City of Fargo

Finance Committee Meeting Minutes

January 27. 2010

The regular monthly meeting of the Finance Committee was held on January 27, 2010 at 9:00 a.m. in the Mayor's Office.

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

Guests Present: Erik Johnson, Steve Iverson, Kevin Christianson

The minutes from the past meeting were approved as presented.

Street Lighting Utility Inquires

Costin presented two email inquiries regarding street light billings. One was from a trailer park that wanted to know if we would consider billing based upon their actual vacancy, and the other was from a private neighborhood that wanted to be refunded the lighting fee because they have their own private lighting system. Committee members discussed that this issue was addressed during the rate setting process and that the multi-family rate allowed a reduced fee structure to compensate for some vacancy in apartments and trailer parks and that the private development issue was denied as the City considers the lighting fee not just a neighborhood issue, but rather a Citywide network of lights. Zavoral moved, seconded by Piepkorn to deny these requests.

Year End Financial Review

A year end review document was dicussed that included an analysis of projected year end financial results and also budget strategies deployed during the last two budget years. This memo has been shared with the Mayor's Cabinet members and the City Commissioners. Costin noted that in 2009 the City added new revenue from alternative energy projects into the General Fund to help close the budget gap and in 2010 the Street Lighting utility was created. He expressed concerns about the ability to balance future budgets on the revenue side vs. expenditures due to decline in some revenue sources. An overview of the flood event and related cost recovery was provided. Costin explained the timeline in our cost recovery process and that we still have about $4 million of outstanding cost reimbursement requests pending at the State review level. Zavoral suggested that the City write the State DES a letter seeking alternatives to the present project worksheet approach used in the 2009 flood event to see if there are more effective means of advancing funds for future events.

Fargodome Capital Escrow Fund Asset Allocation Revision Proposal

A revised asset allocation was requested by the Fargodome Finance Committee from the State Investment Board. Steve Cochrane the State's investment manager provided a revised chart that allocates funds to international investments as well as inflation protected securities. Piepkorn expressed his concern about moving toward a more risky investment profile. No action was taken as the Fargodome Finance Committee will make final recommenations next month. This fund has shown good recovery in 2009 as compared to the large market value losses in 2008.

Payment In Lieu of Tax Policy Recommendation

Zavoral reviewed a proposed payment in lieu of taxes (PILOT) policy that has been drafted with the assistance of Springsted, Inc., our financial advisors. The purpose of the policy is to clearly define the parameters for which a PILOT would be granted by the City of Fargo to aid in development efforts. This policy would have a goal to treat applicants consistently and to eliminate any unfair advantage to individual developers. Costin moved, seconded by Piepkorn to adopt the policy as presented. All voted in favor.

Sewer Backup Status Report

Zavoral and Johnson provided an overview on the status of the sewer backup claim in North Fargo. Fifteen homeowners are seeking full replacement costs on their damages, while eleven seem satisfied with what they received from their insurance claims. Zavoral suggested the City might consider picking up their deductibles if they went through their homeowner's insurance and potentially a portion of the difference between the actual cash value paid by our insurer, NDIRF, and full replacement cost. Piepkorn and Sprague questioned how that might be applied to future events and concern over the dollar magnitude in the event of a larger event. Costin stated that it does not follow the industry standard to pay at full cost recovery. Piepkorn supports the payment of the deductible as a way of creating good will with the residents impacted like we did with the flood restoration damages. Bittner suggested that the City stepped in early on this event and that may have created some sense of obligation to the residents' claims even though NDIRF is settling this claim on our behalf. No actiion taken as Erik Johnson will check on whether or not people submitted claims to their homeowner's insurance coverage.

Credit Card Program for Disasters

Costin reviewed a revised recommendation for a credit card policy for disaster usage that includes much larger card authority for the logistics division of the EOC and cash options in the event we have to pay cash under extreme emergency. The Committee approved the revised policy, with the exception of elimination of the cash option. This will be implemented as a standard part of our overall emergency preparedness planning for future events. Zavoral moved to approve, seconded by Piepkorn. All voted in favor.

Disputed Flood Materials Billing

Zavoral reviewed a protested billing from Master Construction related to the flood event. There is dispute for the unit quantities claimed by company vs. the documented loads tracked by Engineering. They also requested that liquidated damages from other City projects be offset with the additonal unit

quantities being protested. Costin stated that this may be in jeopardy of getting reimbursed as it looks like we are paying for costs that are not substantiated. Bittner said the bill had been paid at the documented unit totals. Zavoral suggested that these issues should be seperated and they should pay the liquidated damages and we should deny the additional quantities requested. Bittner moved to treat this issue in that manner, seconded by Zavoral. All voted in favor. Zavoral will write a letter to Master Construction explaining our position.

Baseball Stadium Financial Report

A financial status report for the baseball stadium operations was reviewed by the Committee along with the contract payback schedule which shows that 84% of the initial investment from the stadium has been recovered since the time it has been operational. Costin stated that after repayment is complete, a capital escrow fund will be established pursuant to the contract terms and after that time Fargo Baseball, LLC will get a larger portion of the suite revenues.

Special Assessment Deferral Request

Bittner reviewed a request from Kevin Christianson, a local developer to modify an existing special assessment deferral agreement by changing the triggering mechanism to begin billing specials in the future. This project is along 32nd Ave South in the Urban Plains area. The arterial streets are currently under a ten year deferral agreement triggered by platting. This action would change the trigger from platting the subdivision to the construction of the local infrastructure. Sprague thought that the City should get some cost recovery for the installation of the access road. Kevin stated he will be developing this area over the next two to three years and that there are very few undeveloped lots in Fargo's inventory. Zavoral motioned to approve a three year deferral with interest accruing for the property impacted by the access road, specifically lot 5. Bittner seconded the motion and all voted in favor.

Public Purpose Expenditure Policy

The committee finished up working on a public purpose expenditure policy that more clearly defines on a city-wide basis areas of expense that are considered non-allowable.

City of Fargo

Finance Committee Meeting Minutes

March 30, 2010

The regular monthly Finance Committee meeting was held on March 20th at 9:00 a.m. in the Mayor's Office.

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

Guests Attending: Erik Johnson, James Gilmour

The minutes from the last meeting were approved as presented.

Sole Source Procurement Request for Transit Exterior Tiling

Jim Gilmour and Butch McConn reviewed the history of a problem with the original exterior tiles on the new transit maintenance facility. There is a problem with the tiles as they were installed as exterior material subject to freezing when they were supposed to be installed in a normal interior environment. The City has negotiated payment from Roer's Construction the orginal contractor to pay for this replacement work. Butch stated that there are only two tile contractors in town and one of them was involved with the original work. Zavoral moved to approve a sole source procurement based upon a $29,500 quote from McArthur Tile Company. Costin seconded the motion and all voted in favor.

Sole Source Procurement Request for NDSU Transit Study

Jim Gilmour requested approval to sole source a transit study of the NDSU transit route downtown. He said that the Small Urban & Rural Transit Center at NDSU could do the work on a more cost effective basis. Walaker questioned the need to proceed with the study and why the sole source request was being made. Gilmour stated he was running out of time on this project if they were to complete it this year. There was consensus that this could wait for a while since the route has just begun recently. The request was denied.

Soils Report on the Master Construction Site

Bittner reviewed the Midwest Testing soils report on the Master Construction lease area near the landfill. There is a slide failure in the pile of crushed concrete that is pushing up the soils near the street. This has failed twice in recent history and Master fixed the street damages the first time. The Finance Committee previously decided to offer the leased lots for sale by an RFP process. Erik Johnson stated that Master would like to keep the site as is. Zavoral suggested that the City give notice to Master that they have until the end of the year to remove the stockpile and to find another site for the material pile causing the problem. Walaker and Piepkorn stated they are concerned about the railroad liability if that became an issue. Zavoral

moved to do an RFP in November, 2010 to sell the tow northerly lots and to not add any more materials to the site this year. Motion was seconded by Bittner and all voted in favor.

Year End Financial Review

Costin reviewed the year end financial results for the General Fund and other major operating funds. He expressed concern about an anticipated loss of interest income in 2011 due to falling interest rates. The overall results for the General fund for 2009 were favorable for both revenue and expenditures. Total revenues exceeded budget projections by $ 483,000 or .7%, while expenditures were under budget by $ 985,000 or .8%. The positive expenditure variance relates to not spending our capital funds budgeted at mid year for a phone system replacement and the ADA facility enhancements. These two projects will be carried into the 2010 budget. The utility funds had a positive revenue variance of $ 142,000 or .3%. Some lag was noticed in the Solid Waste Fund due to lagging alternative energy revenues anticipated. Expenditures in the Utility funds were under budget by $431,000 or .8% for the year. Walaker inquired about the potential to consider employee raises. Zavoral suggested we wait until we get a first look at 2010 revenue projection with the start of the 2011 budget process.

Costin reported that the Sauby vs. City of Fargo case has been settled and that an additional $ 600k was transferred from the General Fund in 2009 to close out the case. The final settlement was higher than estimated in July 2009 when we estimated our exposure for the final claims.

Status Report on Sewer Backup Case

Mark Williams provided data on the recent sewer back up case. NDIRF, the City's insurance carrier has settled with all parties and paid them a negotiated claim. The checks issued to the claimants state that signing then discharges any further claims against the City of Fargo. Mark reported that there were at least two individuals that were not happy with the amount of their settlement proceeds. Piepkorn and Walaker expressed concern about setting a precedent for future cases. Motion to deny any further action on this issue.

Public Purpose Expenditure Policy

The Committee reviewed the final draft of the public purpose expenditure policy after discussing this concept at the last meeting. The policy was amended slightly for food supplies

and coffee for business meetings and that family life event flowers for employees be coordinated through the City Commission Office. Piepkorn moved to approve, seconded by Sprague. All voted in favor.

City Investment Advisor

Costin and Sprague reviewed the City's present form of handling cash and investments. They are concerned about present market conditions which are historically low on short term investments. Potential options include the ability to buy longer term governmental securities that would raise our yields significantly or to move some funds to the State Investment Board. Costin reported he had already checked with the SIB and they did not see very interested in taking on more City accounts. In light of the recent markets they recommended getting some assistance in setting up a more professional approach to this important function. Simply buying CD's when funds becomes available is not working in the current market environment. Zavarol suggested that we use the approach of starting to look for an investment manager. Committee felt comfortable with this approch.

Upcoming Bond Sales

Costin reviewed the structures of the upcoming bond sales with the Committee. The City will be issuing new refunding improvement bonds for infrastructure projects completed and will be refinancing an earlier issue to save money with lower rates. He said that the new bonds will likely be issued as Build America Bonds whereby the Federal government pays for 35% of the interest payments on the bonds as they mature. They are expected to sell at 3.6% on May 3rd. The refinancing transaction will be from the 2002A RIB's currently outstanding. The estimated savings is $ 540k net PV which is about 6% of the refunded debt services. This exceeds our 3% refinancing target so we will be moving this along with the new money issue. He also reported that the 1998C and 2003C could be paid off with cash that has accumulated in the debt service funds. Committee approved calling them on June 1, 2010. The gross interest savings will be about $265k. Debt payments will be eliminated in 2011-2016 on these issues because of the cash call.

Flood Financial Status Reports and Flood Sales Tax Report

Repors of the current flood event were reviewed along with a cumulative report of flood prevention projects completed in the last fifteen years. Funds are available from the flood sales tax bond sale completed last year.

Special Assessment Deferral Agreements

Bittner reviewed special assessment deferral agreements with the Land Co on property near the new Walmart on 52nd Ave. They have been previously approved and this was the final draft of the agreements. A motion was made by Bittner, seconded by Piepkorn to approve the draft contracts. All voted in favor.

Special Assessment Deferrals Master Listing

Costin reviewed a historical report of special assessment deferrals. The report lists deferrals granted by project number and amount. After the large 52nd Ave deferral granted last year, the total amount of deferrals exceeds $26 million. Larger deferrals have been granted in the last two years.

Survey Robotics Station

Bittner requested permission to add one more robotics survey station due to the amount of work pending for this construction season. They will be operating four survey crews this year and need an additional unit to get the work done. Zavoral moved to lease/ purchase a unit, seconded by Costin. All voted in favor.

City of Fargo
Finance Committee Meeting Minutes
April 28, 2010

The regular monthly Finance Committee meeting was held on April 28, 2010 at 9:30 a.m. in the Mayor's Office.

Members Present: Walaker, Piepkorn, Zavoral, Bittner, Sprague, Costin
Guests Present: Erik Johnson, James Gilmour, Larry Nygaard (Roers Development)

Minutes Approved

The Committee approved the minutes from the last meeting. Costin noted a change in the draft minutes that the survey equipment will be lease purchased and not rented by Engineering. All voted in favor of approving the minutes as amended.

T-Loft Housing PILOT Proposal and Springsted Evaluation Report

The Committee discussed the Springsted due diligence report on the T-Lofts development proposed by Roers Development. The report suggested that the project qualified for PILOT assistance based upon the due diligence review, but the recommended level of assistance was lowered by policies in place for UMZ assistance. Larry Nygaard highlighted the project and described some of the physical features of the building and that this project was less in scope than the one proposed a year ago. He stated that the return on this project was much lower than normal development proposals and that the maximum assistance should be granted. Part of the cost of the development includes land that was purchased at a premium. Policies in place limit the amount of assistance granted for land purchases to reasonable levels. He also asked about construction period financing allowance. The Springsted report stated that construction financing is an ineligible cost and should not be included in the allowable assistance package. Zavoral moved, seconded by Piepkorn to allow PILOT assistance of $600,000 for the project to be amortized with interest over the life of the PILOT exemption period. Total assistance will exceed the base tax benefit because of the interest allowance during the life of the PILOT term. All voted in favor of granted the PILOT property tax exemption.

City and Police Pension Actuarial Reports for 2009

Draft actuarial reports from the City and Police Pension Funds were distributed in the agenda packets to inform the committee of the signficant increases in actuarial funding to keep the pensions stable over time. The actuarial reports indicate doubling the existing contribution levels going forward to help increase the funds as a result of the large decline in valuations suffered in 2008 during the market collapse. There was discussion on the current inequity between current plans. There are various benefit levels and variious levels of funding within the plan currently sponsored. NDPERS is looking at legislative proposals to increase contribution levels to help that plan to recover in the future. Costin stated that this should be an emphasis area in the upcoming budget decisions. Walaker asked about continuing the supplemental contribution approach as was used in 2009's mid year budget amendments

approved. He said that the Pension Boards will be reviewing the status of the plans in detail and wanted the Finance Committee to be aware of the spike in funding recommended by the actuaries. He also reported that the markets have rebounded in 2009 and early 2010 which is helping the plans to gain funding status over time.

RFP for Investment Advisor Search

Costin forwarded a proposal from Springsted, Inc. to assist with selection of a fixed income money manager to handle the City cash reserve investing. Springsted in presently retained as our financial advisor so this is really a special engagement related to this relationship. He stated that interest has fallen to historically low levels and that the City should put a money manager in place to make the appropriate decisions on what investments to purchase and to monitor our portfolio and there is a sense of urgency on this issue because of the need to increase the overall returns in the 2010 and 2011 budget periods. All voted in favor of proceeding with a fee of $18,500.

FargoDome Capital Escrow Fund Revised Asset Allocation Plan Approved

The Fargodome Authority and the Fargodome Finance Committee have recommended a slight modification to the existing asset allocation plan for the Capital Escrow Fund. The revisions are designed to increase returns over time by diversifying to other asset classes within a balance investment framework. All voted in favor of approving the revised asset allocation plan as recommended by the Fargodome.

North Dakota HorsePark Operations and Obligations

Zavoral reported that the ND Horsepark operations have been suspended due to financial operational issues for the 2010 season. This project is part of a tax increment financing district and so far an insufficient amount of commerical or residential development has not been constructed. A two year special assessments deferral was granted by the City Commission in December 2008 which suggested that they should report back to the City annually. The Committee recommended that the ND Horsepark officials be contacted to provide the appropriate report on the long term plans for this area.

City of Fargo
Finance Committee Meeting Minutes
May 12, 2010

A special meeting of the Finance Committee was held on May 12, 2010 in the Mayor's Office.

Members Present: Walaker, Piepkorn, Zavoral, Bittner, Costin
Members Absent: Sprague
Guest Present: Ace Brandt, Matt Basch

The sole purpose of the meeting was to meet with Ace Brandt regarding a request for a special assessment deferral extension for the Urban Plains area.

Zavoral provided a historical summary of the current deferral agreements in place in relation to the Urban Plains Development area. There are two agreements in place. One agreement relates to the arterial roads with allow a ten year interest free deferral and the other agreement is for the interior roadway systems within the subdivision. The second agreement runs for three years with interest accruing which expires in 2010. Only part of the planned infrastructure has been installed with more development happening on the east 1/3 of the area platted. Zavoral, Bittner, and Dan Eberhardt met last week to discuss the special levied already and anticipated in the future. There is about $10 million currently levied and more work needed to complete the area.

Brandt provided a summary of future plans for this area. He stated he is very concerned about the large burden of special assessments currently levied and that commericial interest in the Urban Plains Development has been almost non existent this past year. Some inquiries have been made in 2010. He said that there is a very solid proposal in the works for the area just west of the arena and that a major player will assist with letter of credit requirements. He has donated a lot to the YMCA and Sanford Health will be building a $12 million wellness center and another party is interested in constructing an acquatic center. There are also plans for private funding of two more sheets of ice.

Zavoral asked about the status of infrastructure projects in this area. Bittner and Brandt reviewed what has been constructed already and what projects were remaining to complete. Bittner stated that utilities would have to be extended west and that a connection should be made to Veterans Blvd.

Brandt stated that Sanford Health will do a letter of credit and absorb special assessments and that he was unwilling to accept future specials. He has engaged commerical realtors to market the commercial parcels in the Urban Plans area with a goal of selling off the east 1/3 in the next three years. His request to the Finance Committee was another three year extension to allow more time to sell property.

Zavoral reviewed our past history and practice and policies followed on granting special assessment deferrals. Piepkorn expressed concern about setting a precedent if this request was granted. Costin suggested that granting more time would add to the future financial burdens and that the Finance Committee should not approve assistance if the business model does not work within our existing policies. Walaker suggested that we wait unit after an announcement is made on the west side

develpments. Bittner suggested that this development does not contain any residential sites and that there is overreliance on commercial development.

The Committee delayed action on this request.

There were no other issues on the agend for this meeting.

Meeting was adjourned.

City of Fargo
Finance Committee Meeting Minutes
May 28, 2010

The regular monthly Finance Committee was held on May 28, 2010 in the Mayor's Office at 9:30 a.m.

Members Present: Walaker, Piepkorn, Zavoral, Bittner, Sprague, Costin
Guests Present: Jim Gilmour, Bob Getz

The minutes from the May 12, 2010 meeting were approved as presented. Motion by Bittner, second by Sprague, all voted in favor.

City Hall / Civic Center Sewer Line Emergency Repair

Bob Getz reported on the status of a failing sewer line that services City Hall and the Civic Center. He said that the existing sewer is an original line made of clay tile and that they have televised the line and it needs work. Engineering has recommended a liner solution that can preserve the existing line and provide a new liner without having to totally replace the line. Getz reported that there are two vendors in Fargo and one in Bismarck. He discussed the costs associated with the repair being about $ 13,000 for the Civic and City Hall and that a total replacement would be about $35k. The vendor in Bismark can do on June 12 & 13th. A sole source procurement request was recommended for this emergency purchase with Greg's Plumbing. Engineering will supervisor the project. Bittner moved to approve, seconded by Sprague, all voted in favor.

NDSU Bus Route Contracts

Jim Gilmour reviewed proposed increases to the NDSU transit route contracts. He is recommending a 3% rate increase for the 2010-11 school year with no change in the Upass rate. He said that the transit routes have been very well utilized this past year and that NDSU will be adding more routes in the future. Peipkorn moved, seconded by Zavoral to approve the recommended rate adjustments for next year.

Downtown Circulator Route Proposal

Jim Gilmour presented a proposal for a downtown circulator route. The proposal included the City purchasing the bus with grants and having a business sponsor the operational costs. He is considering approaching Sanford as a partner to fund the operational costs because of their employee needs and the ability to transport downtown. Peipkorn said that this would be an

advantage for parking infrastructure and the City would not have to provide for the operational funding as well as being good for traffic. Piepkorn moved, seconded by Sprague to approve the circulator proposed concept. All voted in favor.

Preliminary Budget Discussion with City Commission

Piepkorn suggested that it may be beneficial to have a meeting with City Commissioners at the start of the budget process to discuss potential issues. Committee members felt that Commissions are invested to participate in their liaison Department and are welcome to attend all of the budget meetings if desired to they favored leaving the existing budget process in place.

IN-FORUM Request to Place Camera on the Skyway Downtown

A request to place a video camera on the skyway system downtown was made by the FORUM. This was forwarded by the Engineering staff for more guidance on this request. Zavoral expressed some concern about encroachment into the public right of way for a private purpose and how this system would be used. Walaker was not in favor of granting this request. The issue was tabled. Zavoral will look into potential legal issues related to this request.

NDIRF Insurance Enhanced Coverage over Existing Insurance Policies

Costin reviewed an analysis prepared by Warner & Company about binding coverage with NDIRF on two existing mobile equipment float policies currently serviced by Acordia. The advantage of this move would be to provide expanded coverage over current risks being retained and lowering our overall insurance costs. An example of this would be that all vehicle s and heavy equipment would now be covered while providing service. Prior coverage was limited to storing the vehicles within 1000 feet of a building. He estimated the savings of approximately 32% by moving policies to NDIRF. Martin Fisher, the existing agent with Acordia had been previously informed last year that we would be exploring the option with the June and July insurance policy renewal. There was further discussion about how this should be procured and if an RFP for a broker would be done now or in the future. Sprague suggested we renew now with Warner & Company, the existing insurance agent who handles current NDIRF policies and that an RFP be considered in the future. Costin suggested that administrative issues would be simplified by having one agent in place instead of two. Committee approved moving present mobile equipment policies to NDIRF.

Internal Financing of SRF Funded Utility Projects

Costin reported that our present practice for SRF projects is to finance construction with draws on the approved SRF funds as construction payments are made during the construction phase of the project. This is different than our long term financing process used for projects that are

funded by special assessments. Under the special assessment process the City finances the projects with reserve funds and charge interest during the construction period. He suggested that this may be a way of increasing the return on using our cash reserves vs. the present interest rate environment. Zavoral moved, seconded by Piepkorn to approve this methodology for some of the utility fund projects. All voted in favor.

Walmart Bills Payment Option

Committee reviewed a bill payment option offered by Walmart where a customer could pay bring their City utility or other bills to Walmart and they would include them on this purchase, convert this to and electronic payment and remit to the City . Sprague reviewed existing options for paying bills to the City and there are several methods in place. The most current offering is using a phone based system called interactive voice response (IVR). This automated the payments for customer who choose to pay over the phone and reduced staff call volumes significantly. Committee was not in favor of using the Walmart offering as other providers could likely offer this service and if the City was interested in expanding its payment options that an RFP for services would be used.

City of Fargo
Finance Committee Meeting Minutes
June 29, 2010

The regular monthly Finance Committee meeting was held on June 29, 2010 in the Mayor's Office at 9:30 a.m.

Members Present: Walaker, Piepkorn (call in), Zavoral, Bittner, Sprague and Costin
Guests Present: Mike Citchy – HorseRace ND, Lynn Fundingsland, Dan Nadler, Dan Mahli

Minutes Approved
The minutes from the last meeting were approved. Zavoral moved seconded by Walaker, all voted in favor.

Horse Race North Dakota Status Report

Mike Citchy, President of Horserace ND updated the Committee on the status of the Horsepark operations. He became president of the organization in February, 2010. He reported that the business model presently used at the Park has not produced great results. He will be pursuing internet gambling as a way to increase wagering. They have accumulated debts to FCCEDC and a private party. Zavoral asked about the future of racing in Fargo and Citchy said that there is likely a 50/50 chance that the plan for internet wagering will be successful. He stated that the politicial environment in more favorable now and they will be pursuing legislative changes to help the race operations future.

WSI Premium Dividend Credits for 2011 Fiscal Year

Costin reported that WSI has announced plans to provide a 50% dividend credit for 2011. This will provide a significant savings in our WSI premiums. A spreadsheet was reviewed that shows our existing gross premiums and the reductions due to the dividend credit and savings associated with safety discounts. The estimated savings for 2011 is estimated at $250k.

Fannie Mae Line of Credit Expiration

Dan Mahli updated the Committee on the status and historical use of the existing Fannie Mae Line of Credit. He said that the existing line is scheduled to expire in September and that they have issued a moratorium on its use in the future. Lynn Fundingsland from the HRA discussed how it has been used in the past and what finanancial benefits it has provided in the past. It has been used for very low consturction financing and has been very successful in provide low and moderate housing units. Ten projects have been completed that provided 300 affordable housing units. Mahli stated that staff would recommend keeping it open in the future for a five year period. This funding could be used on the High Rise and the units in the Urban Plains subdivision. The only transaction utilizing the line presently is the Cooper House project which will be completed in September, 2010. Lynn provided a status report on the remodeling needs at the High Rise. Estimated construction costs approach the $20 million level.

Travel Policy

Mayor Walaker reported that they traveled to Washington, DC on Monday and that we should be looking at updating the existing travel reimbursement policy. Out of state and in state reimbursement rates shoul be evaluated and the policy udpated. Zavoral moved, seconded by Sprague to bring forth a revised policy. Costin will update and bring back to the Finance Committee. All voted in favor.

Flood Diversion Letter of Intent

Bittner shared a copy of the local sponsor letter of intent with the Committee members that he picked up on the FM Flood Task Force Delegation's trip to Washington, DC. The example was from Liousiana and it was brief, concise and well written.

City of Fargo
Finance Committee Meeting Minutes
August 3, 2010

A Finance Committee meeting was held on August 3, 2010 in the Mayor's Office at 9:30 a.m.

Members Present: Walaker, Piepkorn, Zavoral, Bittner, Sprague, Costin
Guests Present: Ace Brandt, James Gilmour, Stan Ryland, Rich Burns

The minutes from the last meeting were approved as presented. Bittner moved to approve, seconded by Piepkorn. All voted in favor.

Special Assessment Discussion with Stan Ryland

Stan Ryland expressed in seeking a no term certain special assessment deferral agreement with the City of Fargo. He said that it would take a long time to develop his property at the rate he normally develops property. His parcel is 140 acreas and will support about 400 homes. He typically does about 50 homes per year. Bittner reported that this area will require raising the elevation up over the entire development as it is in the flood plain. About 3' – 4' of fill will be necessary and costly. Ryland will donate 4.5 acreas for right of way purposes and indicated this property was purchased for development purposes. Zavoral stated that our typical agreements are capped at ten years and that consideration might be given to providing an extension longer than this term. Bittner stated that this is an extraordinary situation because of the school building expansion project. City staff will work on drafting agreements to consider.

Urban Plains Special Assessment Deferral Extension Request

Ace Brandt reviewed the status of development projects currently underway or planned in the Urban Plains subdivision. He is leading the efforts to market this area. Once completed the properties will produce $8 - $10 million of tax revenue annually. Area included both living units and retail space. About 10,000 people are expected to live in this area. He said that Sanford Health will be closing on property on August 31st and that they are interested in more land in the future. Goldmark is planning on building apartment in the northwestern corner of the development and that a professional park is being developed by Weiland which includes three 45k sq. ft. buildings.

He requested an additonal three years of special assessment deferrals added to the current agreements that will expire at the end of this year. A review of the plat for this area shows that much of the infrastructure for the NE quarter of the area has been completed; however, the NW and SW areas are not done and will require more infrastructure. Zavoral noted that the western expansion efforts will push up the special assessment costs and that Brandt should consider moving the housing units farther east to reduce the need for more infrastructure.

Piepkorn moved to extend the existing deferral agreement which is expiring by one year for the local improvements with interest accruing during the deferral period. Bittner seconded the motion and all voted in favor of the extension.

Sole Source Procurement of Software Training

Bittner presented a request to sole source procure engineering software training from Eagle Point. Zavoral moved, seconded by Costin to approve this request. They have used Eagle Point in the past.

Investment Manager Selection Recommendation

Costin reviewed the process of evaluating RFP's for investment managers and the intereview proccess as well. Sprague, Zavoral, Piepkorn and Costin were part of the interview team with Springsted reps assisting. A unamious recommendation was being made by staff to select PFM Group as our investment manager. Piepkorn indicated that Cutwater, the next choice was a subsidiary of MBIA and that MBIA one of the companies that melted down during the wall street / credit crisis. Zavoral noted that PFM operates a credit card program that could get us back as much as $80k in rebates. Sprague stated he was disappointed that Cutwater did not bring our recommended contact person to the interveiw. Piepkorn stated that the overall money management function at the City is a big responsibility and that having a professional money manager in place will help increase our investment earnings. Costin moved to approve PFM Group, seconded by Piepkorn. All voted in favor.

Bridge Company Request for Extension of Time

A letter from the Bridge Company was received and filed regarding an extension of time to pay off Bridge Company financial obligations. They are seeking a ten year extension of time. The letter did not include the balance of the obligations or the proposed restructuring data. This will be deferred until the next meeting. Costin will contact the Bridge Company officials and ask them to attend the next meeting.

Transit Capital Grants

Gilmour reported that $783,723 has been allocated by the State of North Dakota to Fargo for transit capital projects. He reviewed the existing priority listing and identified who will be paying the local share of the grants if approved. He inquired about a potential purchase of the small lot just south of the Transit Maintenance Facility. They are asking $90k for the lot, however, it is listed in the Assessor's records at about $78k. Zavoral moved to approve bidding up to $90k for this lot with an intial offer of $80k. Peipkorn seconded the motion. All voted in favor.

City of Fargo
Finance Committee Minutes
August 31, 2010

The regular monthly Finance Committee meeting was held on August 31, 2010 at 11:00 a.m.

Members Present:	Walaker, Piepkorn, Zavoral, Bittner, Costin
Membes Absent:	Sprague
Guests Present:	Kip Moore (Bridge Company), Ben Dow, Brent Olson, Rob Jordahl, Andy Noah, Steve Iverson, Keith Ternes, Bob Getz

The minutes from the August 3, 2010 meeting were approved as presented.

Bridge Company Request for Contract Extension

Kip Moore reviewed the current financial obligations for the Bridge Company. He said that they have been having much more difficulty financially because of the repeated flooding impacts because the bridge is at 28'. A flooding event slows traffic flows after a flood and causes decline in revenues. He stated the original contract was a 20 year contract with (2) five yer extensions. They have been open for 22 years. He was requesting a ten year extension from the original contract to 2023 (five more years). He also explained that the notes have personal guarantees and that they are current on the note and has been deferring management fees on the operation of the bridge. The current fee is 62.5 cents per crossing. Mr. Moore's motive was to honor the contract with all notes being paid in full within the extension period. Costin moved, seconded by Bittner to approve the extension request as requested. All voted in favor.

Street Department Snow Blower Procurement Recommendation

Ben Dow presented a bid tablulation for snow blower equipment. He reported that Sanitation Products did not meet spec and that Swanston Equipment did meet spec. The Sanitation bid item horsepower was less than spec. He wanted approval to proceed with the lowest qualified bidder and said that the State of North Dakota has Tenco DV 4000 units in place and they have been very pleased with them. Piepkorn moved, seconded by Zavoral to process with recommending Swanston Equipment. All voted in favor.

Televising of Infrastructure Projects

Ben Dow presented a proposal to begin doing all of the underground infrastructure televising for new and existing projects and that this cost would be billed back to the projects as a direct cost. Costin suggested that he consider billing with labor costs included as their recommendation did not include labor costs. Zavoral suggested that all costs should be accounted for and included in the project billing. Bittner moved to approve billing these serv ices as project costs, seconded by Costin. All voted in favor.

Sole Source Procurement of Fiber / Interduct Placement

Ron Gronneberg described fiber / interduct plans to reach Davies High School. He is working in conjunction with the Fargo Board of Education who is under contract with MBM Engineering. He explained that there are infrastructure points that he would like to connect and doing it now in conjunction with the school project makes sense. He said the cost is about $22,000 for the City share of the project. Zavoral moved, seconded by Piepkorn to approve the sole source procurement request. All voted in favor.

Sole Source Procurement Request for Data Back up Unit for New World Software

Ron Gronneberg requested approval to proceed with a sole source procurment request for a tape backup solution for the New World System being implemented by the Public Safety Divisions. The technical review committee is recommending Renanetics brand unit. The cost is $28.4k. The technical team evaluated other solutions but did not go though the appropriate procurement process. Costin suggested that because this is a grant funded expenditure that it is subject to audit and that we are required to follow our locally developed procurement process. Zavoral moved to deny the request for a sole source procurement and recommended that an RFP process be used in compliance with our existing procedures, seconded by Costin. All voted in favor.

School Resource Office Funding

Shanley school officials notified Police Chief Keith Ternes that they can no longer afford to pay for the assigned school resource officer. They currently pay 100% of the cost because they are a private school and would like to suggest they be offered the same deal as the public schools that provide a 50% cost reimbursement. Chief Ternes said that he would like to see them retain the SRO because of the impact that they have on public safety. He also stated that there is nothing in place with Oak Grove. Piepkorn expressed concern about setting a precedent and that we should support keeping it the same as it is currently. Walaker suggested that it should be 50% if it is important to keep in place. Ternes raised the concern about the private vs. public funding issue. Zavoral stated that there are no nurses in private schools provided by the Health Department. Piepkorn suggested that we should not be setting a precedent and that this would be inconsisted with other city programming. Bittner moved, seconded by Walaker to offer a 50% cost sharing rate to continue the program. All voted in favor.

Flood Financial Status Report

Costin reviewed a report prepared by the Finance Department called the Flood Sales Tax Accountability report. It has been designed to provide a year over year and cumulative totals including all revenues and expenditures provided and consumed in flood control projects. He stated that it was important to track the flood sales tax in this manner because of the likelihood that media inquiries will be made from time to time and that a common format is helpful. He said that the City has been using the storm sewer fund to pay for the annual certification of special assessments levied from flood control projects. He

recommended that these be transferred to the flood sales tax fund to provide relief to the storm sewer utility. Costin moved, seconded by Zavoral to transfer the specials as recommended. All voted in favor.

Handicapped Access for Newman Outdoor Stadium

Bob Getz reported on the status of the bids received for the handicapped seating areas of the stadium. The ADA audit revealed that there are an insufficient number of handicapped seats in the stadium due to the expansion from the original number of public seats. He recommended that the low bid of $ 81,760 be approved. Piepkorn moved, seconded by Bittner to proceed with this project. All voted in favor.

Deer Creek Subdivision Special Assessments Agreement

Rob Jordahl and Brent Olson reviewed the existing development agreement with the Committee. The original agreement with the City of Fargo requires the purchase of about 24 acers of land and that 50% of this amount would be due and payable upon plat approval. Bittner suggested that either the storm sewer utility or sales taxes be used to pay for this agreement. Bittner will work on this agreement with the development group. Zavoral moved to approve confirmation of the purchase as required, seconded by Piepkorn. All voted in favor.

Further discussion continued about special assessment deferrals. There is a three year special assessments deferral request pending from article 4 part 4 of the Contractors Leasing development agreement assumed by this group. It contains a three year deferral with interest accruing on all project costs for all property not related to Contractor's Leasing which is triggered by plat adoption. Zavoral moved to approve the special assessments deferral for the 814 lots in the Deer Creek subdivision including the Smiley properties. Piepkorn seconded the motion and all voted in favor.

Large Tract (Large Lot) Special Assessment Agreements with Existing Homeowners

Bittner reviewed existing large tract special assessments processes and wanted input from the Committee for projects going forward. He stated that existing agreements contain triggering mechanism that starts the special assessments billing process. Those triggers include the earliest of a ten year term, date of building permits, other higher level uses, or replat into multiple lots. Older agreements were written to defer forever unless they were subdivided. Zavoral suggested that the Committee endorse the ten year concept and that the forever deferrals not be used. Piepkorn seconded this motion. All voted in favor.

City of Fargo, ND
Finance Committee Meeting Minutes
October 8, 2010

The monthly Finance Committee meeting was held on Friday, October 8th at 9:00 a.m. in the Mayor's Office.

Members Present: Walaker, Piepkorn, Zavoral, Bittner, Sprague, Costin
Guests Present: Brenda Derrig, James Gilmour, Larry Nygaard, Mike Redlinger, Harlan Ault, Brian Neugebauer, Erik Johnson, Jason Loos, and Bob Stein

The minutes for the August meeting were approved. Costin will modify the minutes relating to the Deer Creek subdivision to state that the assessment deferrals granted in cluded interest during the deferrral period either capitalized or paid by the developer.

Southwest Transit Route Starting Date

James Gilmour requested permission to start the proposed southwest Fargo transit route in early to mid November since it has been included as part of the 2011 budget. He said that the cost would be about $33k, of which 50% is funded by federal grants leaving a net local cost of $17k. Piepkorn moved, seconded by Costin to start this route in November. All voted in favor.

Tax Increment Financing District Status Report

Costin provided a status report and reviewed the current tax increment financing district obligations and related cash balances. The largest district is currently the Matrix TIF started in 2011. He said that there has been legislative subcommittee data reqeusts from all Cities about the status of TIF districts and if the City has closed out any TIF's recently. There is some draft legislation pending that includes an oversight board for TIF approval which includes members from all taxing authorities. Discussed potential legislative impacts on how our TIF projects are administered.

TIF Funding Proposal for a Powerline Relocation Project Near 32nd Avenue South

Brenda reviewed a powerline consolidation and relocation project contemplated adjacent to 32nd Avenue between 42nd & 45th street. This has been in the planning phases for about three years and now Xcel has provided a cost estimate of $860k. The existing powerlines will be shifted south and this will help for future infrastructure project planned for the future. Erik Johnson was comfortable adding this project to the Matrix TIF and stated that we would not have to amend the TIF plan currently in place. Bittner moved, seconded by Sprague to fund this project from the Matrix Tax Increment Financing District. All voted in favor.

Special Assessment Financing Request for Voluntary Flood Incentive Program

A request from two homeowners to use special assessment financing for the non-eligible incentive portion of private property flood control measures has been made recently. Costin reported that staffs in the Engineering and Special Assessments offices are not in favor of extending this for private property projects. Zavoral inquired about the current review process for flood incentive eligible projects and wondered why the City would not be interested in using special assessments for flood incentive projects. Bittner reported that they are not verifiying (auditing) costs reported and have been paying the incentives based upon the data provided by the homeowner. Erik Johnson stated that it would be legal because need to have easements in place. Bittner stated that they have now bought out properties that have been assisted on multiple events in the past. Zavoral suggested that this issue be continued with the Public Works Evaluation Committee to evaluate all the issues before deciding to use special assessment financing for these projects.

Financial Status Report for Operational and Flood Funds

Costin reviewed the third quarter financial status reports for operations and flood sales tax funds. He reported that revenues were trending as budgeted and that the Health Insurance fund received about $450k in stop loss reimbursements due to the extraordinary claims history this year. The flood fund report was developed to keep everyone informed of how much has been recevied and spent for the dedicated sales tax for flood control. These reports will be recevied and filed as presented.

Bridge Company Contract Extension Request

Erik Johnson provided a review of thexisting contract provisions for the Bridge Company which is scheduled to expire in 2013. There is about $300k in debt outstanding for this project. The Cities of Fargo and Moorhead have the options of keeping the 12th Avenue North bridge and assuming the debt, or granting contract extensions to provide the opeator time to pay off the outstanding debt. He reported that the City of Moorhead favors a five year extension. Their concerns were primarily that the bridge be well maintained and that recent electrical inspection issues be resolved. Zavoral moved to approve a five year extension from 2013 to 2018. The motion was seconded by Bittner and all voted in favor. Walaker requested that a letter be sent to Kip Moore to let him know what will be recommended at the City Commission meetings. Moorhead officials joined in the discussion and reviewed what their discussions and concerns have been up to this point. The will be placing this issue on their agenda in late October for consideration.

Renaissance Zone Tax Credit Funds

Bob Stein provided an overview of the current level of tax credits authorized and obligated for the Renaissance Zone Tax Credit program. Tax credits of up to 50% are available for zone related projects. Credits are allocated by the State Department of Commerce. There was

interest by Rick Engen to start Zone Fund # 3, however, this has not materialized after a year. Stein reported that he stend Engen a letter revoking the offer to allow him to start this fund due to the lapse of a resonable amount of time to get it started.

Pilot Assistance Due Diligence Financial Report on T-Loft Apartment Project

James Gilmour reviewed the Springsted "but for" due diligence report with the Committee. Spingsted is reporting that this project qualified for the requested PILOT assistance based upon their review of the project. Larry Nygaard stated that the plan for this area had to be revised as the first plan did not work and now the revised design requires the removal of powerlines costing about $75k. Piepkorn moved to approve PILOT assistance up to $675k, seconded by Sprague. All voted in favor.

Fargo Board of Education Shared Services Seminar

Zavoral reported that the City has been invited to attend a web seminar next week regarding shared services between school districts and the City. This seminar will highlight areas where success has been achieved in other areas of the country.

City of Fargo
Finance Committee Meeting Minutes
10/19/2010

A special Finance Committee meeting was held on October 19, 2010 in the Mayor's Office at 9:15 a.m. to discuss flood control funding.

All members were present. Erik Johson was also in attendance.

Mark Bittner provided an overview of the work come by consultants in the past and present. He felt that more work needs to be completed on river impacts. Other agencies don't have funding to share in the cost of the work that needs to be done. He stated that a basin wide modeling upstream from Halstad needs to be completed because the Army Corp of Engineers did not spend much time on this analysis.

Piepkorn stated that his is a basinside issue and that our State and local partners should share in the cost. Bittner said the Red River Basin Authority is working on this issue, however, there is no firm schedule so it is really a timing issue. He stated the consultants were surprised by the impact of western river tributaries. He stated a cost of $950,000 to complete the analysis required.

Bittner reviewed the impact of southern areas with impact of downstream reduction as more water is retained to lower the downstream impact. There would be more water in the southern areas during a 100 year flood event.

Zavoral said that the Corp project at 80th Ave will remove Fargo from the flood plain and that we need a project for protection now. Bittner requested permission to sole source the engineering work due to the urgency of the need to complete this analysis. He said that we have two consultants under contract now and encumbered funds of about $3 million. Piepkorn stated that timing is not such an urgent issue. Bittner shared that past projects have had very long timelines and he is concerned it may take many years to complete on a normal pattern.

Walaker stated that we need the data to make future decisions.

Piepkorn move to approve with sole source for engineering projects, seconded by Walaker. All voted in favor.

A report from the Chief on the flood control project will come out next year in the September / October time frame.

City of Fargo
Finance Committee Meeting Minutes
11/03/2010

The regular monthly Finance Committee meeting was held on November 3, 2010 in the Mayor's Office at 10:30 a.m.

All members were present. No guests were present.

Minutes Approved

The minutes from the last meeting were approved as presented.

Health Plan Design Changes and Premium Renewal Rates for 2011

Zavoral reviewed the status of the work completed on the health plan premiums and a potential transfer to the NDPERS health plan. Four options have been identified and discussed with the Mayor's cabinet based upon the consultant recommendations and existing fund balances within the Health Plan Fund. He also highlighted various health plan design changes that were recommended by the health care consultant Aon. A historical summary of cost sharing was reviewed as well as various premium levels and the impact to the City budget and employee deduction amounts. Zavoral moved to recommend a 10% price increase for 2011 for both the City of Fargo share and the employee and retiree group share. The motion was seconded by Piepkorn and all voted in favor.

FEMA Flood Reimbursement Issues

Costin presented a summary of items that were deemed ineligible by FEMA during the project worksheet processing and approval process. There were several insignificant items along with a couple of major items that totalled about $300k. Bittner confirmed that the FEMA conclusion was correct for questioned costs related to engineering services and that we should not protest the denial of these costs. Sandbag removal costs were disallowed because they ruled that we would salvage them and use them for another purpose. There was discussion on the need to press FEMA and the NDDES officials to process out the volunteer labor costs before closeout which is their normal process because the amount of the volunteer labor is significant and can be counted as our local share of the flood costs. Zavoral moved that we should not protest the items above and to pressure payment of the volunteer labor project worksheets as soon as possible. Bittner seconded the motion and all voted in favor.

Flood Buyout Project Cost Reimbursement

Costin presented a listing of several flood buyouts that were completed in 2008 & 2009 that were presently coded against the general infrastructure fund 401. These projects have been completed, however, funds have not been transferred to cover these expenditures. He recommended that these projects be closed out by transferring flood sales tax funds. Committee concurred with this recommendation. The status of flood sales tax funds will be about a break even by year end with the presently encumbered projects included.

Feedback on Landfill Tipping Fee Increase to Outside Cities

Zavoral reported that some of the outlying cities were upset that we increased the landfill tipping fees for 2011 by $5 per ton after their budgets had already been set for the year. Zavoral moved to delay the fee increase for the outlying city contracts until 2012. This was seconded by Piepkorn and all voted in favor.

City of Fargo

Finance Committee Meeting Minutes 12/17/2010

A Finance Committee meeting was held on 12/17/2010 at 9:00 a.m. in the Mayor's Office. All members were present. Guests Present: Jim Gilmour, Erik Johnson, Roger Gilbertson, Ace Brandt

Minutes from Last Meeting

The minutes from the last meeting were approved as presented. Motion by Piepkorn, seconded by Sprague. All voted in favor.

ND Governor's Budget Summary

A summary of the ND Governor's Preliminary budget was handed out and key points were discussed in relation to flood control funding, compensation plans, pension funding, and projection of future sales tax and highway funds. There was brief discussion on these issues and how they might impact local decision making process. Walaker suggested that we wait until after the session ends to address our budget strategy going forward. Costin commented that the sales tax growth projections are encouraging and may help offset the future costs of grant funded police and fire positions.

FM Development Tax Increment District Amendment Proposal

Roger Gilbertson from FM Development reviewed development plans on the undeveloped parcel of land between their phase I and phase II buildings on 12th Ave. North. He requested assistance of up to $50k to cover the cost of demolition for the Rakowski house that he has the option to purchase. He is planning to construct a building with eight living units, three stories tall that will infill the area between his two newly constructed facilities. Sprague moved to approve the TIF amendment, seconded by Zavoral. All voted in favor. Gilmour will take the TIF amendment to the City Commission for final approval and conduct the required public hearing. Motion by Sprague, seconded by Zavoral to approve amendment requested. All voted in favor.

Special Assessment Deferral Request for Urban Plains Development Area

Ace Brandt attended the Committee meeting and reviewed the status of development within the Urban Plains area. Since the last meeting the wellness center project with Sandford Health has been approved. Block 3 has been sold for a residential tract. All of the lots in the NE section of Blcok 2 are sold. There is a pending sale in Block 1 for future office space with an estimated expansion of three commercial office buildings which would house about 750 employees. He reported that progress is being made in attracting a national development group to help develop the middle section of this area.

He requested special assesment deferrals on the entire plat subdevelopment area. Commissioner Piepkorn suggested that a map of this area be created which tracks the infrastructure investments made to date and the plans for the future. The Committee felt that more deferral should not be offered as several projects are already under deferral agreements and have been extended once already and that similar actions would likely be reqeusted from other developers.

Bond Sale Schedule and Related Special Assessment Processing Issues

Costin reported that a special assessment projects bond sale has been scheduled for March, 2011. He noted that there are just a few projects certified totalling about $5 million. Engineering staff will be working on closing out projects in the next month so we anticipate a bond sale sizing of $20 - $25 million. The current project fund deficit is about $43 million which includes all project work in progress. He inquired about how the special assessment contracts have been lumped together recently and Bittner reported that the primary reason was to help with the coordination of the storm sewer regulations and the coordination of work required in this area. Bittner stated that the phases could be assessed as completed in lieu of waiting until all of the phases are complete. The Committee confirmed that this practice would work better for cash management and cash flow purposes.

FEMA Reimbursement of Volunteer Labor on Flood Events

Costin reported that $496k was received for reimbursement of our volunteer labor claims relating to the 2010 flood event. There is $1.2 million outstanding from the 2009 event that is being held up pending validation of National Guard billings that NDDES has intended to offset with some of our earned volunteer labor funds. Zavoral reported that there is also some desire to verify which levees were removed and which were left in place prior to releasing the final volunteer funds. Costin reported he requested that the State pay the City the eligible portion of the gross claims submitted to NDDES and that they bill the City after validating any remaining issues.

Infrastructure Projects and Flood Sales Tax Financial Status Reports

Financial status reports for the infrastructure funds and the flood sales tax were reviewed with the Committee. All transfers necessary to cover flood buyouts have been made from the flood sales tax fund for the 2010 flood emergency flood costs.

Sale of Tax Forfeited Lots to Dakota Underground

Erik Johnson reviewed the status of the lot sales to Dakota Underground. This is the site that Master Construction is currently leasing. He asked for some guidance on setting a closing date for this transaction. The Committee recommended using January 18, 2011 as the closing date.

Shotwell Floral Area TIF for Residential Development

Zavoral reported that Terry Stroh will be requesting tax increment financing approval to assist in the redevelopment of the Shotwell Floral area on 13th Ave South. No action taken.

Northfields First Addition Project Closeout

Bittner updated the committee on work related to the Northfields First Addition. He stated that there is about $55,000 in work completed with Houston Engineering related to flood plain issues. He said that this development will not be proceeding and recommended that the project be closed out with a

transfer from the Storm Sewer Fund. Sprague moved to recommending Storm Sewer Funding, seconded by Zavoral. All Committee members voted in favor.

Ames Sand and Gravel Water Billing Adjustment

Sprague reported that staffs have determined that Ames Sand and Gravel has been overbilled due to a faulty meter. This issues has been corrected, however, the overbilling amount was substantial in the amount of $24k. He requested approval to refund the overpayment to Ames Sand and Gravel. Piepkorn moved to approve the refund of erroniously billed water charges. Sprague seconded the motion. All voted in favor.

Potential Electrical Rate Increase

Mayor Walaker stated he heard that Xcel Energy will be requesting a 10 – 12% rate increase in 2011. He wanted to know what the financial impact would be to the City if this was passed. Costin will calculate the impact and send to the Committee members.