City of Fargo
Finance Committee Meeting Minutes
January 29, 2014

The regular monthly meeting was held on January 29, 2014 at 9:00 a.m. in the Mayor's Office.

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

Committee Minutes Approved
The minutes from the October, 2013 meeting were approved as presented. There were no meetings held in November and December due to scheduling conflicts. Motion by Zavoral to approve, seconded by Bittner. All voted in favor.

Reconsider Tax Exemption for Builders Management & Investment Company Approved in 2012
Barry Schmeiss from Builders Management requested that the Finance Committee consider increasing the tax exemption amount granted in 2012 to help pay for special assessments which have now been levied. He received a special assessment notice in the amount of $186,670 that he considered to be much higher than anticipated. A tax exemption for this housing project was approved by the Finance Committee in 2012 in the amount of $250,000. At that time Builders Management requested an exemption amount of $350,000. The Committee reviewed the Finance Committee meeting minutes from 2012 during the time that the due diligence report was reviewed and a decision was made to grant $250,000. The Committee felt that there was an awareness of the upcoming special assessments for public improvements to serve this area at the time that the tax exemption amount was voted upon. Zavoral moved to deny the request to increase the tax exemption amount. Costin seconded the motion and all voted in favor.

Request by Bruce Meidinger to Use Special Assessment Financing to Pay for Geotechnical Testing
April Walker reviewed a request by Bruce Meidinger to use special assessment financing for geotechnical testing costs for his property in Riverwood that was impacted by flood control set back provisions that were enacted after he purchased this property. Geotechnical costs were estimated at $13 - $15k. There was discussion about the potential that this lot may not be buildable if the geotechnical analysis failed to support development of this property. Bittner moved to deny this request. The motion was seconded by Costin and all voted in favor.

Special Assessment Deferral Request for 39th Street Project Area
April Walker & Nicole Crutchfield discussed upcoming infrastructure project planning in the 39th St. Area. A request has been made by Inland Trucking to have roads constructed in this area. The overall area has not been platted and much of the area is owned by Asleson's. They wanted to know if the Finance Committee would support special assessment deferrals on the access roads into this area on the Asleson property. Zavoral moved to approve a five year interest bearing deferral agreement. Costin seconded the motion and all voted in favor.

Annexation Large Tract Special Assessment Deferrals

April Walker, Jim Gilmour and Nicole Crutchfield reviewed an area map that shows potential expansion land area between 52nd Ave South and 76th Ave South. There was more discussion on flood control in these areas. Costin inquired about the potential financial amount of deferral since this is a large area. Zavoral suggested that staff continue working on this area plan and that deferrals be estimated prior to them being considered by the Committee.

Building Permit Fee Increase Reviewed

Jim Gilmour reviewed a proposal to increase building permit fees. He shared a rate comparison with other communities and stated that fees have not been increased for four years. He was recommending that residential permits be increased by 6-7% and that the overall increase for commercial be about the same. He stated that not all of the rate increases would be uniform and suggested that the permit fees for projects less than $1 million be raised higher than large commercial projects. Sprague moved to increase the fees as requested by Gilmour. Zavoral seconded the motion and all voted in favor.

Parking Services Contract Extension and RFP for Parking Services

Jim Gilmour reported that the contact with John Rogne will expire at the end of the year. He is open to a six month extension with a 1.2% rate increase. Gilmour was seeking guidance on what process the City should deploy to replace this vendor when the contract expires. He stated that the options include a national RFP or staffing internally. The Committee felt that we could benefit from a national parking service provided but it might come with a high price tag. They suggested proceeding with a RFP for parking services to see what the budget impact would be to replace Rogne, our longstanding parking manager.

Long Term Financing Options for the CVS / Health Remodeling Project

Costin reviewed several debt service options with the Committee to fund the Health remodeling project of the CVS building. They included a twenty year amortization, a ten year with a balloon payment at the end, and a ten year amortization or a variable rate bond. He reported that this was anticipated in the 2014 budget and $561,000 per year was budgeted for the debt payment based upon an $8 million project costs. He wanted some direction from the Committee since there may be the ability to use pay as we go financing for this facility for the next couple of years and then bond this after the construction is completed potentially in 2015. He also reported that state aid increased only 1.5% which has slowed considerably from the past couple of years. Zavoral felt that a portion of the State Aid should be restricted to capital or debt service payments and it should not all be used for operational costs. Zavoral moved to proceed with a variable rate bond for construction financing in 2014 and to draft a policy to restrict a portion of our unrestricted State aid. Sprague seconded the motion and all voted in favor.

Bonding Schedule for 2014

Costin reviewed a schedule of future capital financing transactions that include bonds and SRF notes. The totals for 2014 have increased over past years due to the amount of development and other large scale infrastructure projects including flood control and the expansion of the water treatment plant.

Preliminary General Fund Budget Results Reviewed

The preliminary revenue and expenditure number were reviewed for all operational funds. The General Fund budget results were better than expected due to slightly higher revenues and a good overall expenditure savings in the General Fund. He suggested that this budget surplus should be transferred to the Building Fund to help pay for the Health remodeling or the City Hall project. Zavoral moved to transfer all surplus resources up to our 25% fund balance goal to the Building Fund. The preliminary amount was estimated at $2 million. Sprague seconded the motion and all voted in favor.

Financial Reports Reviewed

The monthly financial reports of the capital project and sales tax funds were reviewed by the Committee. Spending in the flood sales tax fund is consistent with the Commission's five year flood project capital improvement plan. Costin reported that an application has been submitted to the North Dakota Public Finance Agency for $35 million in sales tax revenue bonds for flood control projects.

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City Pension Funds and FargoDome Capital Escrow Fund Investment Returns

Financial reports for the City Employee Pension, Police Pension, and the FargoDome Capital Escrow fund were reviewed. There was strong investment performance reported in 2013 which will help us to lower our overall unfunded pension liabilities. The Police Pension Fund's return was about 20%. The actuarial goal for investment performance is 7.5%.

City of Fargo
Finance Committee Meeting Minutes
March 4, 2014

The regular monthly meeting was held on March 4, 2014 at 9:00 a.m. in the Mayor's Office.

Members Present: Walaker, Wimmer, Zavoral, Bittner, Sprague, Costin
Guests Present: Jim Gilmour, April Walker, Jason Loose, Erik Johnson, Lynette McFarren, Jessica Alsop, John Williams, and Kevin Bartram

Committee Minutes Approved
The minutes from the January 29th meeting were approved as presented.

Flood Hardship Purchase for 602 Southwood Drive Approved

Lynette McFarren was present to review the details of her flood medical hardship request. Her property is 602 Southwood Drive. This property is not in the current year flood buyout priority listing and would not be considered until 2017 or thereafter. Zavoral moved to approve an accelerated buyout. Wimmer approved the motion and all voted in favor.

Rocking Horse Farms Subdivision Plat and Special Assessment Deferral Request Approved

The Committee reviewed a request for a special assessment deferral on the unplatted portion (SE corner) of the Rocking Horse Farms Subdivision. The northern and western portion of this section of land is being developed but the south and east section is not. The developer's representative Lloyd Anderson is requesting consideration of a deferral agreement. Committee reviewed the surrounding development progress and there is considerable development all around this area. Zavoral moved to approve a standard three year interest accruing deferral agreement for this area. Wimmer seconded the motion and all voted in favor.

Cottagewood Subdivision Amenities Assessment Request Denied

A request to special assess the cost of entrance amenities was presented by Craig Helenske for the Cottagewood subdivision entryway. There was discussion about how allowing this will just drive up the cost of homeowner specials and that these types of amenities were removed from special assessment financing process when the blue ribbon task force for special assessments met a few years ago. Costin moved to deny this request since it is not supported in our special assessment policy. Wimmer seconded the motion and all voted in favor.

Bluemont Lakes Private Development Request to Use Special Assessment Financing Denied

The Committee reviewed a legal analysis prepared by City Attorney Erik Johnson regarding the request to offer special assessment financing on the private streets in the Bluemont Lakes subdivision. He determined that there were several legal and administrative challenges including the overall level of effort to perfect the process. April Walker explained that there are two small street sections that were being considered for rehabilitation. Zavoral felt that we should not be doing private projects. Sprague expressed concern about setting a precedent with private developments and having this issue come up with other private developments in the future for a variety of infrastructure needs. There was further discussion about whether or not the homeowners association or each individual lot would be assessed. Wimmer wondered why we would not consider doing this work as requested. Costin agreed that we should not be in the business of funding private property projects. Walker stated he felt that all of this simply too complicated. Bittner moved to approve using special assessment financing for the street project in Bluemont Lakes subdivision. The motion was seconded by Wimmer. Zavoral, Walaker, Sprague and Costin voted no. Bittner and Wimmer voted yes. Motion failed.

Union Storage Housing and Retail Development Tax Exemption Approved

Jim Gilmour reviewed the PFM due diligence report and an overview of the project to convert the Union Storage building into forty one housing units partial office complex and retail space. The PFM report suggested that the project would be eligible for assistance using five years of Renaissance Zone exemption follow by five years with a 100% exemption and the next five years at 75% exemption. The developers reviewed their concerns about obtaining financing if they did not meet a 1.2 debt service ratio on this project and stated the project does not cash flow without the tax exemptions requested. They also stated that there are some unknowns related to asbestos removal and the structural integrity of the main support beams since this was a very old building (circa 1929). The overall square footage of the building would be about 2/3 residential and 1/3 commercial and it supports mixed use. The Committee discussed that this request was the same as the level of assistance granted to the Cityscape project downtown. Walaker expressed concern about building residential unit so close to the railroad tracks and related safety concerns. Wimmer asked for the developer to summarize their need for the assistance requested and John Williams stated that this project was not feasible without this level of assistance.

Zavoral stated he supports approving the PILOT on only the residential portion of the project but not on the retail components. Wimmer stated that mixed use is a good fit for Downtown. Wimmer moved to approve as presented in the PFM report. Costin seconded the motion. Wimmer, Bittner & Costin voted yes. Zavoral, Walaker & Sprague voted no. Motion failed.

Zavoral moved to approve the RZ exemption on all the property with a PILOT exemption on all but the non-residential portions of the project. The motion was seconded by Sprague. Zavoral, Bittner, Sprague & Costin voted yes, and Walaker and Wimmer voted no. Motion approved (4) votes in favor and (2) votes against.

E911 Fee Consolidation Proposal with Cass County Discussed

Costin reported on the financial status of the E911 fund which is currently in a $958k deficit. He stated that in the 2014 budget it was anticipated that there would be a rate increase since it has not been increases for many years. All of the City funds are dedicated to the RRRDC dispatching functions and the State of ND cell phone communications project. There was some discussion amongst Cass County and West Fargo's administrators about consolidating the tax collections at the County level to eliminate the need for Fargo and West Fargo to administer separate tax collections efforts. The logic was that if the dispatch functions were consolidated under the RRRDC model that the tax collections could be consolidated as well.

Mike Montplaiser needs to know because of we move towards consolidation there will have to be a public vote at the next election scheduled in June. Committee discussed the advantages and disadvantages of consolidation and agreed not move in the direction of tax consolidation but rather to keep the existing tax segregation as currently in effect. The deficit in this fund will be addressed in the mid-year budget process.

Sole Source Procurements for Engineering and Public Works Approved

Two sole source procurements were approved. One we presented by Engineering for a new pilot project related to manhole renewal and rehabilitation and the other was for the Public works Department to purchase a used piece of heavy equipment at an auction sale. Sprague moved to approve. Wimmer seconded the motion and all voted in favor.

Closeout of Tax Increment Financing District 2007-03 Eastbridge Apartments Approved

Costin reviewed the history of TIF District 2007-03 and provided a final accounting of the TIF note payments. He said that this project paid back rapidly and that it will be closed out in 2014. The residual money in the TIF fund will be remitted to Cass County as required by NDCC.

City of Fargo
Finance Committee Meeting Minutes
March 26, 2014

The regular monthly meeting of the Finance Committee was held on March 26, 2014 at 9:00 a.m. in the Mayor's Office.

Members Present: Walaker, Wimmer, Zavoral, Bittner, Sprague, Costin
Guests Present: Mike Williams, James Gilmour, April Walker, Dan Eberhardt

Minutes Approved

The minutes from the last meeting were approved as presented. Motion by Sprague, second by Costin and all voted in favor.

Parking Ramp Financing Discussed for Downtown Ramp

Commissioner Williams and Jim Gilmour presented an overview of future parking ramp opportunity sites downtown. Specific locations included Robert Street and 2nd Ave. There was more discussion on the need to do some land parcel assembly to accommodate a 300 – 400 stall ramp and the possibility of doing a land swap to help consolidate parcels for a project of this size. Zavoral indicated that swap property would have to be appraised before any negotiation could begin. Commissioner Williams reviewed the present financial resources in the Parking Authority Fund. There is a need to close a financing gap existing with present resources of about $230k per year in debt service. Zavoral suggested that the parking functions need to fund a maintenance program so not all of the money in the Parking Funds should be spent on a new ramp. He emphasized the need to have multiple funding sources applied to a parking project to include cash contributions, parking income, special assessments or tax increment financing. Zavoral moved to approve moving forward with an appraisal on targeted swap property. Wimmer seconded the motion and all voted in favor.

Financing Plans for Fargo Cass Public Health Remodeling of CVS Building

Costin reviewed a sources and uses budget for the Health remodeling project. The City has paid cash of $6.2 million during the 2012 & 2013 budget years. He reported that there is a desire to continue the pay as we go financing method as much as possible but we will have to borrow construction funds shortly. With stronger than anticipated development revenues expected this year we are recommending continuation of appropriating surplus funds to this project with the goal of paying it off before borrowing for the City Hall project in 2015 or 2016. This will eliminate

the need to fund two debt service payments for large projects. The Committee members concurred with this recommendation.

Request by SE Cass to Pay Outstanding Specials on Drain 53 Flood Control Project

April Walker and Dan Eberhardt reviewed a map relating to land used on the Drain 53 flood control project. SE Cass is doing a project on our behalf in this area and has acquired land for this purpose that has existing special assessments levied against it at the time of purchase. SE Cass inquired about the City's willingness to pay the specials since this is a City requested project. The footprint of the project is about 75% flood control and 25% drain related. Bittner stated that they should add in the specials payoff into the project costs since they were aware of the existing special assessments when they purchased to property. Committee felt comfortable allocating a share of the specials to the flood control component of the project. Costin moved to allocate specials in relation to flood and drain portions of the project. Bittner seconded the motion and all voted in favor.

Engineering Request for Contracted Staffing Increases

April Walker presented a request to fund three contracted Engineering Tech III's to cover the ongoing needs of the Midcontinent build out planned over the next 36 months. She also requested a change in job description for creating a Engineering Specialist for Right of Way supervision. The impact of these changes was estimated at $272,000. We will be receiving about $160k from Midcontinent as part of our cable franchise agreement. Zavoral moved to approve five contract employees for $272k. Costin seconded the motion and all voted in favor.

PFM Recommendation to Modify City Investment Policy

Costin reviewed a change recommended by PFM Advisors allowing expansion of allowable investments into Federal Agencies and US Government sponsored enterprises. This will help them add selection to investment choices as the supply of more traditional investments in established Agencies has become limited. Sprague moved to approve amending the investment policy as recommended by PFM. Zavoral seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
March 29, 2014

Members Present: Walaker, Wimmer, Zavoral, Bittner, Sprague, Costin
Guests Present: April Walker, Brenda Derrig

Minutes Approved
The minutes from the last meeting were approved. Motion by Wimmer, second by Sprague and all voted in favor.

Fire Plan Review Fee Increase Approved
Fire Chief Dirksen outlined a plan to increase fire plan review fees from $20 to $50 per file. These were last increased in 1982 and a fee increase is long overdue. He said the impact would be about $16k with an annual estimate of about $50,000 per year. His goal is to get the overall fees in line with the cost of the Fire inspector so that would be covered by fees. The building code requires a three year renewal process. This would go into effect on January 1, 2015. Wimmer moved to approve this recommendation. Costin seconded the motion and all voted in favor.

Water Service Agreement with Cass Rural Water Users
Brenda Derrig reviewed a proposed master agreement for water infrastructure with Cass Rural Water Users. This would be used each time that an infrastructure project is done on their behalf. It describes responsibilities of the City and Cass Rural Water Users. Zavoral reported that there was some talk that Cass Rural Water Users could sell water to West Fargo at different rates than Fargo. He requested that the agreement be modified to include that all water sales would sold at the same rates between Fargo and West Fargo. Costin requested clarification on the reimbursement clause of the contract. Zavoral moved to approve the draft agreement with changes recommended by the Finance Committee. Costin seconded the motion and all voted in favor.

Bank Loans For Health /RRRDC / Solid Waste Baling Building
Costin reviewed the quotes received for building projects. Rates were very favorable and will be based upon a variable rate financing structure to maintain maximum flexibility to prepay this debt. Wimmer moved to approve US Bank and Alerus Financial as the loan providers. Sprague seconded the motion and all voted in favor.

Upcoming Real Estate Acquisitions
Zavoral updated the Committee members on upcoming real estate acquisitions related to the approved Downtown flood control project. He explained more details regarding which buildings and what the potential timelines would be for these acquisitions. As part of the Fargo School building acquisition he said that they are looking for land to potentially trade with the City. Zavoral suggested that the City

obtain an appraisal on the property currently owned by the City on 40th Ave. South by Shotwell Floral. This could be considered for trading. Appraisals on all properties will be coming in soon as part of the normal acquisition process being used on the 2nd Street flood wall project.

Properties discussed included Feder Properties, Fargo School District, Howard Johnson Hotel, Mid America Steel and the Park East Apartments and Elders Communications.

He also outlined the provisions of the proposed leased space currently occupied by the Muffler Shop south of the City Hall parking lot. This will be leased pursuant to a long term lease agreement and will provide an additional 120 stalls of parking. Wimmer moved to approve the proposal lease agreement. Bittner seconded the motion and all voted in favor.

The appraisals will be ready by May 30th.

Additional Departmental Space Needs Discussed

Zavoral reported that the Bergseth Distributing property east of the Central Garage is for sale. This may be ideal considering the location and proximity to our Public Works facilities. It could be used for storage of additional equipment. He also reported that the snow dump location might need to be relocated and there are some possibilities of using land near the Cass County Jail. He said that Ben Dow will be looking at land prices and the City could use the proceeds from the sale of the 40th Avenue property to purchase this land since it would be used for a similar use.

He also stated that the downtown fire station is looking to expand since there has been a permanent change in the street alignment west of this building.

Special Assessment Bond Call Procedures Requested

Costin requested that a more formal protocol be developed for the process of issuing notice of call on special assessment bonds. Presently we are going to the City Commission before issuing the notice of call and he wondered about a more streamlined process since the debt service funds are restricted in use and can only be used for payment of special assessment debt. He proposed that the Finance Director be authorized to issue the notice of calls. Committee requested that this be reported back to the City Commission as an information item to keep them properly informed. Zavoral moved to approve the bond call procedure. Wimmer seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
May 28, 2014

The regular monthly Finance Committee meeting was held on May 28th, 2014 at 9:00 a.m. in the Mayor's Office.

Members Present: All members were present
Guests Present: Ace Brandt, Rusty Papacheck, April Walker, Erik Johnson, James Gilmour

Minutes Approved
The minutes from the March 29th meeting were approved as presented. Wimmer moved to approve. Bittner seconded the motion and all voted in favor.

Ace Brandt Request to Lower Letter of Credit Coverage Level
Ace Brandt presented a request to consider lowering the letter of credit policy coverage levels from 50% to 30% for his existing development area. He reviewed the current status of the development and the future plans that are maturing. There are more apartment complexes being constructed in the northern part of the development and he expects significant development infill to occur in the west side along Veteran's Boulevard. He expressed concern about the rising cost of obtaining and maintaining letter of credits with banks. Lowering the level of coverage will save money over the long run.

Zavoral reviewed our coverage practices and the need to maintain adequate levels of protection to prevent default on bonds issued for newly developed areas. There was further discussion about the possibility of having a master letter of credit in place vs. a project by project basis. This option seemed like it may work for this development. Ace will look into this process with Steve Sprague. No further action taken by the Committee.

Special Assessment Deferral Request for Rocking Horse Farms Development Plat
The Committee confirmed its January decision to grant a special assessments deferral for the Rocking Horse Farms plat. Existing deferrals for arterials that expire in 2017 or 2018 will remain in place on the unplatted portion of the area and ½ of the assessments levied against the unplatted portion in the SW corner will be deferred for three years with interest accruing. There is significant development all around this area. Zavoral moved to approve a deferral for this area. Wimmer seconded the motion and all voted in favor.

Sole Source Procurements Approved
Zavoral moved to approve sole source procurements for professional services related to an art planning process in the Planning Department and purchase of emergency sirens for the Fire Department. Wimmer seconded the motion and all voted in favor.

Budget Development Process Enhanced

Costin reported that the budget development team has added a new requirement for upcoming budget meetings. We will be requesting that Departments inform the budget team about potential large ticket items that may be requested in the 2016 budget. This new procedure was put into place to make sure that budget decisions made in 2015 will not be negatively impacted by large requests in 2016. This is especially important due to the current municipal building projects started this year and to be continued through 2016.

North Dakota Horsepark Special Assessment Process

Erik Johnson reviewed a draft of a procedure that will be used in to levy tax collection shortfall assessments on development property in the Horsepark tax increment financing district. The deferral agreements previously granted by the City will expire in 2014 and assessments will be levied in 2015. The Committee endorsed this concept.

Build America Bond Refinancing Approved

Costin reported that Springsted, our former financial advisor contacted the City about the potential to refinance the Build America Bonds issued in 2010. These bonds are unique in that the Federal government pays a portion of the debt service each year. As a result of budget sequestration actions taken by the Feds they are not paying as much as they had initially promised. Under current market conditions the City would still save money by issuing tax exempt bonds since rates have dropped since 2010. Bittner moved to approve refinancing of the Build America Bonds using Springsted as our financial advisor on this transaction since they were the ones that marketed the initial bonds. Zavoral seconded the motion and all voted in favor.

Potential to Purchase Main Avenue Building

April Walker wanted some guidance regarding whether or not to purchase the old classic roadster building along Main Avenue in conjunction with the future renovation of Main Avenue. She reported that the Main Avenue study has not been approved yet and decisions about how much of the building will be needed for the project will depend upon several factors. The owner of the building has a potential tenant and wanted to know about our interest in the building. This will be a DOT project that will be considered in 2017 or 2018. Committee felt that we should just wait for the DOT process to evolve. No further actions taken.

City of Fargo
Finance Committee Meeting Minutes
July 1, 2014

The regular Finance Committee meeting was held on July 1, 2014 at 2:00 p.m. in the Mayor's Office.

Members Present: Walaker, Zavoral, Costin
Members Absent: Mahoney, Bittner, Sprague

Minutes Approved
The minutes were approved from the May 28th meeting. Motion by Zavoral, second by Costin. All voted in favor.

Special Assessments Deferral Request Valley View
Bart Kounovsky presented a request for special assessment deferrals for the Valley View addition. He requested an additional time extension on an existing arterial deferral that will be expiring this year and a five year deferral for local improvements. Engineering and Special Assessment staff were not in favor of granting a deferral since this is in a highly developable area. Zavoral reviewed the development process and timelines including the platting process and that the developer has control over the timing of the municipal improvements. Mr. Kounovsky was comfortable with the process now and is willing to proceed with the area plat as soon as possible. No action was taken on the deferral request as it was deemed unnecessary.

Change in Finance Committee Meeting Dates
The Committee established the standard meeting dates as the last Tuesday of the month at 2:00 pm.

Bruce Grubb Added to Finance Committee
The Committee added Bruce Grubb to the Finance Committee since his recent appointment as Assistant City Administrator. Zavoral moved to add Bruce Grubb to the Committee. Costin seconded and all voted in favor.

Mid-Year Revenue Status
Costin reviewed the mid year revenue projections for major General fund revenues. He stated that building permit revenues were much higher than anticipated and that the State revenue collections were coming in with some growth. There has not been any lagging revenues during the mid year look back period and that the mid-year outlook was positive.

Water Services Agreement with Cass Rural Water District Approved

The final draft of the water services agreement with Cass Rural Water District was reviewed. All changes previously discussed have been included in the new draft. The purpose of this was to serve as a master agreement that will cover all infrastructure extensions in lieu of having to draft separate agreements for each improvement district. Zavoral moved to approve the final draft of this agreement. Costin seconded the motion and all voted in favor.

General Infrastructure Project Level Financial Report Developed

Costin reviewed a financial report that details project level spending for the general infrastructure fund. This has a current month and year to date totaling and is subtotaled by project types. He wanted to know if the Finance Committee was interested in reviewing this new report and if so how often. Zavoral moved to have this presented not later than July 1st of each year and each month thereafter so that the Committee can monitor the progress of construction activity in relation to the approved capital improvement plans. Costin seconded the motion and all voted in favor.

Open Gov Web Services Agreement Approved

Zavoral reviewed information relating to Open Gov which is a web based data set that allows interested persons to directly access out financial summary data on our web page. He and Costin have met with Open Gov officials and have reviewed the functionality of the product. This will allow the City to provide faster and better trend level data directly to our citizens. This is a software as a service offering that will be internet based. There was further discussion about doing vendor transaction level data in addition to summary fund level data. Committee did not want to proceed with vendor level data at the present time. Zavoral moved to approve the contract estimated at $12k per year which is cancellable at any time. Grubb seconded the motion and all voted in favor.

Flood Buyout Request Denied

The Committee reviewed a request for a flood buyout for the property on 402 Harwood Drive owned by Uptal Chakravorty. The request was denied since this property was not impacted by the current or future floodplain and will be protected by the FM Diversion project and does not meet the City's criteria for a buyout. Zavoral moved to deny the request. Costin seconded the motion and all voted in favor.

Contract Pricing for NDSU Transit Services and Bus Wraps

Gilmour reviewed proposed contract pricing for NDSU funded transit services. They now operate 11 buses. He will be decreasing the route costs slightly due to changes in route hours and is proposing a 10% increase in the bus wraps. He reported that NDSU is paying about $5,000 per year for wraps that are sold to the general public for $24,000 each. Committee felt that there may be some opportunity to sell more wraps to the general public and that the number of NDSU discounted wraps could be reduced. Zavoral moved to raise the bus wrap contract with NDSU from $50,000 per year to $55,000 per year and to reduce the number of wraps from eleven to ten. Costin seconded the motion and all voted in favor.

Status of Downtown Parking Ramp Planning and RFP for Parking Services

Gilmour discussed recent efforts for planning for parking facilities in the Downtown area. Several options are being considered. He also provided a draft of the RFP for parking services since the current operator will be retiring at the end of the year. No action taken.

Asset Allocation Amendment in Debt Service Core Portfolio

Costin reported that recent efforts have been made to look at our debt service core portfolio and having a close matching of investments held in this portfolio to when debt payments are made. PFM has recommended increasing the asset allocation to corporate bonds up to 30% of the total and extending investment maturities into the 3-5 year range to help improve our investment results. Zavoral moved to approve increasing the corporate bond allocation to up to 30% and extending maturities as recommended by PFM. Costin seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
July 25, 2014

The regular monthly Finance Committee meeting was held on July 25, 2014 in the Mayor's Office.

Members Present:	Walaker, Mahoney, Zavoral, Grubb, Costin
Members Absent:	Bittner
Guests Present:	April Walker, Utpal & Mona Chakravorty, Dan Eberhardt, James Gilmour

Minutes Approved

The minutes from the last meeting were approved as presented. Motion by Mahoney, second by Zavoral to approve the minutes. All voted in favor.

Flood Buyout Reconsideration for Utpal & Mona Chakravorty

Utpal and Mona Chakravorty attended the meeting to discuss the potential to have the City acquire their home. They are not in the flood plain but are on the river side of flood protection. There was discussion of their current situation and concern expressed about the marketability of their home under the present circumstances. They reported that they have sustained damages three different times and that the dike that was constructed privately was slumping. They wondered why other homes were being bought by the City but there home was not being considered. The Committee recommended that they list their home for sale and try to market it since they had not begun that process yet. No further action taken.

Special Assessment Cost Increases

April Walker led a discussion on current projects where special assessment amounts were increasing beyond normal levels. Some of the recent bids are coming in at levels much higher than in the past when comparing to the Engineering estimates. There is strong demand for contractors with so much work going on. A letter was also received from Steve Iverson requesting that the City lower its fees. Zavoral felt that more work should be done on the impact of considering using specials only for main cooridors and that all internal streets be funded by the developers. He felt that we should increase our oversight fee to 7% in the future. Mayor Walaker wondered if too many items are being included in our special assessments funded projects. Some of the examples cited were for unique situations but the Committee felt that overall the prices were increasing. Gilmour stated that there are sometimes issues with how developments are platted. There was also escalation of costs caused by having to raise elevation of lots in some developments. This cost was estimated at $1 – 1.25 per square foot. Zavoral stated that we should not be bidding projects mid-summer since there is so much competition for contractors. Costin wondered if it could work to have specials paid off at the time that lots were sold. This issue will continue to be monitored by Engineering.

Sheyenne Pipeline Testing Approval

Bruce Grubb presented a request to approve procurement of service for the testing of the Sheyenne pipeline. He said that the results of this testing may impact a final decision on a $7 million pipeline replacement. He received two quotes and Kindred Plumbing and Heating was the low quote. Mahoney moved to approve the quote submitted by Kindred Plumbing and Heating. Zavoral seconded the motion and all voted in favor.

Status of Budget Development

Costin reported that the budget processing was going on as planned and that there were a lot of budget requests this year that will require the Budget Team to reduce to a sustainable budget level.

City of Fargo
Finance Committee Meeting Minutes
September 30, 2014

The regular monthly meeting of the Finance Committee was held on September 30, 2014 at 10:30 a.m. in the Mayor's Office.

Members Present:	Mahoney, Zavoral, Bittner, Grubb, Sprague, Costin
Members Absent:	Walaker
Guests Present:	Jim Gilmour, April Walker, Kyle Frier, Nate Vollmuth

Minutes Approved

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

Early Bond Redemptions Approved for Refunding Improvement Bonds

Costin reviewed the status of two bond issues that have a very short three year call feature. These bonds were issued in 2011 in anticipation of receiving special assessment prepayments. He requested approval to call the bonds and capture the interest saving as planned when the bonds were marketed. One issue returned a savings of $189k, while the other issue saved $ 209k. The first bond issue will be called in November, 2014, while the second bond issue will be called in May of 2015. Costin moved to approve the early redemption option. Zavoral seconded the motion and all voted in favor.

Kerber Addition Special Assessment Deferral Request

This item was pulled since the developer was not ready to address this issue.

Commerce and I29 Development

Representatives from the Commerce and I29 development were present to discuss the pricing of City Engineering and oversight fees currently recommended at 7% of construction costs. They felt that this fee was way too high and wanted some explanation for the fee and what is was used for. April Walker stated that the fee covers City oversight of the project including inspections and ongoing administration associated with managing MSA engineering contracts. She cited three sample projects where the actual time spent was 3% - 6%. Jim Gilmour stated that this is not related to the building permit plan review fee process. Costin inquired about when the fee should be billed and if the developer stated any preference in how this was handled. Bittner moved to keep the fee at 7%. The motion was seconded by Sprague and all voted in favor.

Transit Bus Wrap Agreements

Jim Gilmour reviewed the status of the bus wrap agreements currently in place with NDSU. They would like a longer term commitment to assure that their wrap costs are amortized. There is market demand

developing and more opportunity to sell the discounted bus wraps at full retail value. Wrap advertising revenue has increased significantly since the City took it over. Costin moved to propose a two year agreement at the same price and the let existing barter trade agreements expire as planned. This will open up more ability to sell more bus wraps. Zavoral seconded the motion and all voted in favor.

Parking Services Agreement for 2015

Jim Gilmour updated the Committee on pending parking proposals. There are varied pricing and services proposals including local and national parking vendors. He wanted the Committee to be aware of potential pricing increases if a national firm were to be hired. Committee expressed their support for using parking technologies to make our systems more efficient. No action taken on vendor selection as the Parking Authority will be making that recommendation.

Status of the Butler Business Park Development

Jim Gilmour updated the Committee on the status of the Butler development currently proposed. He said that the developer has been moving slowly and that some of the plans have changed since it was originally proposed.

Flex Benefit Grace Period vs. Carryover Approved

Jill Minette provided an update on flex spending plan changes and status of compliance with the Affordable Care Act. The Committee supported her recommendation to use the grace period option to be able to incur costs in early 2015 vs. the potential to carryover a $500 balance from year to year. She also reviewed in detail the status of our efforts in complying with the Affordable Care Act. The City is currently about 98% compliant and will only have to make a couple of pricing changes to assure that our coverage is affordable and compliant with the Act. She also reviewed a letter from our consulting attorney on our compliance efforts who confirmed we are in good shape with this item. Zavoral moved to use the grace period method of administering our flexible spending plan. The motion was seconded by Grubb and all voted in favor.

Disposal of City Owned Property on 2929 Parkview Drive

Erik Johnson reported that a citizen has inquired about purchasing a small piece of property located at 2929 Parkview Drive. He requested permission to dispose of this property and inquired about the method to be used for disposal since the value was over $5,000. Costin moved to use a public sale process. Bittner seconded the motion and all voted in favor.

Infrastructure Expenditure Report Reviewed

Costin stated that the infrastructure report has been updated showing a total spend of $36.4 million through 9/24/2014.

Potential Land Purchase of Oak Grove Property

April Walker requested input on the potential to purchase Oak Grove's property. She said that pricing is still an issue and that this property is low ground and is not needed but would work for a storm sewer basin. The property currently has a flowage easement on it. The pricing difference is $21k vs. $26k per acre. Grubb suggested that we not release the flowage easement. Zavoral moved to use the appraised value in negotiating for this property, then to the City Commission. Bittner seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
October 27, 2014

The regular monthly meeting of the Finance Committee was held on October 27, 2014 at 9:00 a.m. in the Mayor's Office.

Members Attending: Mahoney, Zavoral, Grubb, Bittner, Sprague, Costin
Members Absent: None
Guests Present: Jim Gilmour, April Walker, Dan Sturlaugson

Minutes Approved

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

Baseball Stadium Contract Changes and Accounting Issues
Costin reported that the initial costs of the baseball stadium of $5.2 million have been recovered in 2014 and that the contract provisions will change going forward. Fargo Baseball, LLC will be receiving a greater percentage of the suite rentals. There will be a deficit in this fund that needs to be eliminated by future fund transfers and he suggested that consideration should be given to merging the Baseball Stadium fund into the General Fund in future budgeting. No action taken since this was an information item.

Financial Status Reports
Several financial status reports were presented to the Committee. Costin said that the Finance staff is preparing a year end bond sale to reimburse us for 2014 capital project costs for infrastructure projects. He estimated the bond sizing at about $40 - $45 million.

Sanford Building Permit Issued
Costin reported that a $1 million building permit was taken out by Sanford for their hospital expansion this past month and this was planned for 2015. A budget amendment will be made to remove the revenue from the 2015 budgeted resources. Grubb commented that the water plant expansion will be another large project with permit revenues generated. Gilmour expects that 2015 will be another very busy construction year.

Sole Source Procurements with Kimley-Horn Associates and EAPC Architects
Gilmour presented a request to proceed with sole source procurement requests with Kimley-Horn Associates and EAPC Architects for work related to parking management and work on the GTC cement deck. Grubb moved to approve sole source procurements for these two vendors. Sprague seconded the motion and all voted in favor.

Special Assessment Deferral Request from L2H Development

A request for a one year deferral extension on developed and platted property was presented to the Committee. The developer is building homes in this area, however, there were weather related delays that caused less construction to occur than what was anticipated. April Walker reported that they have learned that it takes two construction seasons to develop property that requires grade elevations since that is an extra step in the development process. Prairie Farms and other west side developments are platted and platting has been used to trigger billing of special assessments. Zavoral moved to deny the special assessments request. Grubb seconded the motion and all voted in favor.

Butler Business Park Tax Increment Review

Gilmour presented the review report prepared by PFM relating to the Butler Business Park. He said that the developer came to Fargo about two years ago looking for a site and has evaluated several locations. They intend to develop a modern business park with multiple tenants. They will offer low end and high end office environments in their business plan. This will attract new business on an existing infill site that has been vacant for a long time. There are environmental issues within the site that will have to be removed increasing development costs as well as storm water detention and infrastructure issues. Zavoral expressed some concern about funding the environmental clean-up as the landowner should take care of this issue. They are seeking $2.2 million in tax increment assistance. The PFM due diligence report estimated the developer's return on investment of 8.76% which is on the low end of a development range of returns. They estimated it will take thirteen years to amortize the tax increment assistance. Sprague suggested that this is a good commercial infill project. Zavoral moved to offer $2.1 million so that not all clean up costs would be eligible. Sprague seconded the motion and all voted in favor.

Engineering Request to Add A Spare Conduit to Second Street Utility Relocation Project

April Walker requested approval to add a spare conduit into the duct bank on the 2nd Street utility relocation project. This will be used in the future by either the City or other entities. MVM has been selected as the contractor on this project and they would like to add an additional conduit. The estimated costs were anticipated at $245k and will not be eligible for FM Diversion funding. This project will take about 8-10 weeks to complete and the conduit will need to be placed early on in the process. Grubb moved to include an additional conduit for future utilities. Sprague seconded the motion and all voted in favor.

City of Fargo
Finance Committee Meeting Minutes
November 26, 2014

The regular monthly Finance Committee meeting was held on November 26, 2014 at 9:00 a.m. in the Mayor's Office.

Members Present: Zavoral, Bittner, Grubb, Sprague, Costin
Members Absent: Mahoney
Guests Present: James Gilmour, Cody Eilertson

Minutes Approved
The Committee meeting minutes were reviewed. Grubb moved to approve the minutes. Sprague seconded the motion and all voted in favor.

Tax Increment Financing Projects Approved
James Gilmour reviewed three locations and related due diligence reports from PFM relating to tax increment financing requests. These are from one builder with three different investors. The review reports suggests that the expenses are eligible under our polices and that the "but for" test supports granting the TIF assistance. The locations are at 1122 & 1126 19th Street North, 1022 and 1026 15th Street North, and 1415,1417, and 1421 8th Street North. Costin moved to approve the tax increment financing requests. Grubb seconded the motion and all voted in favor.

Special Assessment Interest Rates on Taxable Bonds
Costin reported that the upcoming bond sale in December will include a portion of bonds that are taxable which will carry a slightly higher net interest costs. We wanted some input from the Finance Committee regarding what rate to use on the special assessments when levied. Normally we use a 1% markup off of the bond net interest rate, however, since the taxable bonds bear slightly higher interest consideration might be given to not assessing a normal 1% markup but rather the same interest rate as used on the tax exempt bonds. This would create equality to the property owners and would make the assessment rates the same for all assessments regardless of what type of bonds were issued. Costin moved to set the interest rate on the special assessments that are funding the taxable bonds to the same rate as used on the tax exempt bonds. Zavoral seconded the motion and all voted in favor.

Sole Source Procurement Request for Engineering Services
April Walker reviewed a recommendation to consider a sole source procurement request to use Houston Engineering for the new City Hall parking lot and storm lift station design work. It would be beneficial for coordination and staging of work purposes to work with a single design engineering firm. Houston Engineering has already been awarded some of the work and she recommended that they be awarded the scope of work for a re-design of the south parking lot and changes relating to the lift station and utility relocations. Grubb stated that using the same consultant would be helpful in this case. Timing is critical next spring to get ready to bid and considering the current bidding climate it would save time to use one engineering firm. Stroh wants to keep an early spring bid option open for the City Hall project. Zavoral

moved to approve a sole source procurement request with Houston Engineering in the amount of $ 137,459. Grubb seconded the motion and all voted in favor.

Supplemental Budget Appropriations For Capital Outlay

The General Fund capital outlay budget for 2015 was discussed. Departmental budgets were cut in 2015 from the levels requested, however, $500,000 was inserted as a 2014 budget adjustment with this being contingent upon year end results. Costin reviewed the current revenue and expenditure projections with the Committee. There was also discussion about the need to add new patrol cars not funded in the 2015 budget and to consider fully funding the number of officers requested during the budget process. Four patrol officers were funded in the budget, however, seven were requested. In light of the staffing shortages currently and the long timeline to train officers Zavoral suggested that these be funded.

Zavoral moved to declare the surplus through November at $3 million, to increase the capital outlay budgets by up to $50,000 per Department, add $200,00 for additional squad cars, and $210,000 to fund three more police FTE's. Sprague seconded the motion and all voted in favor.

Change Order Approved for Master Works Software

Cody Eilertson reviewed a change order request for Masterworks software to build additional reporting functionality into the new software. The budgeted amount has been consumed. He added that additional work will be done on the projects module and financial reporting. Bittner moved to approve a change order for more work in the amount of $36,800. Costin seconded the motion and all voted in favor.

Consider Increase in Inspection Fees

James Gilmour reported that inspection fees were last adjusted about five years ago and that plumbing and HVAC fees about 7 – 10 years ago. We wondered about increasing them in 2015. The Committee requested that we wait and do some comparisons with other regional cities.

City of Fargo
Finance Committee Meeting Minutes
December 5, 2014

Members Present: Mahoney, Zavoral, Grubb, Bittner, Sprague, Costin
Members Absent: None

A special meeting of the Finance Committee was held on December 5, 2014 at 1:30 p.m. in the Mayor's office for the purpose of making year and supplemental capital outlay budget recommendations.

Costin reviewed Y-T-D revenues as compared to budgeted levels as well as Departmental expenditures through November 30th. There are surplus revenues realized to date of approximately $3.3 million. Expenditures are currently about 94% of budgeted levels but should revert closer to budget by year end due to the timing of year end transactions. The largest revenue increases were noted in building permits, capital project administration and capital financing. State intergovernmental revenue have increased since last year, however, they are lagging projected levels slightly. It was expected that there should be some gain in this category by year end after all accruals are processed.

Zavoral moved to cite expected year end surplus of $3.3 in revenues and $900k in expenditure savings for a total of $4.4 million. Costin seconded the motion and all voted in favor.

There was further discussion about how the surplus would be allocated. A placeholder was put into the budget as a contingent year end allocation of $500,000 to departmental capital needs. Other items discussed included upcoming capital projects as well as the need to close out the E911 fund deficit at year end. Zavoral reviewed the needs within the Police Department naming that Chief Ternes had requested seven FTE's for patrol staff in the 2015 budget and the budget was approved with adding four. He suggested that we should consider adding three more so that the PD request would be fully funded. There was also discussion that adding staff would trigger the need to add patrol cars. Grubb moved to use a fixed amount allocation method for the $500,000 in supplemental departmental outlay and including $210,000 for three patrol officers and another $210,000 for additional squad units. Bittner seconded the motion and all voted in favor.

Sprague moved to allocate the remaining surplus funds after year end closing and to dedicate the surplus to construction projects with priority setting to be determined next year. Zavoral seconded the motion and all voted in favor.

These items will be recommended to the City Commission for their consideration on December 22nd.

City of Fargo
Finance Committee Meeting Minutes
December 30, 2014

The monthly Finance Committee meeting was held on December 30, 2014 in the Mayor's Office at 10:30 a.m.

Members Present: Mahoney, Williams, Zavoral, Grubb, Sprague, Costin
Members Absent: Bittner
Guests Present: None

Costin reported that the meeting agenda was distributed to the media as required.

Minutes Approved

The minutes from the November meeting were approved as distributed. Zavoral requested that the allocation of capital funds and year end surplus be discussed since this decision was made earlier than normal. There will be more surplus expected when our books are formally closed out in February. A decision is pending on the current deficit in the E911 Fund which should be close out since the tax receipts are now collected by Cass County. Zavoral moved to approve the minutes. Sprague seconded the motion and all voted in favor.

Consider Refunding of Series 2006 and 2007 Refunding Improvement Bonds

Zavoral reported that Springsted has provided an analysis of refunding opportunity for outstanding bonds from 2006 and 2007. Costin stated that Springsted was the financial advisor at the time that these bonds were issued and they continue monitor out debt for refunding opportunities. The total net present value of the savings if refunded is estimated at $1.92 million. There was further discussion on using multiple financial advisors. Zavoral and Williams felt that it was to our advantage to have additional professionals monitoring our outstanding debt. Williams moved to proceed with the refinancing using Springsted as our financial advisor for this transaction. Grubb seconded the motion and all voted in favor.

Emergency Repair for Oxbow Sewer Line

Grubb reported a river bank slump has cause a failure and total blockage of the sewer line that is servicing Oxbow. Dakota Underground tested the lines with a video camera and they are completed crimped off. Ernst Trenching and Dakota Underground have been line up to do the repair which will take about a week to complete. The estimated cost of this repair is $100,000. During the repair time City staff will be pumping the sewage 24/7 so that services will continue for Oxbow. Mahoney asked about the protocol for emergency repairs and how that relates to this situation. Grubb stated that it is a Department Head decision to do what is necessary to

continue services. Costin moved to approve the emergency purchase with Dakota Underground and Ernst Trenching. Zavoral seconded the motion and all voted in favor.

Educational Topics

Costin suggested that it might be helpful for the new Committee members to start a back to the basics type of educational discussion each meeting to cover in detail some of the more important financial functions of the City. Committee members endorsed this concept and staff will put together a listing of topics to include. This will allow a more focused discussion on key financial processes and controls currently in place. Mahoney suggested that some of the topics include how priority setting and strategic planning issues are addressed. Zavoral recapped a listing of major capital projects that will be forthcoming in the next few years. Williams addressed density issues and the demands for more parking structures in Downtown Fargo. Grubb reported that an RFP for repurposing of the Civic Center will be presented to the City Commission at the next meeting.