City of Fargo

Finance Committee Minutes

February 14, 2008

A regular meeting of the Finance Committee was held at 10:00 a.m. in the Mayor's Office.

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

Members Absent: Sprague

Guests Present: Jim Gilmour

The minutes from the last meeting were approved as presented.

Zavoral reported that he is working with Erik on the Urban Plains agreement regarding special assessments. Bittner reported that there has been about $10 million invested in this area for projects funded by special assessments and road improvements.

Transit Coach and Van Purchases

Jim Gilmour presented a funding proposal for future bus and van acquisitions. Provisions require NDSU to pay the local share of the capital acquisition for NDSU routes, and Handi Wheels will pay the local share of a van designed to reduce ridership on the paratransit system. Gilmour also provided a long term overview of federal funds availability and the timing of bus purchases. The coaches will be ordered within the next 60 days and will be delivered in 2009. Williams moved, seconded by Costin to approve the funding proposal as presented.

Preliminary Year End General Fund Results

Costin reviewed the year end preliminary general fund operating performance showing net surplus of approximately $800k. Further discussion on the fact that building permit revenues and other economically sensitive revenues held up well during this past year. Zavoral reported that there are several capital projects funded by the General fund in the works including the relocation of the emergency operations center to the public safety building, remodeling to

accommodate the move of the City prosecutors offices, central garage remodeling and future project to include a south side fire station in 2009. A priority funding list will be presented at the next Finance Committee meeting.

Lease Financing for Regional Training Center Shooting Range

The Committee reviewed a request by the Police Department to consider advanced funding for replacement of the shooting range. Recently, the cost of this system has been increasing rapidly and the strategy of saving up enough money over the next three years does not seem feasible. Williams moved, seconded by Bittner to use lease financing for this project to curb the effect of inflation.

Island Park Financial Summary

Costin presented a financial summary of the Island Park ramp. The revenue guarantee related to the tax increment district increased significantly this year ($90k) due to the fact that Eide Bailly moved to the West Acres area, creating a significant decline in daily parkers.

Special Assessment Letter of Credit Policy Amendment

Steve Sprague submitted a review of regional policy regarding letter of credit coverage. This committee felt that the existing sliding scale with a lower level of coverage was not in line with other communities which range at dollar for dollar coverage of up to 50%. Mark Bittner moved, seconded by Pat Zavoral to recommend that our existing policy be modified to provide a 30% coverage factor on a dollar for dollar coverage basis, regardless of project size. All voted in favor.

Special Assessment Deferral Requests

Committee received and discussed two special assessment deferral requests. The first was from Dave Noah relating to the Silverleaf addition. His request was to extend an existing deferral agreement one more year due to slowing sales. Committee recommended denial as this area has already been platted. The second request was to modify and existing agreement with Mike Kjera to add future projects to the agreement. Committee approved this request.

City of Fargo

Finance Committee Meeting Minutes

February 26, 2008

The regular monthly Finance Committee meeting was held at 10:00 a.m. in the Mayor's Office.

Members Present:	Walaker, Williams, Zavoral, Bittner, Sprague, Costin
Guests Present:	Erik Johnson, Jim Gilmour, Paul Noah, Cole Carley, Conrad Olson, Jim Roers, Larry Nygaard.

The minutes from the last meeting were approved as presented.

Convention Bureau Surplus Accounting Change

Cole Carley and Conrad Olson presented a request to release the existing surplus in the CVB debt service fund. Lodging taxes have accrued this surplus since the inception of the tax started in 1992 for the construction of the visitor's center. The request was centered on the concept of holding back debt payments at the City as required and releasing the capital surplus to the CVB to be the custodian. This would eliminate the need for the City to account for the surplus and make grant payment and expenditures for the CVB.

Zavoral ask about the continuance of the 1% tax after the bonds were paid off. Williams asked about the where their existing funds come from and who collects the tax for them now. Olson stated that the CVB Board has stricken the language that allows them to spend the surplus funds on operating costs. They will only spend the funds on capital items related to tourism promotion. Carley stated that when the 1% tax was added in 1992 there was no sunset provision in place and he anticipated it would simply continue.

Carley also stated that the existing City ordinance was modeled after a 1992 state law that restricted the 1% tax to capital and since that time the NDCC has been modified allowing it to be spent on marketing and promotional costs. He stated that they are not asking for a modification of the existing ordinance to make is similar to the current state law.

Williams moved to approve the proposal to release the surplus after legal review of the bond transcripts, requiring the CVB to maintain a separate fund for the 1% capital fund, and include

this fund in their annual budget proposal to the City. Costin seconded the motion and all voted in favor.

Silverleaf Addition Special Assessment Deferral Amendment

Paul Noah presented a request to extend an existing deferral agreement for one more year for parcels in the Silverleaf addition. They entered into an agreement in 2005 with a two year deferral provision; however, he contended that much of the infrastructure in the southern end of plat as put in at the request of the City. Bittner confirmed that the City has in fact requested that the southern portion of the plat infrastructure be installed at the same time as the northern portion.

Zavoral moved, seconded by Sprague to extent their existing agreement by one more year. All voted in favor.

JPR Development Amendment of TIF Agreement Request

Jim Roer's introduced a request to modify the existing TIF agreement to allow for special assessment of the sanitary sewer lift station included in the project. He cited cost overruns for soil conditions, design modifications and asbestos in two buildings.

Erik Johnson reviewed the existing agreement with the Committee and highlighted the current eligible costs components and the amount of TIF assistance currently granted.

Zavoral explained the public hearing process in the event the agreement was modified. He also suggested that the existing TIF revenue note would have to be reduced by a commensurate amount, as the special assessment process would shift some costs to other property owners.

Williams stated that cost overruns should be allocated out of the developer's capital since the TIF assistance grant by the City was only about 14% of the total project costs.

Bittner expressed concern about "after the fact" assessments.

Zavoral suggested that asbestos costs would be an eligible activity. The development group will evaluate these issues more closely to see what makes sense to them. No action taken.

City of Fargo Revenue Accounting Policy

Costin discussed a desire to have a written revenue accounting policy that requires use of a central billing system for billed revenue, and that all cash receipts should be directed to a revenue account in lieu of crediting to Departmental budget.

Committee approved the policy and suggested this be presented to the Cabinet before final approval by the City Commission.

General Fund Surplus Projection for 2007

Costin reported that the surplus projection reported at the last meeting has now been lowered by $300k due to final year end audit adjustments.

Quiet Zone Assessment District Finalization

Bittner reported on the status of the current assessment district for the Quiet Zone project.

Last year the assessment was not approved by the City Commission who referred this project back to the Finance Committee due to differences in opinion over how much of this project should be assessed.

Public input was received relative to the size of the district and the overall amount of assessments.

Bittner stated that the district has already been created and it cannot be expanded.

Williams moved that the $500k in assessments be funded by sales taxes as the public has voted on sales tax for infrastructure and this would be a good use. The motion died for a lack of a second.

Walaker stated he was not in favor of fully funding the assessment with sales tax. Costin reported that the City share of special assessments fund would be able to assist because of a favorable 2007 performance.

Walaker suggested that the assessments be lowered by 50% ($250,000) using the City share of special assessments fund as the local funding source. Williams moved, seconded by Walaker to increase City funding of the quiet zone project by $250,000. All voted in favor.

I94 Frontage Road Issues with the Zoo

Bittner reviewed the current plans to widen I94 near the Zoo. Their plan would remove the existing access road to the Zoo. The Zoo has met and presented a plan for alternative access points.

Walaker suggested that the Committee support the Zoo proposal and that negotiations continue with the State DOT.

City of Fargo

Finance Committee Meeting

March 17, 2008

A special Finance Committee meeting was held on March 17, 2008 for the sole purpose of reviewing the adequacy of the letter of credit coverage on the Urban Plains development.

All members were in attendance.

Guests included Todd Berning, Black Nybakken, Paul Hubbard representing Metro Sports, and Erik Johnson, City Attorney.

Erik Johnson lead the meeting regarding a draft agreement relating to special assessments and the allocation of special assessments off of the lots that the arena is located on to other adjacent lots.

Erik questioned if the City was comfortable with the existing letter of credit coverage. Bittner and Sprague clarified the policy in place at the time the plat was approved was 30% on the first $2 million, then 15% on the remaining balance. Since that time (March, 2008) this City revised the letter of credit coverage policy to a straight 30% of project costs measured on a project by project basis. Bittner stated that letter of credit coverage was not required for arterial streets.

Paul Hubbard questioned the need to have additional coverage as the City had previously agreed to coverages consistent with the policy in place at the time the plat was approved.

Todd and Paul showed estimate land values for adjacent properties and how the arena project was actually providing increased land values that would essentially lower the City's risk profile.

Bittner stated he was comfortable with the 30% coverage under the new policy on projects going forward. The reassignment of benefit to adjacent lots for the two lots that the arena sits on does not have any material effect on the project.

Hubbard clarified that the Park District will own the land and the building once complete, and that the Park District will also own the land where the other sheets of ice are planned.

Erik Johnson will clarify with State Bank who is the letter of credit provider about using the letter of credit on other lots in the event of default.

Bittner moved to use a 30% letter of credit policy on this project going forward. Seconded by Walaker. All voted in favor.

City of Fargo

Finance Committee Meeting Minutes 4/01/08

Members Attending: Walaker, Bittner, Zavoral, Costin

Members Absent: Sprague

Guests Present: Mark Thelen, Troy Walseth, David Baxter, Ron Gronneberg, Bob Stein, Erik Johnson

The regular monthly meeting of the Finance Committee was held on April 1, 2008 in the Mayor's Office at 9:00 a.m.

The minutes from the March 17, 2008 meeting were approved as presented.

Willow Crossing LLC Underground Tank Removal Cost Recovery Request

Mark Thelen presented a request by Willow Crossing LLC for financial assistance to remove underground tanks. The tanks had already been removed and the developer was seeking cost recovery of $80,000 for their development. He stated that it is not eligible for State assistance and that they had contact the State out this issue. He also stated that this would have been an eligible tax increment expense if they had known about it. Bittner asked if special assessment financing would help in this situation. Costin reported this project was already allocated PILOT financing and that it would not be eligible for more PILOT. Thelen suggest that it was partly in the right of way and that might make it eligible for special assessment financing.

Bittner moved, seconded by Zavoral to approve the use of special assessment financing, subject to a legal review for the use of special assessments since this was not a public project and may not be deem eligible. All voted in favor.

Fiber Optic Cable Connection to the Aiport

Ron Gronneberg presented an overview of a fiber optic cable placement to improve services to the Airport. The State of North Dakota is placing fiber in Fargo and asked the City if they were interested in placing fiber to the Airport. They would install the line and charge $630 per month cable lease fee. Currently, the Airport is connected using two T-1 lines at a cost of about $700 per month. One line is used for phone connection and the other for data connection. The City is providing phone services to the tenants of the building and is collecting fees to cover the cost of the T-1's. There would be an increase in throughput. The State can do this summer if approval is granted. Zavoral suggested that this is a value added option and that it can enhance service to the MAA and the tenants. Williams offered to attend the meeting to demo the speed differences

between fiber and dial up. Zavoral suggested that Gronneberg, Costin and Willams attend the next Airport board meeting and see what options they are interested in.

NDSU Parking Contract

Bob Stein updated the Committee on the status of the NDSU parking contract negotiations. They are planning on going live on the new software system in June. He stated that NDSU does not want to service the two block area adjacent to campus that was agreed upon under previous contracts. He also stated that the City has received a lot of neighborhood complaints about lack of enforcement and that NDSU had not been treating this as a priority area for enforcement and they had focused primarily on their campus lots. Costin reviewed the history of the contracts and that he suggested raising the administration fee since the City does all of the work to process tickets. The Committee supported these concepts going forward.

Sauby Vs. City of Fargo

Erik Johnson reviewed the status of this case. He said that the courts might not certify a deminimous settlement to a claimant. The Judge has encouraged parties to come up with a constructive settlement proposal. There was additional discussion of how the statute of limitations might apply in this case. Costin reported that the current year's loss over court fine revenue was approximately $800k and wanted some guidance from the Committee on how this should be handled going forward or if a reserve or funding plan should be created. The Committee felt that more time is needed for the legal issues to mature. No further action.

Flood Control / Special Assessments

Bittner presented data on the flood control projects. Zavoral reported that the local component would be special assessments and some sales tax or other revenue sources. Southeast Cass will bond for the project and levy the assessments. There is presently a $20 million gap for work east of Highway 81. He also suggested that the City needs to do something from 32nd to 40th.

Bittner felt that we need more engineering assistance to develop more design work various river areas as a higher level of detail so that result can be shared with residents. He reviewed what sections where additional work was needed and requested that sole source procurement be awarded to four (4) design firms in town, with a goal of a summer decision on this preferred project by the City Commission. Zavoral moved, seconded by Bittner in favor of the sole source request and proceeding with more design work.

Interest Rate and Amortization Terms on Sewer Repair Special Assessments

Sprague reported that the cost of sewer repairs has been increasing and some homeowners suggested that the interest rate be lowered. Committee recognized that costs have increased and recommended that the term of assessments be extended from 10 year to 15 year. Sprague moved, seconded by Bittner to extent assessment terms to 15 years. All voted in favor.

32nd Ave South Power Lines Between 43rd and 42nd Street South Side

Bittner reviewed a letter from Mark Richman, owner of lots 1-4 and 6-8, Block 1 of the Asleson Commercial addition with the Committee. Mr. Richman was wondering what alternatives might be available because power line easement and location of power poles will hinder the development of his property. The cost estimate of going from two pole configuration to a single pole configuration is about $500 - $650k. Zavoral suggested that consideration be given to tax increment financing that exists within the Matrix tax increment district.

City of Fargo

Finance Committee Meeting

April 15, 2008

A special Finance Committee was held on April 15, 2008 for the purpose of reviewing a development plan for an apartment complex on 12th Ave North.

Members Present: All

Guests Present: Erik Johnson, Roger Gilbertson, Jeremy Carlson, James Gilmour

12Th Ave North Tax Increment Project (2008-01) Development Proposal

Jim Gilmour gave an overview of the project including a draft TIF plan and the due diligence financial review as prepared by Springsted, Inc. He said the developer is requesting $537,000 in TIF assistance due to high land costs and having to pay more than market to acquire property for the project.

Roger Gilbertson cited reasons for the TIF assistance and more details about the proposed project.

The Committee discussed that the State of North Dakota is proposing property tax reduction funding in the next legislative session (2009) and that the Fargo Board of Education is proposing to reduce the mills locally as well. The property tax rate will directly affect the amount of property taxes paid out in the form of TIF assistance.

This is a second phase of development. The first phase was granted TIF assistance.

The financial review prepared by Springsted indicates that $437,000 is an amount eligible using current mill levy assumptions and $375,000 is the amount subject to mill levy decreasing assumptions. This level of TIF assistance is needed to make the project feasible based upon the assumptions provided.

Zavoral moved to approve the $437,000 level of assistance, with a provision in the development agreement that if the mill levy is decreased, then the level of assistance granted in a developer pay as we go revenue note would be $375,000. Walaker, Zavoral, Bittner, Sprague and Costin voted yes. Williams voted no. Motion carried.

Zoo Property Frontage Road NDOT Relocation Offer

Mark Bittner reported on the status of negotiations with NDOT regarding the relocation of the frontage road near I94. The State has offered to pay $40k for their proposed access alternative. This is far short of the amount needed to construct the preferred alternative in the Southwest corner of their site.

Zavoral moved to approve 50% funding using TIF resources to cost share the estimated costs of the parking lot, access road and lighting improvements. Walaker, Zavoral, Bittner, Sprague & Costin voted yes. Williams voted no.

City of Fargo

Finance Committee Meeting Minutes

May 1, 2008

The regular monthly meeting of the Finance Committee was held on May 1, 2008 in the Mayor's Office at 9:00 a.m.

All members were present.

Approved April 15 MInutes

The minutes from the April 15th meeting were approved as amended to include clarification of the Zoo NDOT access project. It should say 50% funding of the estimated local costs of the parking lot, access road and lighting improvements, excluding NDOT funding for the access road on 42nd Street.

GASB # 45 Reporting Implementation

Costin reviewed the GASB #45 pronouncement on post retirement health care costs. The City has retained AON to produce the actuarial study for this reporting requirement. The purpose of GASB # 45 is to begin reporting post employment health care costs on an accrual basis, much like what is done in corporate financial reporting. The estimated liability ranges from $6.5 –$13 million depending upon the actuarial funding assumptions chosen by the City. This liability can be amortized over the next 30 years. Funding is not required, however, future liability for this will become reported in our annual financial reports to the extent that the annual required contribution (ARC) payment is not made.

He suggested that the City receive the AON report and that a funding plan be put in place concurrent with the annual budget process. Funding the liability will allow the City to use a more aggressive interest income assumption, that will lower the ARC payment over time. Plan design changes and increasing the premiums charged to early retirees and post age 65 retirees will also lower the liability over time. The NDPERS employees were not included in this study as they are eligible for the State retiree health care plan and benefit s are being funding by our current pension contributions.

Bittner moved, seconded by Walaker to approve reporting implementing with no funding at the present time. All voted in favor.

Budget Development Guide

A budget preparation document was distributed that details the steps in the upcoming budget process for 2009. This was produced to assist Finance staff and others to have a greater insight into the detailed steps of the budget process.

Budget Development Calendar

The budget development calendar was distributed and discussed to include budget team meetings the week if July 7 -11th.

Evolving Budget Issues

The Committee reviewed several budget issues for 2008 that have both positive and negative budget impact. The largest issue is the loss of revenue associated with the City vs. Sauby Supreme Court Ruling. Some of the issues identified will carry over into the 2009 budget. New revenue streams in the Solid Waste and Wastewater Funds will emerge in 2009.

Sole Source Procurement of Design Software

Bittner presented a request to purchase engineering design software from Eagle Point Software for a cost of $24k. This will allow the Engineering Division to use customized templates for various project modeling purposes and will aid in the consistency of how projects are currently designed. Williams moved, seconded by Walaker to purchase the Eagle Point Software as proposed. All voted in favor.

City of Fargo

Finance Committee Meeting Minutes

June 3, 2008

The June Finance Committee meeting was held on June 3, 2008 in the Mayor's Office at 9:00 a.m.

Members Present: All

Guests Present: Erik Johnson

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

The Dakota Boys Ranch request was removed because this request was defeated at the City Commission meeting.

Parkview South Tax Forfeited Property

Howard Kramer deeded green space property in the Parkview South Addition in 2006, giving each property owner of the addition an undivided interest in the area. A foreclosure action is pending at Cass County. Erik Johnson suggested that there might be a couple of ways to deal with this issue. One would be to parcel up the property and deed to individual homeowners, the other might be for the homeowners to form a homeowners association. Zavoral suggested a pocket park concept with the Fargo Park District leading. Bittner stated that there were early plans for using this as a bike trail but the District did not want to pay for the trail, but would pay for the maintenance of a trail. A hearing was held about three years ago and there was strong opposition for a bike trail. Walaker suggested that we talk to the Fargo Park District about this property.

Zavoral suggested that we talk with the homeowners on the section of property that the City got back already and that a staff meeting should be set up with Roger Gress and Jim Larson.

Gooselaw Agreement

A request by Gooselaw as made to petition into a sewer project. His property is adjacent to an existing special assessment district and he is concerned about the cost of a $22,000 repair. The City's existing sewer repair policy contains a 15 year amortization and becoming part of the district would extend the time period for repayment. Walaker moved, seconded by Bittner to allow for this petition request to be included in the special assessment district. All voted in favor.

Southside Flood Control

Bittner reported that this project has slowed due to river areas that need more detailed analysis. There is a need to complete an environmental assessment and city officials would like to have one preferred alternative, so various decision are needed soon. The anticipated timeline for the project completion would be 2012. Walaker reported that the City has had extensive neighborhood meetings to discuss the project. Zavoral suggested that some level of sales tax funding be applied for those areas that need special features, with a concept that the base project be assessed. Walaker confirmed that some level of sales tax funding was desirable. A joint powers agreement and a maintenance agreement would be needed for that portion of the assessment district that would be outside of City limits.

Walaker suggested that the City of Fargo should maintain control over the RFP process and engineering. Williams stated that he is more confident with having more engineering firms engaged to assure technical consensus.

Zavoral and Walaker said the City should do all the design and administrative work and will turnkey it over to Southeast Cass for the special assessment processing.

Health Care Plan Rate Renewal

Costin reported that he was in the process of retaining AON Consulting to prepare the health insurance renewal for the 2009 budget. The City did not do one last year, because we decided not to have a rate increase for 2008.

Meeting was adjourned.

City of Fargo

Finance Committee Meeting Minutes

July 29, 2008

The regular monthly Committee meeting was held on July 29th at 9:00 a.m. in the Mayor's Office.

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

Members Absent: None

Guests Present: Erik Johnson, Mark Thelen, Robert Stein

Special Assessment Financing of Tank Removal

This issue was a follow up from an item at an earlier meeting. Mark Thelen requested special assessment financing on behalf of Willow Creek LLC. An underground tank was removed that was partially in the public right of way. No state cleanup funds were available. Committee had previously voted to approve special assessment financing based upon a legal review by City Attorney Erik Johnson. Johnson stated that we could use this as the tank was in the public right of way and the City could choose to participate if desired, however, there was no obligation to approve. Bittner moved, second by Walaker to approve the use of special assessment financing for this project. All voted in favor.

Sales Solicitation for Property at 320/ 324 7th Street North

Mark Thelen was present to describe a development proposal for this site and inquired about the willingness for the City to sell this property. The property is currently owned by the City of Fargo and was the former FM Indian Center. The property includes a parking lot that is currently rented out to the Kilborn Group. Zavoral reported that the City needs to determine the best use for this property and that this property would have to follow a public sale process. Zavoral moved, seconded by Costin to

retain the site until such time as the City can assess the impact of NDSU campus growth downtown. All voted in favor.

Goldmark Special Assessments Agreement Amendment for Fayland Addition

Zavoral presented a letter received from Goldmark properties requesting a more specific breakout of Phase II assessment project costs along with a request for an additional two years of assessment deferrals on Phase I & Phase II. This land is in the industrial park and was covered by an original development agreement. Zavoral moved, seconded by Bittner to amend the assessment agreement allowing for the requested time extension costing methodology. All voted in favor.

Special Assessment Request for 4212 19th Ave North

Bittner presented a request for special assessment financing for a project that affects 4212 19th Ave. North. This lot was in a large lot deferral previously. The new agreement would trigger the levy of assessments based upon four specific criteria. Zavoral moved, seconded by Sprague to execute a special assessments agreement to follow this property. All voted in favor.

Landscaping Project Near 2nd Ave SW

Robert Stein was present to review a landscaping improvement plan near the 2nd Ave S parking area. He has a plan to put in new shrubs and rail replacements. Zavoral moved, seconded by Walaker to fund this project from the City Share of Special Assessments Fund vs. parking operations. All voted in favor.

Parking Commission Request for Ramp Funding

Robert Stein reported that the Parking Commission moved to evaluate the addition of a parking level at the Radisson ramp for more downtown parking. He stated that one more level would provide about 120 more spaces, and an estimated cost of $15-25k per parking stall. Zavoral stated that the City really needs a development proposal to accompany this as normally a ramp is not financially feasible if other sources of revenue are present. Costin stated that previous bond issues have leveraged resources and that all of the revenues in the Parking Authority system are pledged to the payment of existing bonds, with the exception of the US Bank ramp as this was not included in prior revenue pledging. Bittner felt that City share of specials funding might be appropriate as this is for a Downtown enhancement. Zavoral moved, seconded by Walaker to delay this decision until such time as the US Bank development matures. All voted in favor.

Maple Valley Subdivision

Bittner reported that the Maple Value subdivision is experiencing financial hardship and has not paid the engineering firm that worked on this subdivision. Our policy has been not to special assess engineering costs for outside engineering firms as this was deemed to be a developer paid costs. He inquired about whether or not the City might consider assessing the engineering costs incurred to date.

Committee did not take any action on this informational item.

City of Fargo

Finance Committee Meeting Minutes

September 17, 2008

The Finance Committee met at 9:00 a.m. on September 17, 2008 in the Mayor's Office

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

Guests Present: Tim Dirks, Jerome Dow, Dan Eberhardt, Ben Hushka, Bruce Grubb

The minutes from the July 29th meeting were approved as presented.

Sole Source Procurement Request For Library Furnishings

Tim Dirks presented a request from the library project architect to procure approximately $ 275K worth of office furnishing and equipment for the main library project using sole source procurement via the state contract. The budget for all of their needs was $ 900k and about $500k was bid competitively. The architect is seeking approval to proceed with the remaining purchases from the State bid. Costin reported he visited with Tim about seeking Finance Committee approval for state contract awards. Zavoral and Piepkorn expressed concerns about local vendor opportunity to bid on such a large order. They felt that this order should be procured using the standard RFP process in light of these circumstances. Costin moved, seconded by Zavoral to use the standard RFP process on the remaining equipment procurements with a provision that the final pricing awards not exceed the State contract pricing levels. All voted in favor.

Prescription Benefit Management Vendor RFP

Costin request permission to proceed with a consulting services contract with AON Consulting to lead the RFP development and post selection implementation of a new pharmacy vendor for the City's health plan. He also reported that Gary Purcell was recommended by the Solberg Stewart Law Firm as someone who had industry expertise. Zavoral commented that as part of this process AON will review our drug plan design and make recommendations needed to bring us in line with other plans. AON presented a scope of services with a goal for completion by 1/1/09. The range of costs for services was estimated at $35 -50k. Zavoral moved, seconded by Bittner to proceed using AON Consulting. All voted in favor.

Pilot Policy

Ben Hushka reviewed State Law and the City's payment in lieu of tax policy (PILOT) with committee members. He felt that the existing laws allow for PILOT would allow granting of tax exemption for the Bullinger downtown housing/ retail complex. Zavoral suggested that the policy could be amended to describe how a waiver could be granted to restrict use of PILOT on certain targeted areas. No further discussion or action.

Missouri Water Project Non-binding Letter of Intent

Grubb and Zavoral recommended approval to sign a non-binding letter of intent to participate in the Missouri water project lead by LAWA. The letter of intent will request 38 CFR or 24 MGD to service the needs of the City in the future. Zavoral reported that this project is somewhat different than the NAWS pipeline in that we will get raw water to the City of Fargo vs. clean water under the NAWS system. This means that water treatment costs will be in addition to the cost of delivering water to the valley. Zavoral moved, seconded by Bittner to approve the non-binding letter of intent. All voted in favor.

Cass Rural Water Users Special Assessment Processing Assistance and Fees

Costin and Eberhardt reviewed the process of servicing the needs of CRWU for special assistance. They will be levying special assessments for water distribution infrastructure in their service area. Dan has been processing specials on their behalf and recommended that the City charge fees for this service commensurate with the fees charged to the Fargo Park District (FPD) for assessment processing. The fee structure is a percentage of project costs. Committee favored charging the same fee structure as the FPD.

Infrastructure Contract Liquidated Damages

Costin and Eberhardt raised the issue about how the city is currently handling liquidated damages on City construction contracts on project that are special assessment funded. The issue is whether the assessed costs should be the gross contract cost or net of liquidated damages. Currently, the city has been netting the damages against project costs as the property owners are really the ones that incur the hardship related to projects not being completed on time. Committee concurred with leaving the current procedure in place.

Special Assessment Spreading and Deferral Request For Projects 5740& 5314 by THE DISTRICT AT FARGO

A letter was received by The DISTRICT at Fargo for spreading specials and requesting assessment deferral on projects 5740 and 5314 in the 52nd Ave South Area. The parcel in question are related to the Wal Mart expansion. Jerry Dow was present and reviewed their request. The issue is that Wal Mart capped their special assessment agreement at a certain level and the assessment costs came in higher than anticipated because of the

time frame for ongoing negotiations with Wal Mart. This issue had been referred to the Finance Committee by the Special Assessment Commission for a recommendation for the final spread. The Committee approved allocation of specials to nearby parcels currently owned by the District at Fargo. Jerome Dow stated that they own these parcels currently and that potential buyers are aware of this issue.

Mark Bittner reviewed the existing City policy on deferral requests. Platting of parcels triggers the billing of special assessment and in this case much of the area has been platted, and therefore would not be eligible for deferrals except for the unplatted area further west of this development area.

Bittner moved to deny the developer's request for deferral on platted property and approval of deferrals on unplatted property with interest accruing, seconded by Walaker. All voted in favor.

Consider Revision to Letter of Credit Policy

Zavoral suggested the Committee re-examine the current letter of credit (LOC) policy on development properties. He said that most nearby cities currently have a 50% LOC and he felt that in light of current economic conditions that we should raise our policy coverage to the same levels. Peipkorn stated that it would be prudent to raise it to the higher level to lower the City's risk profile. Costin moved, seconded by Piepkorn to raise the letter of credit coverage on capital projects to the 50% coverage level. All voted in favor.

Bond Anticipation Short Term Borrowing Agreement

Costin discussed the need to establish a short term borrowing arrangement due to the large increase in capital projects this year. The Auditor's Office has been monitoring cash flow and is predicting a larger than normal amount of capital project needs. He reported that a bond sale is currently scheduled in December for about $25 million and another bond sale in March, however, due to the timing of the construction season and some advanced funding of projects by sales taxes scheduled to begin in January, there is extraordinary needs for project financing. Zavoral moved, seconded by Walaker to approve short term borrowing if necessary to bridge time between bond sales. All voted in favor.

Transfer of Fixed Assets to the Convention and Visitor's Bureau

A recommendation is being made to transfer fixed assets currently held in custody for the CVB directly to the CVB. This is related to the final bond payments and they desire to administer their own insurance program. Walaker moved, seconded by Peipkorn to transfer assets as recommended. All voted in favor.

City of Fargo

Finance Committee Meeting Minutes

October 13, 2008

The Finance Committee met on October 13, 2009 at 9:30 a.m. in the Mayor's Office.

All members were present. Guests included Don Kilander and Paula Grimsted of the Fargo Zoo.

The meeting minutes from the September 17th meeting were approved as presented.

Zoo Access Relocation Project

Don Kilander and Paul Grimsted presented an overview of the Zoo operations and presented plans about the relocation of the entrance because of the widening of I94. There is presently a significant funding gap between the relocation plans and the amount provide by NDOT for the access road relocation. Kilander presented the plan and asked if there were any ideas or thoughts the Committee had on their situation. He said that it takes the Zoo a long time to raise funds and that this project would negatively impact their ability to promote new exhibits in the future. Zavoral suggested that the City has already offered assistance to help with the access roads but that the parking lot should not be paid by the City. Mark Bittner suggested that the parking lot might be funded via special assessments method. Zavoral moved to match access road section A, B, C to State funding levels and to use special assessments financing on the parking lot, excluding the entrance to the zoo. Motion was seconded by Dave Peipkorn. All voted in favor.

Urban Plains Request for Special Assessment Financing on Parking Lot Gravel

Costin reviewed a letter from Urban Plains requesting special assessment financing assistance for the parking lot at the Urban Plains Center. Dan

Eberhardt said that there is an infrastructure project open and the costs could be added to this project. The Mayor questioned what the financial status of Urban Plains was and Zavoral suggested that we should not consider this until the property is transferred to the Park District. No action taken.

Flood Control Local Funding and Status Report

Bittner presented a financial breakdown of the flood projects. The estimated total cost for all the options is estimated at $150 million. He discussed the concept of the base project and how Southeast Cass was not proposing to assess all of the extra costs so that projects assessments would be somewhat equalized. Bittner stated that some of the costs were high for the independent projects in light of the number of homes protected. Potential local funding sources include special assessments, sales taxes or the storm sewer utility. A further breakout of the local share component showed that $43 million can be assessed and $26 million would be Fargo's share to fund. He also stated that the $26 million could be either assessed against City owned property or simply billed back to the City of Fargo.

Bittner suggested that a meeting with the senior administration with Southeast Cass would be appropriate at this point. Zavoral stated that Bruce Grubb was within 10 days from updating the utility master plan to evaluate how much sales tax would be consumed in the water and wastewater systems. Peipkorn stated that he felt it was good that the City of Fargo was paying some of the costs and that not all of the costs would be assessed back to property owners.

Bittner requested authority to negotiate with existing engineers under contract to do preliminary survey work and proceed with design. Zavoral moved to authorize solicitation of proposal for this work, seconded by Walaker. All voted in favor.

Red River Regional Dispatch Center Fiscal Services Agremeent

Costin reported that the RRRDC Board of Directors was recommending that Fargo become the fiscal agent for the Center. They determined that they

were not comfortable with the amount of control currently exercised in the bill payment and cash management functions. He said that this was discussed with Tod Dahle and that he supported this as it would not be a burden if the accounting functions were integrated into the City's standard fiscal management practices. Costin moved, seconded by Walaker to appoint Fargo as the fiscal agent for the RRRDC effective January 1, 2009.

Health Insuarnce Premium Pricing for Active s/Early Retirees/ Retirees