say in this matter and would need to approve any changes in how the monies are being managed. Zavoral moved, seconded by Walaker to include the FargoDome Finance Committee in this decision process going forward.

West Fargo Transit Services Contract Rates for 2008

Gilmour presented the terms for billing of the West Fargo transit services contract. He proposed that they will be billed $ 6,870 per month, and $12.60 for each paratransit ride. Zavoral moved to approve the rates, seconded by Williams. All voted in favor.

52nd Ave South Corridor Update

Bittner presented an update on the 52nd Avenue Corridor. He said the State DOT will be meeting next week for an offer on the right of way to be purchased from the Hectors. The Hector's will also be donating some of the right of way. The current price asked by the Hector's is twice the normal rate the DOT is currently paying. He also reviewed the details of the deferral agreements proposed for the NW and NE quadrants of this area.

Frontier City Council has given approval to sign agreements presented. They will accept maintenance of the North and West sections.

Health Care Status for Municipal Judge Davies

Zavoral reported that HR wanted to know how to handle the current health premiums for Judge Davies. The issue was whether he as considered part time or full time status. He has been treated like a full time staff for years. Zavoral moved that the City continue to treat him as a full time staff for purposes of the health plan participation. Bittner seconded the motion and all voted in favor.

NDSU Transit Coach Purchase Proposal

Gilmour reported on the NDSU Downtown bus routes. He said that two additional coaches will be needed and NDSU will be paying for the operational costs and the local match on these purchases. 35' coaches are being proposed. Costin asked about whether there was enough federal money in place to cover these purchases and whether this decision would jeopardize the ability of the City to continue a normal bus replacement plan in the next two to three years. Gilmour will look into this and verify the adequacy of the federal transit funds.

Fargo Board of Education Parking Ticket Revenue Sharing for Campus II

Costin reviewed a letter from the Fargo South campus II for revenue sharing of parking tickets issued on school property. He recommended that this be approved based upon the existing practice and contracts in place for school tickets and that this continue until future contracts are revised. All voted in favor.

Infrastructure Status Report

Bittner expressed some concern about the timing of infrastructure projects, especially those in the Downtown area that may need more feedback like the one way pair issue. Williams reported he had discussed this with the public safety staff and leaders and he would like to take this issue to the Planning Commission. He also inquired about bonding vs. paying SE Cass special assessments, flood control projects. The 9th street project to 32nd Ave and from 40TH street to 52nd Ave are scheduled for 2008. The 45th street project will be pushed back from 2009 to 2010 due to slumping and settlement issues on an area overpass.

City of Fargo

Finance Committee Meeting Minutes

December 12, 2007

The Finance Committee met on December 12, 2007 at 8:00 a.m. in the Mayor's Office.

The minutes from the last meeting were approved as presented.

Help Desk Software Procurement

Ron Gronneberg presented a proposal to purchase specialized help desk software based upon a detailed review of several vendors. This system will assist in managing the IT functions. Committee approved proposal presented including sole source procurement with Progressive ST in the amount of $ 30,800 based upon the needs expressed by the IT Department.

Urban Plains Special Assessment Processing

Zavoral reviewed a request from the Urban Plains development group (Ace Brandt) to process special assessments in a manner that moves the special assessment that would normally be assessed to the parcel upon which the area is located to adjacent property currently owned by Ace Brandt. The Committee approved this methodology subject to review by the City Attorney.

Meridian On Broadway Financial Advisory Billing

Costin reported that the final billing for the proposed Meridian on Broadway project exceeded the $5,000 deposit fee received for the tax increment review by $3,100. The committee recommended that he write a letter to the developer letting them know what they would be responsible for the additional fees in the event that another project is being resubmitted.