City of Fargo
Finance Committee Meeting Minutes
January 30, 2013

The regular monthly Finance Committee meeting was held on January 30, 2013 at 9:00 a.m. in the Mayor's Office.

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

Guests Attending: Erik Johnson, Ben Dow, Brenda Derrig, Steve Iverson, Bruce Furness, Harold Newman, Kari Ness

Minutes Approved

The minutes from the last meeting were approved. PZ, SS – All voted in favor

Asphalt Rotomiller Warranty Litigation Approved

Ben Dow and Erik Johnson reviewed the status of an asphalt paving rotomiller that was purchased by Steps Manufacturing. This item has not worked in accordance with the specifications and it has been rebuilt three times. It is simply a lemon. The manufacturer and the marking company have not been responsive to cure this issue. Dow and Johnson were seeking approval to initiate legal action to recover the $123,000 cost of this item. PZ, BW motion to begin litigation. All voted in favor.

New World Systems Public Safety Software Status Update

Erik Johnson provided a historical summary of the status of acceptance of the New World Software. The vendor has failed to satisfy and deliver the system requirements and many issues are pending. There have been ongoing discussions with New World representatives but not much progress has been made to get it to the level of acceptance by the City. He said that there is a dispute process in the contract and that is pending and this process could further delay final decisions. In the interim the public safety staffs are using what works within the system. No action taken.

Newman Signs Zoo Donation Proposal Reviewed

The Newman Sign Zoo donation was referred by the City Commission for further discussion. The Committee met with Harold Newman, Kari Ness, and Bruce Furness about the proposed donation and this provided clarity about the issues related to the proposal. There was discussion about proposed sign locations, potential conflict with the City sign code. They reviewed how the Zoo would benefit from this proposal. Zavoral suggested that the new locations may need to go through an RFP process and that a twenty five year term would not likely be supported. Wimmer suggested that the next step would be to have Newman Sign representatives as well as City staff from Planning and Engineering meet to determine if there are locations that meet the sign code. Zavoral volunteered to coordinate this process and report back to the Committee. No further action taken.

Bank of North Dakota Approved Lowering Financing Fees for Capital Financing Program Bonds

Costin reported that approval was granted by the Industrial Commission to lower the letter of credit fees by about half. This was in response to a City of Fargo proposal to consider lowering the fees

charged on City bond financings through the CFP program. Overall long term fee savings on current and future bond financings are about $700,000. He reported that the City's flood project bond issue for $56 million has also been approved by the Industrial Commission and the net proceeds will be available in about six weeks. This bond issuance process has been a very efficient method of capital financing.

Medical Hardship Approved for 610 Hackberry Drive

A hardship buyout request for 610 Hackberry Drive was received and reviewed by the Committee. The required doctor's certification and notice from social security confirming disability status was provided. This is the first buyout request under our new flood buyout policy. BW/PZ moved to approve this request. All voted in favor.

Local Match Request for Cass Emergency Management Multi-Hazard Plan Approved

A request was made from Cass County Emergency management to approve funding for the City's portion of the local share of the grant that funds emergency management costs. BW/MB moved to approve our share of $4,507.

Transfer of Funds to Eliminate Storm Sewer Deficit Discussed

Costin updated the Committee that the Storm Sewer utility currently has a $925k cash deficit. He said that this was cause by past years expenses charged to the utility prior to having sales tax resources in place and that projects funded here in the past are related to flood control mitigation and prevention projects including buyouts and other capital costs. He was recommending that a funding source be identified to provide a fund transfer to remove this deficit. Bittner provided some background on past projects. Zavoral suggested that the flood sales tax fund be used since the projects were related to flood mitigation. Committee requested that a historical summary of accumulated deficits be compiled for next month's meeting before a final decision is made.

Revised Purchasing Card Policy Approved

Costin reviewed the final draft of the purchasing card program policy which has been updated for recent changes. This policy provides guidance to cardholder and program administrators to manage this program. He said that Finance staffs followed the provisions of the GFOA's best business practices as well as Eide Bailly's Forensic Accounting Division recommendations to assure that internal controls have been designed to make sure all transactions are properly authorized and documented. BW/SS moved to approve the revised purchasing card policy. All voted in favor.

Developer Letter of Credit Policies and Practices Review

Sprague reviewed survey results from other regional communities about how they secure developer security for new subdivisions funded with special assessments. There were a variety of practices in place many of which are less stringent than Fargo's existing policy. He reported that recent banking regulation changes are causing more difficulty for developers to secure letter of credits as we have required in the past. Some other cities are using personal guarantees, promissory notes and are releasing coverage more rapidly than in Fargo. The Committee ratified their support for revising the

policy in light of changing market conditions. Zavoral suggested that staff will bring forward a final recommendation in about a month. Costin reported that PFM Group is familiar with the banking regulations that are causing this problem and they offered to review this with the Committee. No further action taken.

Sole Source Procurement Request for Quiet Zone Study Approved

Brenda Derrig presented a request to proceed with a sole source procurement method to SRF Consulting. They have the most experience with quiet zone regulations and related projects. The estimated cost of the feasibility study for two new locations was $14,000. PZ/MB moved to approve the sole source procurement. All voted in favor.

PFM Investment Advisors 4th Quarter Report Reviewed

Costin and Sprague reviewed the 4th quarter investment report as compiled by PFM Investment Advisors. They reported that multiple portfolios have been established and have been operating as intended during 2013. Investment results have been above benchmarks, however, they are still at historically low levels. Costin reported that he and Sprague had a recent conference call with the PFM and they are beginning the process of purchasing corporate bonds as part of our overall investment mix. PFM has provided a listing of corporations that meet their own stringent credit quality standards to staff for future reference. The market value of all portfolios was $57.7 million under PFM management.

Educational Item: Preliminary Year End Financial Results

Costin reported on the preliminary financial results for all operating funds. He stated that the overall revenue results were within .1% of budget and that total expenses were less than budget by 5.4%. The Solid Waste and Street Lighting utilities were the only two funds to have a negative net income for the year. He also reported that the Solid Waste utility has a $3 million cash deficit that was caused by paying cash for the baling building and that some work should be done in 2013 to close up this deficit. BW/SS moved to approve the report. All voted in favor.

Donation of Cisco Phone Equipment to Fargo Public Schools Approved

Ron Gronneberg presented a request to donate old used CISCO phone equipment to Fargo Public Schools. The City is replacing its old phone system and therefore an outlet is needed to dispose of the surplus inventory of used phone equipment. BW/SS moved to donation to FPS as recommended. All voted in favor.

Special Assessment Financing Request for Engineering Costs for The Pines Development

Steve Iverson requested special assessment financing for the engineering costs related to The Pines development. Engineering staff had been in previous consultation about this project and advised Iverson to proceed on their own with engineering services because of a very aggressive time line requested by the developer. At a recent PWEPC meeting further support was given to having these costs assessed. There was more discussion about the public procurement process and how this is a prerequisite for costs that are ultimately financed with special assessments. BW/PZ moved to approve this request subject to final legal review and recommendation. Wimmer, Zavoral, Bittner, Sprague and Costin voted in favor. Walaker voted against the recommended motion.

City of Fargo
Finance Committee Meeting Minutes
February 27, 2013

The February meeting of the Finance Committee was held on February 27, 2013 at 9:00 a.m. in the Mayor's Office.

Attending:	Walaker, Zavoral, Bittner, Sprague, Costin
Absent:	Wimmer
Guests:	Tim McShane, Clay Dietrich, Mark Weston, Erik Johnson, Jim Gilmour, April Walker, Steve Dirksen, Keith Ternes

Minutes Approved

The minutes were approved as drafted. Zavoral reported that the meeting with Newman Signs has not yet been scheduled.

PFM Financial Due Diligence Report 3202 Broadway Tax Increment Request

Clay Dietrich and Mark Weston reviewed their development plan and tax increment request with the Committee. They are planning on developing the old McDonalds restaurant site in North Fargo and will be constructing a 24-plex apartment. The PFM report confirmed that this project would not be feasible without some TIF assistance. The Committee noted that this project has a very low level of return, much lower than other development proposals. Zavoral moved, seconded by Costin to approve the TIF request based upon the PFM report. All voted in favor.

Special Assessment Deferral Request for Portion of Starr Quarter

Tim McShane is currently working on a development proposal on Hector land referred to as the Starr Quarter. He requested continuation of existing special assessment deferrals that are in place for this tract and asking the City to agree that his development would not trigger the expiration of existing special assessment deferrals on the Hector property adjacent to his proposed development. There was further discussion on how much of 51st Avenue should be constructed. He wants to have a 300' section constructed, however, City staff are recommending at all of 51st be constructed from 38th St. to 42nd St. There was more discussion on special assessment "triggering" events that impact deferral agreements. Mr. McShane wants to develop this area this spring and needs to work out final arrangements with the Hector's. Zavoral stated that we should not support deferral of assessments triggered by construction of 51st Ave. Bittner moved to approve constructing a 300' section of 51st Ave South as requested by McShane and to continue existing deferrals on lots 1 and 3 of the proposed developments for previous arterials already constructed and that existing deferrals will expire on lot 2 and future assessments will be billed normally. The motion also included showing the access easement in the development plat. Zavoral seconded the motion and all voted in favor.

Lease Purchase Option for the Red River Regional Dispatch Center

Steve Dirksen and Keith Ternes reviewed options to consider purchase of the RRRDC space currently rented for the dispatch center. Their existing lease agreement contains an option clause that expires in November of 2013 so options are currently being evaluated by the RRRDC. There are five financing scenarios which include the current space, additional space as well are fortifying the building for natural disasters. The Committee as well as the Dispatch Center favors purchase of the space as a more cost effective solution than renting long term. Project funding was discussed that included how to pay for the $300k cost and the costs relating to additional capital improvements. Costin asked what the RRRDC existing fund balance was and if the RRRDC could fund some of this without having to do a supplemental billing to all agencies. Dirksen confirmed that some fund balance was available but that it was not enough to carry this entire project. There was additional discussion on the existing E911 fee that is used to fund the dispatch center. Currently revenues are lagging operating expenditures. Ternes reported that West Fargo has already raised their E911 fees to $1.50 per month and wondered if the City should consider raising this fee. All of the E911 fees dedicated to the operations and capital needs of the RRRDC.

Zavoral moved to proceed with the purchase option including additional capital improvements with the capital improvements being funded from the RRRDC budget and to raise the E911 fees to $1.50. Bittner seconded the motion and all voted in favor.

Convention Bureau Tourism Funding

A letter was received from Charley Johnson, Executive Director of the Convention and Visitor's Bureau. They were informing the City that they intend to bid on certain events and would like to access their 1% capital funds to do so. He cited some upcoming examples. The Committee discussed their existing revenues and how much risk that would be supported in bidding on larger events. Costin stated that their 1% capital funding raises about $500-600k per year. Zavoral suggested that we should support this concept, however, some policy type caps should be considered. He moved that bidding and related promotion of events from the 1% capital fund not exceed 10% of the annual revenues generated from the 1% capital tax. Sprague seconded the motion and all voted in favor.

Giving Heart Day Matching Grants For Grants Made by City of Fargo

Costin reported that the Finance and Planning staffs worked together to convince the Dakota Medical Foundation (DMF) that funds granted by the City to non-profit groups should be eligible for matching grants from DMF. Based upon that discussion the City released $138,000 in grants on Giving Hearts Day (February 14th) that triggered a $4,000 DMF matching grant per agency. There were 12 agencies that participated in this process so $48,000 was given by DMF to non-profits as a result of the City's request and coordination for this event.

Homeless Shelter and Detox Funding From the Veterans Administration

Zavoral reported that the VA has offered to assist with the Homeless Shelter as a result of a recent outreach for veterans. Funding may become available for expansion of the shelter adding ten rooms and providing counselors. Staff has inquired about the detox operations as this is also used by veterans.

Special Assessment Letters of Credit with Developers

There was discussion on current letter of credit practices used by the City to help reduce our financial risk associated with special assessment bond financing. Currently the City requires coverage for 50% of the amount of special to be levied on a development. In the past the City had lower coverage levels, however, the decline in economic conditions in 2008 triggered a change in City policy to require more coverage. Developers are experiencing more difficulty in getting LOC's from banks and have asked for us to review our LOC policies. The Committee supported the idea of releasing LOC coverage levels once lots are sold by developers and to not charge LOC coverage on City engineering and administration fees charged to projects. Sprague will draft protocols and update the LOC policy language to allow for faster removal LOC coverage and will bring back at the next meeting for consideration.

Financial Status Reports – Flood Funds and Infrastructure Sales Tax

Costin reviewed the monthly financial status reports for flood funds and infrastructure sales tax. He reported that the State of North Dakota Industrial Commission has approved our flood control bond application for $66 million and that funds will be received in about a month.

Status of the Bridge Company Agreement for 12th Ave North Toll Bridge

Erik Johnson reviewed the status of the Bridge Company agreements. The City of Fargo extended the agreements for five years in 2010; however, the City of Moorhead has not acted on this agreement. Walaker expressed concerns about the physical condition of the 12th Ave North bridge and asked if there have been any condition assessments. April Walker reported that the City of Moorhead is doing an RFP for bridge inspections and that this bridge would be included in that assessment process. There are outstanding issues still outstanding from the last inspection. Erik Johnson will prepare a status report for this agreement for the City Commission before June 1st.

Educational Items

There were no educational items scheduled this month since Commission Wimmer was not available to attend the meeting.

City of Fargo
Finance Committee Meeting Minutes
March 27, 2013

The regular monthly Finance Committee meeting was held on March 27, 2013 in the Mayor's Office at 9:00 a.m.

Members present: Walaker, Wimmer, Zavoral, Bittner, Sprague & Costin
Guests present: Ron Gronneberg, Erik Johnson, April Walker

Minutes Approved
The minutes from the last meeting were approved as presented. Wimmer moved to approve. Costin seconded the motion and all voted in favor.

Bond Counsel Firm Change Approved
Erik Johnson reported that Paul Tietz, our bond counsel has discontinued his employment with Briggs and Morgan and is now with the firm of Gray, Pannell and Woodward Law Firm. Johnson stated that Tietz has not retired but rather has chosen to work directly with several long time clients. Wimmer moved to approve Gray, Pannell and Woodward Law Firm as our new bond counsel firm with Paul Tietz as our primary contact. Sprague seconded the motion and all voted in favor.

Special Assessment Deferral Request for Valley View Subdivision
The Committee reviewed a request from Bart Kounovsky for special assessment deferrals for this area. The request was for a five year deferral on all roads in the Valley View subdivision that adjoin unplatted property and a five year deferral extension for all current assessments in the subdivision relating to an existing ten year deferral that expires in 2014 originating from 40th Ave and Veteran's Boulevard improvements. Zavoral stated that there has already been a ten year deferral granted on the arterial improvements and we should not extend these agreements and that there is still one more year before they are billed. Sprague reported that a $2.6 million letter of credit has been secured for this subdivision. There is a larger than normal number of subdivisions being developed this year as the market demand is increasing. Costin felt that we need to tighten up the process for granting deferrals since there has been many large projects deferred in the past and that the financing cost takes away funding from street sales tax resources. Zavoral moved to approve a one year deferral on the local improvements and to not grant an extension on the existing ten year arterial deferral that comes due next year. Sprague seconded the motion and all voted in favor.

Fiscal Impact of Proposed HB 1020 Amendments Reviewed
Costin reviewed a financial analysis that we prepared by PFM, our financial advisor showing a loss of about $3.7 million if the State chooses to freeze local funds for the FM Metro Flood Diversion Project. The City has just issued long term bonds totaling $55 million to finance Fargo interior flood projects approved in the flood capital improvement fund. Sitting on the proceeds will cost the City since it will not spend the proceeds and will pay interest of about 3.2% while earning about .005% during the term that funds could be held up in this bill.

Recommended Budget Amendments for Highway Projects Funded by One Time Highway Funds
Costin reported that $4.8 million has been received from the State of North Dakota for special one-time appropriations of municipal highway funds from this Legislative Session. April Walker presented a listing of six potential projects that could be constructed sooner than planned because of this special appropriation. She reviewed a listing of projects that would consume the entire $4.8 million dedicated to highway needs. Zavoral moved to approve a budget amendment recommendation for four of these projects and to move them up in the CIP listing for next year's construction. Bittner seconded the motion and all voted in favor. Projects included in this motion included 13th Ave South 38th St. to 44th St., 19th Ave North 10th St to 18th St, 40th Ave South Drain 27 to Veterans Boulevard and 64th Ave South University to 25th St. South.

Flood Cost Recovery Report Presented
Costin reviewed a cost recovery report that summarized the past three flood events in 2009, 2010 and 2011. An 84% cost recovery rate was achieved for the sum of all these projects which is significant. He reported that the 2010 event recovery rate was lower than others because some of the emergency flood levees were left in place as part of the permanent flood control plans. The neighborhoods where temporary levees were left in place included Rose Creek and Timberline Additions. He also reported that all payment requests have been received or are approved and pending with the exception of a single project to reconstruct Lindenwood Drive which is presently outstanding which was damaged in the first two disasters.

Educational Item: Tax Increment Financing Projects Overview
The educational item for this month's meeting was a review of currently outstanding tax increment financing districts. Costin reviewed a summary report that shows the list of TIF projects and the remaining outstanding obligations as well as an estimate of when these are scheduled to mature. There are several districts expecting coming off of TIF status in 2017.

City's Emergency Purchasing Policy Reviewed
The Committee reviewed the emergency purchasing policy that will be in effect for the upcoming flood event. No changes were recommended. The policy requires multiple quotes on all flood expenditures, regardless of size.

Special Assessment Software Update with Business Software
Sprague reported that special assessment staffs are using the BSI software system to spread special assessment project this year to test the overall functionality of the newly created special assessment software system. There are about thirty projects that will be spread using this system and once that process has been completed the City is planning to "go live" on the new system and discontinue tracking on the AS/400 computer system. Positive feedback is being heard about the improved functionality of the new system from Special Assessment staff members and they have processed about twelve projects to date.

Sole Source Procurement for Traffic Signal Software Update Approved
The Committee reviewed a request from Traffic Engineering and IT to update their existing software system. This project has already been included in the 2013 budget so they were seeking sole source

approval to purchase a system from our incumbent software provider Seimens. The estimated cost of the upgrade is $125,000. Sprague moved to approve the sole source procurement request. The motion was seconded by Wimmer and all voted in favor.

Advanced Funding of NDOT Request for 25th St. & I94 Project

Bittner and Walker reviewed a request from the NDOT to advance fund a reconstruction project on 25th Street South and I94. This project is scheduled in 2015, however, NDOT can move this ahead to 2014 with DOT URB funds that they have available, however, the project will be short by about $2.5 million. Zavoral asked about construction scheduling and related issues with that interchange since it will be expanded to six lanes. The advanced funding will be paid back when the State gets more DOT URB program funds. Bittner moved to advance fund this project with infrastructure sales tax for one year. Sprague seconded the motion and all voted in favor.

Change Order Requests for River Villi Flood Control Projects Expanded Scope of Work Reviewed

April Walker presented an overview of various changes in scope of work for flood control projects in the River Villi area. The design engineering firm KLJ was very late in processing these bills as the work was ordered and completed over two years ago. The amendments were related to the modeling of the storm sewer system in Phase II, construction administration and inspection of a lift station as well as assistance in a grant funded project that we completed expeditiously. All of these requests have been validated by Engineering and the work is complete. Engineering staff recognized the need to follow the change order policy and to process these contract amendments on a more timely basis. Walaker questioned why there was such a time lag from completion to final processing of change orders. Walker confirmed that all of the work was ordered by City staff. Zavoral moved to approve three change orders totaling $452,000 for work completed by KLJ. Wimmer seconded the motion and all voted in favor.

Development Letter of Credit Policy Discussed

Sprague reviewed draft policy concepts that support the faster release of letter of credit coverage for subdivision developments. Presently we require 50% coverage, however, LOC coverage is becoming more difficult to obtain. Changes recommended included coverage for construction costs only, not including lots owned by other governmental units and a more rapid release of coverage once building permits are initiated. Sprague will formalize the policy changes and will bring back to the April meeting for final review and discussion.

City of Fargo
Finance Committee Meeting Minutes
May 14, 2013

The regular monthly Finance Committee meeting was held on May 14th at 1:30 p.m. in the Mayor's Office.

Members Present: Walaker, Wimmer, Zavoral, Bittner, Sprague, Costin
Members Absent: None
Guests Present: April Walker, City Engineer

Minutes Approved

The minutes from the last Finance Committee meeting were approved as presented.

City Hall and Transit Bond Debt Defeasance and CVS Project Financing Plan

Costin discussed a debt pay off budget strategy that will help clear up some old debt that is funded from the General Fund. He reviewed the status of the existing City Hall bonds and the Transit Maintenance Facility Bonds. The City Hall bonds have interest rates ranging from 4.4 – 5.10 while the Transit Facility bonds have a fixed interest rate of 4.68%. He said that year end fund balance in the General Fund has increased to about 36% which is more than the 25% fund balance goal. Paying off the old debt would allow the City to issue new debt at lower interest rates and will provide some debt service budget capacity if long term financing is needed on the CVS/ Health remodeling or a City Hall in the future. PFM reviewed the defeasance proposal and there is an interest savings of about $ 1 million. Zavoral moved to pay off the remaining balances on these two debt issues. Sprague seconded the motion and all voted in favor.

Developer Letter of Credit Policy Review

Zavoral and Sprague reviewed the existing letter of credit policy and highlighted proposed changes to the policy that allow coverage to be lowered slightly. Staff met with development industry and they have reported that it is getting more difficult to secure letter of credit coverage. Changes in the policy recommendations include removing coverage more systematically as lots are built upon, not charging coverage for fees or earthen elevation costs, and allowing a master of letter of credits to ease in the administration of LOC placement and monitoring. April Walker suggested that the costs related to storm sewer infrastructure not be used to lower coverage as these systems are still needed and should be included in the development. The Committee felt that this issue should be revisited from periodically as conditions change. Bittner moved to recommend adoption of a revised letter of credit policy. Wimmer seconded the motion and all voted in favor.

Flood Financial Status Report

Costin reviewed the most current flood event financial status report. A total of $2.57 million has been expended to date. City Finance staff have been in contact with NDDES and FEMA officials and the cost recovery process will begin in about a month.

Educational Item: Baseball Stadium Financing / Tracking / Contracts

The Committee's educational topic for this month was to review how the baseball stadium was paid for, the status of the long term cost recovery, related financial tracking, and a review of the existing contract in place with Fargo Baseball, LLC. As of this date about 95% of the original $5.2 million funding has been paid back to the original source of funds. This should be paid back completely in about one or two more years. After that time the contract calls for a capital maintenance accumulation and once that has been funded then Fargo Baseball, LLC gets are larger share of the baseball suite revenues.

PFM Asset Management Contract Extension

Costin reported that he current three year contract with PFM Asset Management will expire this year. A renewal draft was presented and discussed with the committee. Zavoral suggested that the contract contain a specific expiration date of five year. Costin and Sprague reported that they have now moved most of the City's cash reserves to PFM to manage with several different portfolios established. Costin moved to approve a five year contract extension with PFM. Zavoral seconded the motion and all voted in favor.

Sole Source Procurement with Prairie Restoration

The Public Works Review Committee forwarded a request by the City Forester to utilize the services of Prairie Restoration under a sole source procurement method. This is for work related to a street project on Veteran's Boulevard. Zavoral moved to approve sole source procurement with this company. Costin seconded the motion and all voted in favor.

Engineering Master Services Award Process

April Walker reviewed a competitive process being used for selection of consulting engineers. The City has evaluated and will award work as needed a group of design engineers. The Committee was in favor of supporting this concept; however, the value of work for approval was lowered from the recommended $250,000 per task order to $ 150,000. Mayor Walaker suggested the lower threshold as a way for the City Commission to be more aware of larger engineering contracts. Zavoral moved to approve the engineering master services award process as amended to a lower threshold. Wimmer seconded the motion and all voted in favor.

Howard Johnson Request for Sewer Repair Special Assessment Financing

Sprague reviewed a request from the Howard Johnson property for special assessment financing related to a sewer repair. They incurred a large repair cost of $30 - $40k to fix a failing sewer line. The existing

special assessment policy only covers residential owner occupied property so therefore a motion was made by Wimmer to deny this request. Bittner seconded the motion and all voted in favor.

BSI Special Assessment Software Status Report

Costin updated the Committee on the current status of the BSI special assessment software program that will replace our existing software in the next couple of months. Special assessment staffs have been using the new system to spread specials for approximately 30 projects assessed in 2013. All projects have been processed under the new system and several efficiency and data enhancements are noted. The plan is to go live with the new system in about a month. A review of the contract and related change orders will be prepared for the next meeting since this has been an ongoing project over the last several years.

City of Fargo
Finance Committee Meeting Minutes
June 11, 2013

A monthly Finance Committee meeting was held on June 11, 2013 in the Mayor's Office at 10:30 a.m.

Members Present: Walaker, Wimmer, Zavoral, Costin
Members Absent: Bittner, Sprague
Guests Present: Ben Dow, Steve Dirksen, Jim Gilmour

Minutes Approved
The minutes from the last meeting were approved as drafted. Zavoral moved to approve the minutes. This was seconded by Walaker and all voted in favor.

Sole Source Procurement Request for Siren Deployment
Leon Schlaffman request permission to work with Mid States Wireless on the build out of two sirens budgeted for 2013. He stated that they have done all of our siren work in the past an have extensive knowledge of our siren system. Zavoral moved to approve a sole source procurement with Mid States Wireless. This was seconded by Wimmer and all voted in favor.

Sole Source Procurement For a Replacement Fire Truck
Ben Dow and Steve Dirksen reported on the status of a fire truck replacement resulting from a station fire. A truck was totally destroyed by fire and needs to be replaced. Insurance proceeds in the amount of $215,000 will be paid shortly and they would like permission to buy a standard stock truck to be delivered by August, 2013. This unit was nearing the end of its life cycle. Costin moved to approve a sole source procurement with a budget amendment up to $300,000. Zavoral seconded the motion and all voted in favor.

Pcard Policy Revision
Costin presented a request to create a new super user category in our Pcard policy resulting from a request from Public Works. He said that Public Works staff would like to retain the lower per transaction limit but expand the cycle limit to higher levels. Committee discussed various alternatives and decided to simply increase the cycle limits on the enhanced user card limits so that a new category of cardholder does not have to be created and maintained. Zavoral moved to amend the Pcard policy to increase the cycle limit from $100,000 to $250,000. Wimmer seconded the motion and all voted in favor.

Cost of Living Wage Adjustments Proposed

The budget development team changed the process for considering annual wage increases to July 1st of each year. Zavoral and Costin suggested that the payroll team would prefer not having to do retroactive payroll adjustments since they are more cumbersome than a normal payroll process. The CPI index is currently 1.1%, down sharply by .4 in April. There was more discussion about how much wages were being adjusted in other political subdivisions including the Fargo Board of Education and the County. Significant fluctuations are caused by energy prices. Walaker proposed that we recommend 2% as the 2013/2014 COLA. This motion was seconded by Wimmer. All voted in favor.

Bus Wrap Trade Agreements with FM Redhawks

Jim Gilmour reviewed a proposed advertising trade agreement with the FM Redhawks. There would be an exchange of services for the City providing bus wrap space and the City obtaining free advertising at Newman Outdoor Stadium. Wimmer suggested that this is a community based promotion. There are two other trade agreements in place. Costin asked if the Transit Department would pay for this type of advertising if it was not part of the trade agreement. Wimmer moved to approve the trade agreement. This was seconded by Zavoral. Walaker, Wimmer and Zavoral voted for approval as presented. Costin voted no.

Committee Educational Topic of the Month

Costin reviewed present property and casualty and liability insurance coverage with the Committee. Various vendors are being used based upon the coverage that they provide. We have adequate levels of coverage and moving away from self administered risk pools have worked very well to limit our risk levels.

Financial Status Report –All Operating Funds

The financial status report through April 30th was reviewed and discussed with the Committee. Revenue projections are within expected levels while expenditures are well within overall budget levels.

Debris Removal For Downtown Housing Development Projects

Jim Gilmour reported that there are instanced where downtown development of housing is running into some unanticipated development costs for underground debris removal. He suggested that this should be referred to the tax exempt review committee for consideration where these types of costs are incurred.

Finance Committee Meeting Minutes
June 26, 2013

Meeting Attendees: Walaker, Wimmer, Zavoral, Sprague, Costin
Absent: Bittner

Minutes Approved
The minutes from the last meeting were approved as presented.

Duncan Systems Parking Ticket Contract Renewal
Sprague reviewed the status of the current contract with Duncan Systems. Their contract will be expiring later this year. Staff has been working on negotiating favorable terms in light of the fact that NDSU will no longer be included in the contract. They have decided to operate their own parking ticket system starting on July 1, 2013. The final terms recommended include a five year contract term with pricing at just slightly over the prior contract. Cost will be $1.59 first 2500 tickets and $.99 on tickets over 2,500 per month. This structure was selected as an automated license plate recognition system will be implemented soon. The City of Winnipeg experienced an increase in volume after using ALPR technologies. A motion was made by Wimmer to approve the contract extension. This was seconded by Zavoral and all voted in favor.

Fraud Hotline
Costin reported on recent research that shows a high percentage of financial fraud and abuse is caught by the use of a fraud hotline. Eide Bailly has previously recommended establishment of such a system to report suspicious matters in an anonymous manner. The Committee discussed the pro's and cons including our past history and existing controls in place and determined now to pursue a fraud hotline at the present time.

Educational Topic – No Item this Month

City of Fargo
Finance Committee Meeting Minutes
August 13, 2013

A Finance Committee meeting has held on August 13, 2013 at 9:00 a.m. in the Mayor's Office.

Members Present:	Walaker, Zavoral, Bittner, Sprague, Costin
Members Absent:	Wimmer
Guest:	Jim Larson, Fargo Park District

Minutes Approved
The minutes from the last Finance Committee meeting were approved as presented. Zavoral moved to approve the minutes. The motion was seconded by Sprague and all voted in favor.

Geothermal Economic Analysis for Fargo Cass Public Health Building
The architect for the CVS / Health remodeling project presented several calculations about the savings associated with geothermal heating and cooling. The additional cost of using a geothermal process was about $500,000. The anticipated payback was considered longer than a traditional system and there was no payback using current natural gas rates. Zavoral moved to recommend using normal HVAC systems and not to invest in geothermal for this project. Bittner seconded the motion and all voted in favor.

Fargo Park District Athletic Complex Project Proposal
Jim Larson reviewed plans for a new and expanded athletic complex in North Fargo north of the Fargo Airport. The vision for this area includes 28 softball diamonds. The first phase of the project is expected to cost about $9 -10 million to provide the core infrastructure. They would like to start next spring with construction and have some cash to start the project. Zavoral reported that there is about a $1 million cost for water distribution piping and some continued issues in sorting out the water quality needed for growing turf. The City of Fargo is presently evaluating three options for providing irrigation water. The expected cost of a new water line is about $900k, while using the existing re-use line is $ 350k. Zavoral wondered if the Mayor was comfortable with a long term lease for this land included in the proposal. He did not express opposition to the plan. Zavoral suggested that more details be worked out for the components of the water for irrigation and other related infrastructure costs and that this be brought back to Committee for final review. No other action taken on this item.

Refunding Improvement Bond Sale Terms
Costin reported on the upcoming bond sale of refunding improvement bonds and reviewed a revised bond structure that allows for more rapid payment of the bonds if special assessments are accumulated. PFM has added three opportunities to pay bonds which should be beneficial as special are collected early.

Consider Credit Card Payment Limits

Costin reviewed current practices for the acceptance of credit cards and wondered if we should have a formal payment limit on card transactions. This is generally not a problem however the lack of a policy causes some confusion if large payments are being requested in our accounts receivable payments. The Committee felt that a policy would be helpful for staff that accept payments and asked that a policy be drafted to address this issue.

Letter of Credit Policy

Sprague reviewed a final draft policy for development letter of credits. The policy would include a standard agreement form and an exhibit that provides more detail of specific requirements. Committee requested that a sample of the standard exhibit be provided so we can see how these are integrated before making a final policy decision.

Diversion Related Flood Buyouts

Zavoral reported that the Drain Board has been designated by the FM Diversion to do buyouts related to Diversion projects. He wondered if the Drain Board should be used for City related buyouts that are affiliated with the Diversion. They are required to follow the Army Corp of Engineers standards for the buyout process. Bittner moved to have the Drain Board manage Diversion related buyouts for City levees affiliated with the Diversion. Zavoral seconded the motion and all voted in favor.

FEMA Cost Recovery

Costin summarized the final tabulation of emergency flood fighting costs and the related cost reimbursement recommended by FEMA. He said that the process went quickly and that because of the extraordinary volunteer effort that the local share of the emergency event will be paid by FEMA. FEMA funding will follow the normal 75% cost sharing, with an additional 10% coming from the State of ND.

Pcard Program Status Report

Costin reported that the Pcard program's anniversary data will be August 31st. He said that the transaction volume is expected to hit $10 million by that date and that we should expected to receive a rebate of about $90k. He reported that it would be beneficial to prepay our utility costs for large meters with Xcel Energy to help increase our rebate. Under current market conditions our rebate % is more than what we are making by investing our cash reserves. Zavoral moved to approve the prepayment plan as presented. Bittner seconded the motion and all voted in favor.

FM Diversion Cash Management Issues

Costin reported that the City of Fargo has been carrying the open account receivable with the City of Moorhead for their share of the FM Diversion project since inception. A request has been made of Cass County to advance funds to offset the current deficit associated with the deferred payment from the City of Moorhead. The amount is currently about $2.3 million and since it is a large balance that will continue to be covered by project sponsors until a project partnership agreement is signed it is an equity issue to have Cass County advance fund a share in the interim.

Another cash management issue is the timing of the Army Corp of Engineers (ACE) payment request approved by the FM Diversion Authority last meeting. A $2.1 million award was approved for work to continue with the ACE throughout fiscal year 2014. Zavoral suggested that this payment should not be

paid until later in the year and consideration should be given to escrowing funds or paying them more frequently than once per year. Bittner moved to consider an amended cash management procedure as discussed. Zavoral seconded the motion and all voted in favor.

Fire Department Sole Source Purchase of Defibrillator and Air Handler

Chief Dirksen requested permission to proceed with sole source procurement for defibrillators and the air handling unit. There is a desire to have a standardized inventory for the defibrillators and the air handling unit is a more customized repair. Costin moved to approve using a sole source procurement method for these items. Zavoral seconded the motion and all voted in favor.

Investment Management Report for Second Quarter

Sprague reviewed the PFM quarterly portfolio report. Several portfolios are being managed by PFM on behalf of the City. Current investment returns are very low, however it was noted that PFM is taking a very defensive strategy in purchasing only very short term maturities in anticipation that interest rates will rise in the future. About $116.5 million is currently in the investment pools.

Sales Tax and Infrastructure Financial Status Reports

The financial status reports for dedicated sales taxes and general infrastructure were reviewed with the Committee.

Finance Committee Meeting Minutes
August 28, 2013

The monthly Finance Committee meeting was held on August 28, 2013 at 9:00 a.m. in the Mayor's Office.

Members Present: All
Guests Present: Jim Gilmour, April Walker, Roger Gress, Bruce Grubb

Minutes Approved

The minutes from the last meeting were approved as presented. Wimmer moved to accept, Sprague seconded the motion and all voted in favor.

Kerber Addition Special Assessment Deferral

April Walker reviewed a request for a special assessment deferral on the Kerber property on 32nd Ave North. This area is currently underdeveloped and is being used as a horse farm. There is a project that will trigger assessments for this area. The estimated impact is $296k. She also mentioned that part of this property will eventually become a legal drain with a 175' set back. Zavoral moved to approve a standard ten year interest free deferral. Wimmer seconded the motion and all voted in favor.

Fargo Park District Sports Complex Infrastructure

Bruce Grubb reviewed various options to transport water for the proposed sports complex in North Fargo. The most efficient option was determined to be having water provided by Cass Rural Water Users. The re-use water option was ruled out because the water quality produced by the re-use facility has too much saline content. Cass Rural Water Users would upsize the pipe and pay for the infrastructure in anticipation of future growth in this area. The Parks may pay for a portion of the infrastructure. Roger Gress reviewed the impact of this project on other currently established programs. Their plan is to start the facility in 2014 and open in 2016. Wimmer moved to approve a long term land lease on this property for $1. Zavoral seconded the motion and all voted in favor.

Special Assessment Letter of Credit Standard Agreements

Sprague reviewed the updated letter of credit standard agreement and related exhibits. He explained the logic and detail of projects to be included in the LOC's. There was more discussion on how the multiple developments would be administered. The Committee felt that a more concise explanation of how the multiple development option would work should be included to avoid any confusion on how it will ultimately be administered. The Committee also requested that all master letter of credit proposed should be reviewed by the Finance Committee before they are executed.

Transit Agreement Driver Services Wage Increase

Jim Gilmour reported that the 2014 budget included a request to increase the wage scale for bus driver starting salaries. The current starting hourly wage is $11 per hour. The proposed wage rate is $13 per hour. Transit is experiencing difficulty in retaining new drivers because of the low wage level and competition with the oil patch. Wimmer moved to approve the contract amendment as presented to increase beginning driver wagers. The motion was seconded by Costin and all voted in favor.

Tax Increment Financing for Hinks Development on 17th Ave. South

There was some discussion about the potential to use tax increment financing on the new development just east of Scheels in the West Acres area. This was not deemed feasible due to restriction in current state law.

Finance Committee Meeting Minutes
September 17, 2013

A special Finance Committee meeting was held on September 17, 2013 at 9:00 a.m. in the Mayor's Office.

Members Present: Walaker, Zavoral, Sprague, Costin
Members Absent: Wimmer, Bittner
Guests Present: Keith Ternes, Steve Dirksen

Minutes Approved

The minutes from the last meeting were approved as presented. Sprague moved to approve. The motion was seconded and all voted in favor.

Early Hiring of Police Officer

Police Chief Ternes requested authorization to proceed complete an early hiring process for one patrol officer. This is one of the three positions approved in the 2013 budget. This early hire will be used to replace the patrol officer pulled into a school resource officer position. The estimated cost for the early hiring action is estimated at $23k of which ½ will be paid by the Fargo School District. Zavoral moved to approve early hiring of one patrol officer. The motion was seconded by Costin and all voted in favor.

Letter of Credit Final Policy Changes

Sprague reviewed the final changes to the letter of credit policy that details our existing policy plus adds another level of coverage for multiple developments at a 30% coverage rate. The Finance Committee will be the first approval process for any developer that requests the 30% coverage level. Zavoral moved to accept the final changes and the updated policy draft as the final policy. Costin seconded the motion and all voted in favor.

EVAC Services Liability Insurance

Ternes and Dirksen reported to the Committee that the EVAC operation is having some difficulty with the cost of their liability insurance. It is estimated to be $20 - $30k per year. The City has been using EVAC services for years and it is an important public safety function. Committee recommended that this issue be referred to the City Attorney for legal review. Options would be to continue with some risk assumption or determining if the NDIRF would provide coverage for this provider. No action taken.

City of Fargo
Finance Committee Meeting Agenda
September 24, 2013

The monthly Finance Committee was held on September 24, 2013 at 9:00 a. m. in the Mayor's Office.

Members Present: Walaker, Zavoral, Sprague, Bittner, Costin
Members Absent: Wimmer
Guests Present: Joe Nig, Jim Gilmour, April Walker

Minutes Approved
The minutes from the last meeting were approved as presented. Walaker moved to approve. This was seconded by Sprague and all voted in favor.

Island Park Ramp Membrane Repairs
Joe Nig and Jim Gilmour proposed that sole source procurement be considered for the Island Park Ramp membrane project. There were no bidders that met the bid deadline. They have consulted with the project architect and he recommended that a scope of services be negotiated with Vector. Zavoral suggested that a negotiated process would be fine since no bids were received but encouraged the staff to get at least two proposals.

Red River Regional Dispatch Center Space Purchase
The Committee reviewed a proposal from the RRRDC Board of Authority to proceed with the purchase of the space currently being rented under a long term rental agreement. Pursuant to the contract they have a purchase option after ten years and that timeframe has elapsed. The Board of Authority is recommending that this space be purchased for $300,000. They have solicited loan proposals and are recommending a five year loan period with US Bank at 3.77%. Costin suggested that he checked with our financial advisors PFM and they informed us that this was a very high rate in light of current market conditions and the short term of amortization. He also stated that since this was a small deal that consideration should be given to having the Cities that participate in the RRRDC provide funding as they could access funds at a lower rate. Costin moved to approve the purchase of property but to continue negotiating with the other Cities and let them bring funds forward to fund the loan. Zavoral seconded the motion and all voted in favor.

Taxable Financing of Solid Waste Baling Building and Project 5729
Costin reviewed two requested taxable financing transactions to be completed by year end. One is to fund the original construction cost of the Solid Waste baling facility and the other is to fund the construction costs of project 5729. Both of these projects incurred costs in prior years that prohibit tax exempt financing. Zavoral moved to approve taxable financings for these two projects. Sprague seconded the motion and all voted in favor.
Transfer of Farmland Assets From Solid Waste to Flood Sales Tax Fund

The Solid Waste operations currently owns 282 acres of farmland north of Fargo. This was purchased many years ago as a potential redevelopment site for a new landfill. This land site is in the footprint of the proposed FM Diversion Channel project. There was a discussion of the need for the Solid Waste Fund to sell this land to help them with their current fund deficit position. Zavoral suggested that this land be transferred between the Solid Waste facility and the flood sales tax fund in that this will ultimately be purchased by the FM Diversion. Zavoral moved to approve a fund transfer for this transaction. Sprague seconded the motion and all voted in favor.

Tax Increment Financing Potential on the Dakota Center Project

Zavoral updated the Committee on potential tax increment financing on a portion of the Dakota Center proposed on the US Bank Plaza. Tax increment financing has been used on other City developments but not to the magnitude likely to be proposed for this project. Walaker wondered about soil stability since the Sanford project was having some project amendments due to soil conditions and having to beef up foundational elements of this project. No action taken as this was an informational item only.

Fargo Park District Athletic Complex

The Committee reviewed the key assumptions drafted for inclusion of a long term site lease for the Fargo Park District's athletic complex near the lagoon in North Fargo. The Committee concurred with the terms and a final agreement will be presented soon for final adoption.

City Hall and Convention Center Expansion

There was a brief discussion on the timing of financing plans for the City Hall and Convention Center expansion projects based upon integration with existing plans for flood control in 2nd Street. No actions recommended to taken on this issue.

Bluemont Lakes Association Private Drive

A request has been made to include a private drive mill and overlay project for the Bluemont Lakes Association which is a private drive. April Walker reviewed the scope of the project and asked for some guidance on whether or not this should be considered and if so what terms and conditions should apply to this project proposal. There was extensive discussion on the pros and cons of doing a private project including existing work load, competition with private engineers and contractors, as well as the special assessment financing requested. Sprague suggested that they could be additional risk in the future since the original road was not built up using City construction standards. Costin expressed concern about using a City process on this since other development related projects for the lake area were done privately. Zavoral suggested that a compromise might be that we require a 100% petition of all lots, that each lot be assessed in lieu of billing the homeowner association, that our standard special assessment benefit spread be adopted and that a higher financing rate be considered. April will visit with Dan Eberhardt about the special assessment process.

Finance Committee Meeting Minutes
October 29, 2013

The monthly Finance Committee meeting was held on October 29, 2013 in the Mayor's Office at 9:00 a.m. All members were present

Guests: Jim Gilmour, April Walker, Dan Eberhardt

Minutes Approved

The minutes from the last meeting were approved as presented.

Stroh Letter of Credit Released

A request was made by Terry Stroh to release his existing letter of credit on the Fargoan project. This was completed several years ago and the City Attorney has confirmed that the LOC is no longer necessary and can be released since the building was constructed as intended in the development plan. Sprague moved to release the letter of credit. Wimmer seconded the motion and all voted in favor.

Expiring Special Assessment Deferrals Report

Costin reviewed a report prepared by the Special Assessment staff. This shows a significant number of developed areas where prior assessment deferrals will expire and collections will start in 2014. The amount of expired deferrals contracts total $13.3 million.

Special Assessment Processing 19th Ave North

April Walker and Dan Eberhardt reviewed the 19th Avenue North project. They were asking for some guidance on how to handle the special assessments since there are some large tracts of land impacted by the special assessment spread process. There was more discussion related to existing development and potential future development. Zavoral suggested that this area is starting to develop and that we should not grant more long term deferrals. Walaker and Wimmer agreed that the special could be levied. Zavoral moved levy specials in the normal manner and not to grant any deferrals for this project. Bittner seconded the motion and all voted in favor.

Credit Card Acceptance Guidance

Input from the Committee was requested relating to acceptance of credit cards. Presently we do not have a formal guideline or policy on this issue and our top 100 vendors have varying degrees of acceptance. Some accept card payments, others do not, and some assess an additional fee if paid by credit card. Costin suggested that it would be helpful for customer service staff members that interact with those who want to pay by credit card to have some approved guidelines. Zavoral moved to set the limit at $15,000 per transaction with the authority granted to allow up to $50,000 with supervisory approval. This was seconded by Wimmer and all voted in favor.

State Aid Y-T-D Status Report

Costin updated the Committee on where we stand on Y-T-D state aid payments. At present we have collected 98% of what was budgeted, however, the Y-T-D growth as compared to last year was only

3.6%. The last payment of the year is typically strong than previous payments so he was confident that we would hit our projected revenue levels. In light of the slow growth he wanted to know if the Committee wanted to make an inquiry into the slowing growth with the State of ND since they have been exceeding their revenue projections by a wide margin. The Committee endorsed the idea of trying to match up our payment growth with the State's reported collections.

Fargo Board of Education School Building Proposal for Ed Clapp Park

Zavoral reviewed the layout of the proposed alignments for infrastructure needed for access to the new school that is proposed for the Ed Clapp Park. The school and Fargo Park District have agreed to use this land for a new school site. There is a need to construct access roads to get to the school from the North, South and east. Dan Eberhardt reviewed the preliminary allocation of specials for area properties. Zavoral stated that the Fargo Board of Education has agreed to pick up all specials allocated to Bethel just to the east of the site. There is about $150k of specials allocated to an adjacent apartment complex. There was discussion about the equity allocating the specials and who would be levied for this project. Dan Eberhardt stated that specials would be levied in our normal process and agreements would have to be made between parties if they were going to pick up specials associated with this project. Costin suggested that the school should pay for the apartment specials since this area was fully developed. Wimmer moved that $153k of specials allocated to the apartment complex be funded by the Fargo Board of Education and that the City of Fargo pick up the specials related to the east ½ of 28th Street North of the Parking lot and that a traffic analysis should be completed to measure the impact of traffic flows impacted by the school proposal. Zavoral seconded the motion and all voted in favor.

Due Diligence Report on PILOT Application

A tax exemption request was made by BCH Builders at 1030- 1034 15th Street North for construction of an apartment building. This will replace two existing buildings. PFM has reviewed the application data and provide a due diligence "but for" test to see if they are eligible for tax exemption. The report concluded that this project was eligible recommended that the requested amount of exemption be lowered to $171,000. Wimmer moved to approve the PILOT application with the tax exemption amount set at $171,000. Costin seconded the motion and all voted in favor.

Solid Waste Rerouting Printing

Solid Waste will be rerouting the system soon. There are about 26,000 garbage carts out and it will cost about $6 – 8 to print them. They inquired about how this should be procured and wanted to proceed with two quotes. Wimmer moved to approve with the quotes obtained. Sprague seconded the motion and all voted in favor.

Snow Making Proposal

Wimmer inquired about considering snow making again this year like was done last year. Last year donations were received and the City ended up using a lot of expensive equipment for this project. The Committee felt that it was most appropriate to have the Fargo Park District lead this project and that we would continue to offer discounted water for the production of snow.