**City of Fargo**
**Finance Committee Meeting Minutes**
**January 12, 2016**

A special Finance Committee meeting was held on January, 12, 2016 at noon in the Mayor's Office for the purpose of reviewing and making a final recommendation on the PILOT tax exemption for the Black Building to the City Commission.

Members Attending: Mahoney, Williams, Grubb, Bittner, Sprague, Costin

Members Absent: None

Guests Present: Jim Gilmour

**Black Building Project PILOT Tax Exemption**

The Committee reviewed updated financial due diligence "but for" reports from PFM. Gilmour stated that the developer rejected the prior Finance Committee recommendations the day after it was proposed and two new proposals were sent to PFM for evaluation. One proposal limits the tax exemption to fifteen years while the other one runs 20 years.

The Tax Exempt Review Committee referred this application to the Finance Committee to discuss what policies and related incentives should be considered using updated development criteria. They did not act upon the application for the PILOT that was discussed at their Committee.

The Committee favored the structure of the PILOT exemption that ran for fifteen years. Williams moved to approve a PILOT exemption that runs for ten years with 100% exemption and five years with taxes fixed at $16,000 per year with the addition that no further PILOT tax exemptions be granted until the Tax Exempt Review Committee updated City policies. Costin seconded the motion and all voted in favor.

There was no further business so the meeting was adjourned.

# City of Fargo
# Finance Committee Meeting Minutes
# January 29, 2016

The regular monthly meeting of the Finance Committee was held on January 29, 2016 at 9:00 a.m. in the Mayor's Office.

Members Attending: Mahoney, Williams, Grubb, Bittner, Sprague, Costin

Guests Attending: April Walker, Ron Gronneberg

**Minutes Approved**

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

**Sole Source Procurement for Security Services**

Ron Gronneberg reviewed a proposal for a security assessment from a firm that is part of the Nation Joint Powers Agreement. Fargo is a member of this alliance and he proposed that a security firm be hired to test the strength of our computer systems security procedures. Mahoney requested that the results of this assessment be shared with the City Commission. The anticipated cost of this procurement is about $30,000. Grubb moved to approve a sole source procurement action for this task. Williams seconded the motion and all voted in favor.

**Contract Extension Request for Communication Services**

Ron Gronneberg presented a request to renew the existing communications contract with Consolidated Communications, our existing provider. He said that we need to add trunk lines for additional call capacity with the growth of our system; however, we will be saving money with a reduced contract rate for long distance. Grubb moved to approve a contract extension. Costin seconded the motion and all voted in favor.

**Sole Source Procurement Car Marker Scooter**

Ben Dow presented a request for sole source procurement for an additional car marker unit to be used by Interstate Parking in their enforcement efforts with recent changes in the parking system. He said that this is a unique vehicle and that this type of vehicle best fits our needs. Costin moved to approve sole source procurement for the scooter. Williams seconded the motion and all voted in favor.

**Vehicle Damage Claim**

Ben Dow provided a request for reimbursement of damages to a private vehicle that suffered extensive damage from running over a manhole without a cover in place. He shared pictures of the damages to his vehicle. This was processed by NDIRF and was denied as part of their standard process since the City is not liable. Mahoney felt that this was an isolated incident and that paying this should not cause problems with future claims due to the unique nature of this case. Mahoney moved to approve payment of $930. Williams seconded the motion and all voted in favor.

**Minor Fit Up of the Old Fargo Cass Public Health Building for Police Use**

Chief David Todd made a request for appropriation of funds in the amount of $250,000 for minor fit up and equipment needs for the Police Department to move some of their staff into the old FCPH building. Costin suggested that the Police Department has ample funding from within their existing budget and explained how they generally have considerable salary savings that accrue in their operational budget due to employee turnover, resignations, and retirements. He suggested that the Committee not approve a supplemental appropriation but rather approve the scope of the fit up and equipment needed and that they attempt to manage this through their existing budget already approved. The Committee seemed to be comfortable with this approach so Williams moved to approve moving forward with this project with the understanding that it be funded directly out of the Police budget for 2016. Sprague seconded the motion and all voted in favor.

**Fence Relocation Claim Prairie View Association**

April Walker discussed a claim by the Prairie View Association that related to a property line locate issue with Engineering staff. They had exchanged information over the phone and there was some confusion about where the fence was installed. Bittner suggested that staff should have verified this on the map and therefore the claim to move the fence should be approved for $6,200. He suggested that the policy be changed in Engineering to require parties of interest to come to the office so that property locations can be properly verified in the future and eliminate the risk of error. Costin seconded the motion and all voted in favor.

**Preliminary Year End Financial Results**

Costin reviewed a preliminary report of year-end financial results. The report reflected that General Fund revenues met our budget forecast but that there was a decline in the expected State intergovernmental revenues but about $2.5 million. This decline was offset by stronger than budgeted building permit and charge for services revenues. We ended the year with about a break even financial result, which was better than the budget projection.

**State Revenue Shortfall for 2016 Budget Anticipated**

Costin reported that there will likely be a $3-4 million decline in State revenues due to the decline of the oil economy and overall State-wide economic conditions. He suggested that the Finance Committee or the Budget Team develop some budget strategies to help offset this revenue decline. Finance Committee referred this to the Budget Team to bring forth recommendations to address this issue.

**Special Assessment Fees Discussed**

April Walker led a discussion about fees charged on special assessment projects. She provided some data on projects that were farmed out to outside engineering firms in the past year. There was more discussion on what interest rate factor should be used on engineering feasibility reports and in the special assessment policy. The Committee suggested that rates have gone down and that 5% should be used for budgeting financing costs. There was more discussion about using different policies as a way to incent affordable housing developments.

**Sole Source Procurement for Specialized Legal Services for Block 9 Development Project**

Erik Johnson requested permission to proceed with sole source procurement for specialized legal services to assist with the Block 9 downtown development project. He recommended Dorsey and Company as the legal team to assist with reviewing development agreements and other legal issues that will be surfacing with this proposed development. Costin reported that he visited with Erik about this and that a cap should be placed on the amount of funds expended for this purpose and that the developer could share in the cost of this since it would be ultimately be charged to the tax increment financing district and recovered as part of a future development agreement. Williams suggested that Interstate Parking might be able to provide a level of expertise that Johnson was seeking. Williams moved to set a maximum cap on legal costs at $50,000 with a $25,000 developer deposit. Sprague seconded the motion and all voted in favor.

**Land Purchases for the West Fargo Water Delivery Connectivity**

Grubb reviewed proposals to purchase two parcels of land for use in connecting up the Fargo and West Fargo water infrastructure. He said that this project should be completed by June 1, 2016.

# City of Fargo
# Finance Committee Meeting Minutes
# March 11, 2016

A Finance Committee meeting was held on March 11, 2016 at 11:00 a.m. in the Mayor's Office.

All members were present.

**Minutes Approved**

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

**Year End Financial Results**

Costin reviewed the preliminary year-end financial results for all operating funds and the General Fund. The major operating funds produced a net surplus of $9.7 million while the General Fund produced a $1.9 million surplus. There was further discussion on how the net surplus in the General Fund should be allocated. Costin stated that our prior goals included making the final debt payment on the construction loan for the Fargo Cass Public Health facility. There was some discussion on compensation philosophy and the current vacancies of FTE's in the Police Department. Grubb moved to delay paying off the construction loan and leaving the General Fund surplus intact to help offset falling state aid revenues. Williams seconded the motion and all voted in favor.

**Budget Goals for Overtime and Travel & State Aid Projected Decline**

The Committee discussed overtime and travel reductions as a goal that was approved in the 2016 budget. Grubb stated that he has the data on average spending and will be meeting with Departments in the future to help allocate these amounts.

Data was reviewed that supported a 25% decline in state aid over the current biennium or about $4 million in the General Fund. Costin reviewed various strategies that could be considered to offset the anticipated aid declines. Williams suggested that a transfer of funds from non-General Fund resources could be considered. Grubb stated that last year's spending levels were well below budget in most Departments and with a light winter season and a long construction season there is reason to believe that the current year budget could trend in a similar pattern. The Committee discussed the timing of any potential actions to be taken and decided to maintain a mid-year approach to budget amendments as we have done in the past budget development process.

**Financial Report on Local Sales Tax Collections**

Costin reviewed a report of sales tax collections which shows that our locally collected sales taxes increased by 5.5%. The amount collected for the year was $50.9 million.

**City Hall Bidding, Construction and Financing Schedule**

Grubb reviewed the current schedule for bidding, constructing and financing the City Hall project. A timeline was handed out that shows a May 4th bid opening and a June 16th demolition of Centennial Hall. Contracts for City Hall construction will be awarded on June 20th, with a June 27th construction start. The Committee discussed various debt type options and reviewed supporting debt amortization schedules. Debt considered included general obligations and lease appropriation bonds. The most cost effective bonding was general obligation bonds with a twenty year amortization period. The estimated net interest cost was 3.08% in the current market. Williams moved to use general obligation bonds for the project. Bittner seconded the motion and all voted in favor.

**Banking Services Procurement**

Sprague presented an overview of the history of our banking services with Wells Fargo. The City has not initiated an RFP for services for quite some time. He stated that PFM could assist with a formal RFP process, however, their cost estimate was $45k which was deemed way to high in light that our annual banking services fees are around $70k per year. There was more Committee discussion about the potential to hire PFM to review pricing of our current fees to make sure they are in line with market prices. Grubb suggested that if prices were validated and are deemed reasonable by an outside professional a sole source recommendation could be presented.

**Grants Administrative Policy**

A draft update of the grants administrative policy was reviewed with the Committee. This change was initiated by Commissioner Gehrig and has the impact on budgeting of the local share of grants and the prior scrutiny of grants prior to the submission of a grant application. Mahoney requested that additional data be provided to the Committee on past grant activity including the number of grants and the total amount of federal assistance. This will be revisited next month after the data has been gathered.

**Procurement of Equipment Lease Financing**

The Public Works staffs have requested some feedback on vendor leasing. They have been using a specific vendor for leasing if the equipment vendor does not offer lease financing. Allen Erickson's inquiry was about how the leases should be procured and if they are getting market interest rates on lease deals. There will be about $1.5 million in leases done in 2016 so the Committee felt that we should get a market assessment to assure our pricing is in line with current market conditions. Williams moved to affirm market pricing. This was seconded by Sprague and all voted in favor.

**Timing of Cost of Living Wage Adjustments**

There was a discussion about cost of living wage adjustments. Mayor Mahoney stated he has discussed this topic at his employee group meetings. He felt that the City should be giving a more consistent wage adjustment and that our COLA's may be lagging when compared to others. There was discussion about the ability to fill open positions and Bruce Grubb mentioned that there have been a lot of applicants for jobs being posted. Williams suggested that a more standardized approach to COLA's should be reasonable. Committee agreed to consider a COLA by July 1, 2016.

**Disposal of Obsolete Christmas Decorations**

Sprague requested permission to dispose of old Christmas decorations used by the Downtown area since new decorations and different configurations are now being used. Grubb moved to approve disposal as requested. Williams seconded the motion and all voted in favor.

# City of Fargo
# Finance Committee Meeting Minutes
# April 15, 2016

A Finance Committee meeting was held on April 15, 2016 in the Mayor's Office at 8:30 a.m.

Members Attending: All

Guests: Jim Gilmour, Nicole Crutchfield, Ben Dow

**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.

**Geotechnical Assessment of the GTC**
Nicole Crutchfield requested approval to proceed with geotechnical work for the Ground Transportation Terminal. There is a need to do this prior to deck refurbishing. The Committee asked what the source of funding for this request would be and Gilmour stated that either the Parking Repair & Replacement Fund or the Transit budget has funding available. Grubb moved to proceed with $21,200 in work at the GTC for this project. Williams seconded the motion and all voted in favor. There was additional discussion on a few more items totaling $11,800. Committee agreed to proceed with these items as well. Grubb amended his motion to include the additional items. Williams seconded the motion and all voted in favor.

**Downtown Planning Funding**
Jim Gilmour reported on the status of proposers for the Downtown plan. A total of 19 proposers submitted proposals. They were very impressed with the quality of submissions. The budget established last year was short by $100k. He requested additional funding to be able to proceed with their selection which totals $429k. Committee stated that funding for much of this project was already included in the 2016 budget for $330,000 and that the final funding could be included as a request in the 2017 budget. Sprague moved to split fund this project between budgets in 2016 and 2017. Williams seconded the motion and all voted in favor.

**Aggregation of Lease Transactions**
Costin and Dow reviewed a proposal from US Bank to aggregate several lease transaction into a single lease. This concept was brought up by the Street Department and advanced by the Finance Department to solicit proposal for equipment that is in the budget where we would have normally initiated separate lease agreements as the equipment was purchased. The low proposer was US Bank with a net lease rate of 1.57% which produces about a $35 - $40 cost savings as compared to doing this individually. Grubb moved to approve the aggregated lease proposal with US Bank. Costin seconded the motion and all voted in favor.

**Letter Regarding Special Assessments from Homebuilders Association of FM**
The Committee received and reviewed a follow up letter regarding City fees on special assessments. They proposed changes that may reduce the special assessment cost to homeowners. There was further discussion on special assessments such as using 30 year assessments as allowed in NDCC and

lower the administrative fee from 6% to 5%. There was also some discussion on the markup of specials of 1% as provided in NDCC and how this should be evaluated and if there would be room to lower the long term financing fee as currently linked to the long term bond interest rate. Committee requested that some pro-forma calculations be done on the discussed alternatives.

**Financial Status Report Q1 2016**

The first quarter financial status report was reviewed. Costin noted that there is a lag trending with State revenues, especially state aid and highway funds. The Committee felt that a brownbag presentation with the Commission would be appropriate to discuss before the budget meetings occur.

**Refunding Series 2009B Refunding Improvement Bonds**

Costin reviewed a proposal to refinance the 2009B series of bonds as analyzed by Springsted. There is a significant savings of about 8.15% net present value or about $4.4 million in gross interest costs. This issue would be marketed at the same time that City Hall bonds are issued. Costin moved to proceed with the refunding as presented. Williams seconded the motion and all voted in favor.

**Board of Equalization Valuation Results for 2016**

Costin reported that overall property values increased by about 12% this year as detailed in the Board of Equalization meeting. This was a similar increase to that experienced last year.

**Block 9 Development Project Due Diligence Review Report**

Jim Gilmour reviewed the due diligence report from PFM on the Block 9 project. The report summarizes assistance and reports a 4.1% overall return on this project. He explained the various details of the project including what portions of the project would be eligible for PILOT and what parts of the project would be paying taxes to fund the tax increment bonds issued by the City for the parking facility and the plaza. The condos will be taxable and will generate income for debt repayment. The development group will be responsible for all of the remaining debt service on the bonds pursuant to a developer's agreement. Williams suggested that the City should own the parking facilities at the end since they are revenue generating properties. Mahoney stated he understands that the Corporations that will rent space in this property desire to have their own parking. Williams requested that the Robert Street parking ramp project be presented to the City Commission first and that the Block 9 be presented at a subsequent meeting.

The meeting was adjourned early due to scheduling conflicts. Agenda items 11-15 will be carried forward to the next meeting.

**City of Fargo**
**Finance Committee Meeting Minutes**
**June 1, 2016**

The regular meeting of the Finance Committee was held on June 1, 2016 in the Mayor's Office at 3:00 p.m.

All members were present. Guests included James Gilmour, Dan Eberhardt, Nicole Crutchfield

**Minutes Approved**

The minutes were approved as presented. Bittner moved to approve the minutes. Grubb seconded the motion and all voted in favor.

**Sole Source Procurement Approved**

Nicole Crutchfield reviewed task order # 3 for AE2S Engineering for management services of the Fargo project grant. She was requesting sole source procurement approval for $75k for the construction of the water features of this project which runs from June – December, 2016. This is part of the $900k Kresge grant award. Williams moved to approve the sole source procurement request. Grubb seconded the motion and all voted in favor.

**Special Assessment Deferral Agreement Project PN 14-4**

Dan Eberhardt and presented a request for a deferral of a special assessment. The existing parcel has already been given a deferred assessment contract. This was a large tract deferral. There was more discussion about needing an easement on this property. The deferral would be granted to obtain the necessary easement. The recommendation was for a ten-year deferral or until higher use was developed on this property. Bittner moved to approve a deferral offer. Mahoney seconded the motion and all voted in favor.

**NP Avenue Infrastructure Planning and Priority Discussion**

Commissioner Williams led a discussion about the NP Avenue study and advancing the timeline for reconstruction of NP Avenue. He felt that the current priority list was not very flexible and that adjustments should be made for the timing of this project. He suggested that a policy revision should be considered that sets infrastructure priorities in line with proposed development activities. Examples of this included the Downtown Fire Station remodeling and the new Robert Street Parking Ramp and related housing complex in downtown. He said that we should leverage our infrastructure investments to feed the need for development. He made a motion to direct Engineering to analyze opportunities to do projects in the 2nd Ave and NP Ave areas and to move them up in the funding priority list. He emphasized that we need to prioritize our infrastructure spending plans. Bittner seconded the motion and all voted in favor.

**Grants Administrative Policy Amended**

Costin reviewed proposed amendments to the City's grant administrative policy. New additions to the policy include more guidance on budgeting for grant and it incorporates the cost principles referenced in the Super Circular. Costin moved to approve the policy changes as presented. Grubb seconded the motion and all voted in favor.

**State of ND Infrastructure Revolving Loan Pool**

Costin reported that the second request for funding through the State of ND Infrastructure Revolving Loan Pool administered by the Bank of ND has been denied. Bank of ND officials report that there has been low level of usage of this program with about $40 million in loans against an authorization to make up to $150 million in infrastructure loans. Committee felt that this issue should be discussed with Representative Al Carlson.

**CAFR and Audit Report Completion**

Costin reported that the audit and the comprehensive annual financial report has been completed with not audit findings or management comments. Individual meeting with the Commissioners to review the results will be scheduled in July.

**Budget Development Team Guidance on Competitive Wage Adjustments**

The Mayor was seeking input on an upcoming decision on competitive wage adjustments that needs to be made by July 1st. Last year the City granted a 1.25% wage rate increase and the committee suggested that 2% would be an appropriate recommendation. Williams moved to recommend a 2% wage adjustment on July 1, 2016. Grubb seconded the motion and all voted in favor. Bittner commented that it is difficult to hire new employees in the Engineering field.

**Government Finance Officers Conference**

The GFOA conference was attended by three Finance staff. Costin reported that there were several educational items as the conference on topics that the City of Fargo has already dealt with. There was a session about P3 financing efforts in Canada that was especially relevant in light of the current plans to use P3 financing for the FM Diversion project. He reported that a very high number of P3 transactions on large projects came in at or below budget as evidence that the process used was being successfully implemented all across Canada. Projects are typically managed by the Provincial government.

**City of Fargo**
**Finance Committee Meeting Minutes**
**September 30, 2016**

The regular meeting of the Finance Committee was held on September 30, 2016 in the Mayor's Office at 11:00 a.m.

Members were present included; Mayor Mahoney, Commissioner Piepkorn, City Administrator Grubb, Assistant Administrator Redlinger, Director of Engineering, Bittner, City Auditor Sprague. Members absent, Finance Director Kent Costin. Guests included Jeremy Gorden, Erik Johnson by phone

**Minutes Approved**

The minutes were not available.

**Sole Source Procurement Approved**

Jeremy Gorden explained the funding is now in place to reconstruct the Oak Grove pedestrian bridge. It will be constructed similar to the Lindenwood pedestrian bridge. At the time the Lindenwood bridge was constructed environmental analysis were conducted for both locations, however, since the study was conducted more than 7 years ago the study has to be updated. Gorden is recommending a sole source agreement with SRF, they conducted the original agreement. The proposal would be for $235,000 which included updating the environmental analysis and construction services. Funding will be 50/50 with Moorhead, the Park district will contribute $100,000. Grub moved to approve the sole source procurement request. Piepkorn seconded the motion and all voted in favor.

**City Prosecutor budget amendment**

City Attorney Erik Johnson explained the City Prosecutors office is adjusting its staffing, they will employ one full time prosecutor and outsource to two locale firms for assistance as needed. When comparing the pay level to that of the States Attorney's office for a prosecutor with one-year experience, the City of Fargo is lagging by about $10,000. Johnson is requesting a budget adjustment of $10,000 to bring the prosecutor pay level to $78,000. Piepkorn moved to approve a budget increase for the City Prosecutors office. Grubb seconded the motion and all voted in favor.

**Bond Issues**

Sprague commented the Finance office has a refunding improvement bond for $43 million ready that will close in November. Additionally, the Finance office is working on the Block 9 bond issue and also financing for the Fargodome Video Board improvements. No action required

**Matrix Developers Agreement**

Grubb informed the committee that Matrix Corporation has requested a release from the developers' agreement that was entered into at the time of the establishment of the TIF District. The developers' agreement was set up to allow the City to charge special assessments against the Matrix properties in the event of a shortfall from the TIF district. The TIF district has always covered the assessments and

will in the future, there is no further need for the developer's agreement. Piepkorn moved to release Matrix Properties from the developer's agreement while keeping the TIF open. Bittner seconded the motion and all voted in favor.

**Airport**

The Mayor mentioned he would like to see a financial study done comparing a covered walkway and a parking structure.

# City of Fargo
# Finance Committee Meeting Minutes
# October 31, 2016

The monthly Finance Committee meeting was held in the Mayor's Office On October 31, 2016 at 1:00 pm.

All members in attendance. Guests included James Gilmour and Dan Mahli of the Planning Department Jill Minette from Human Resources and Justin Forde from Midcontinent Communications.

**Minutes Approved**

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

**Early Hiring of HR Assistant Approved**

Jill Minette requested approval to hire the HR assistant that was approved in the 2017 budget early. She has funding within the Departmental budget. The estimated cost of the early hire was about $2,000. Sprague moved to approve the early hiring request as presented. Bittner seconded the motion and all voted in favor.

**HRA Request for City Subsidy to Pay Specials Discussed**

Jim Gilmour reviewed a request from the Fargo HRA regarding a transition of people who currently live in the high rise Downtown to newly planned building location near Anderson Field in south Fargo. They are concerned about this impact of having to pay special assessments on their new development once this facility is developed. They recommended that we consider using tax increment funding from an existing tax increment district. There was further discussion about the fate of the high rise and who will own the land once they complete a relocation process. The Committee felt that if we were to agree pay for the specials that we should be offered the right of first refusal on the ultimate disposition of the property. Gilmour will check with them and see if this is something they would consider. No further action taken on this item.

**Amendment of the C-1 Tax Increment Financing District Approved**

Jim Gilmour reviewed a report of condition of the Island Park parking facility that we prepared by Carl Walker, our parking consultant. He also requested that we consider making an early acquisition of the land under the Island Park ramp with existing C-1 Tax Increment resources on hand. Presently, the land beneath the ramp is owned by the banks and is leased to the City. This would require a TIF plan amendment and the tax increment district would end once the land acquisition and the parking lot maintenance issues are paid. The Parking Authority would like to install (2) pay stations in the ramp for customer self-service as a more effective was of interacting with parkers.

**Border States Request for Tax Increment Financing**

Jim Gilmour reviewed a request from Border States for tax increment financing to assist with the relocation of Moorhead Public Service power lines and for partial cost of extending the roadway and other public utilities from 23rd Avenue to 30th Ave. South. There was discussion on the past use of tax increment in this area.

The development plan calls for a new 120,000 sq. foot complex on a 15-acre parcel. They anticipate about 400-500 new jobs. Grubb wondered if we should consider extending the power line relocation further since future development. There was further discussion on past practices of using TIF funding for infrastructure. Piepkorn moved to approve the power line assistance requested. Costin seconded the motion and all voted in favor.

The allocation of how much TIF assistance should be considered was referred back to staff for further analysis.

**NRI Property Acquisition of 308 9th Ave North Approved**

Dan Mahli presented a request to consider purchasing the property at 308 9th Ave North from the NRI program. The estimated costs of about $25,000. It is currently vacant, abandoned and for sale by the owner. Piepkorn moved to approve the acquisition of this property. The motion was seconded by Steve Sprague and all voted in favor.

**Purchasing Card Annual Rebate Received**

Costin reported that the City of Fargo received an annual rebate from our purchasing card program in the amount of $256k. He said that Fargo is still in the #1 spot in the nation with the PFM client base. The amount of rebate is up considerably from last year as we received $ 170k last year. He reported that there has been strong cooperation from Departments in using the card payment method.

**Building Permits Report 2015 vs. 2016 Reviewed**

Gilmour reviewed the 2016 year to date building permit report. This shows continued strong growth in building activity in Fargo and a substantial increase in single family home construction.

**MIDCO Status Report and Related Right of Way Fees**

Justin Forde from Midcontinent Communications updated the Committee on the status of the cable TV build out, currently at about 80%. They are slightly ahead of schedule and anticipate completion in 2017. He stated that they have budgeted for the previously agreed upon ROW fee for 2017, but that they would be done in 2018 and that fee would not be required. The amount of the 2017 ROW fee is estimated at $64,337. Costin reported that we have been collecting franchise fees on the new accounts since the time they started their buildout in Fargo.

Justin stated that they will be constructing a new data center at 4623 28th avenue south on a five-acre parcel. Once completed they will employ 120 people.

**Third Quarter Financial Status Report Reviewed**

Costin reviewed the third quarter operational financial status report for the quarter ending 9/30/2016. He reported that state revenues are lagging somewhat from the mid-year projection level, however, the last quarterly payment of state aid exceeded the amounts used in our mid-year budget projection adjustments. Total revenues were less than budget by .3% ($277,000), while expenditures were less than budget by 4.2% ($4,794,000). He expects that any surplus generated would come from budget savings as revenue projections are very close to actual through the third quarter.

**Bond Rating Agency Meetings**

Redlinger reported that Fitch, Moody's and Standard & Poor's corporation was on site in Fargo to discuss long term financial plans and fiscal planning for the Diversion. They also went on a tour of the City to see our growth. He reported that the meetings were productive and some of the agencies provide so good tips for issues related to P3 contracting.

**City Hall Change Orders Approved**

Bruce Grubb presented two change order request for the City Hall project. One was related to increasing the size of the windows in the building and another one was related to an electrical connection and the generator. They totaled $409,525. On separate motions Bittner moved to approve the window change order totaling $ 396,565. This was seconded by Piepkorn and all voted in favor. Piepkorn moved to approve the electrical change order totaling $12,960. Costin seconded the motion and all voted in favor.

**City of Fargo**
**Finance Committee Meeting Minutes**
**December 5, 2016**

The monthly Finance Committee was held at 9:00 a.m. on December 5, 2016 in the Mayor's Office.

Members present: All except Sprague was absent.

Guests present: Jim Gilmour, Harold Peterson, Mike Mitchell, Jill Minette, Phil Sellers, Jim Garten, Mark Faus and April Walker.

**Minutes Approved**

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

**Hail Insurance Damage Report**

Harold Peterson presented a report on hailstorm damage incurred this year. The final damage assessment totaled $172,000. Harold stated that the Central Garage would be fixing about $15,000 worth of damages on new units but that the older units would not be reported. Ben Dow requested that these funds be credited to their departmental vehicle replacement fund since this was reduced at budget time. Costin stated that the funds should be credited to General Fund revenue in accordance with our revenue policy since this was actually a General Fund one-time revenue. Further discussion about the strategy of repair damaged vehicles. Grubb moved to credit the funds to the vehicle replacement fund to be used on future vehicle purchases since there was damage to the fleet. Piepkorn seconded the motion and all voted in favor.

**Sole Source Procurement Approved**

Mike Mitchell reviewed a proposal for a sole source procurement for a learning management system (LMS) to be used for City training purposes. He has looked at 10 – 12 systems and this is the only solution geared toward a municipal environment. The Fire Department has been using this system and HR would like to expand using the same system in other Departments. Further discussion about the cost of the system and how it will be deployed. Piepkorn moved to approve a sole source procurement for expanding this system into key areas that need educational tracking to be covered by budget already in the HR operating budget. The cost would be $50 per user license. Costin seconded the motion and all voted in favor.

**Central Services Cost Allocation for the Municipal Airport Authority (MAA)**

Costin reviewed a proposed cost allocation for central services costs provided from Human Resource and the City Auditor's Office in support of the MAA. He stated that current FAA regulations allow such a cost allocation plan and that he has been in discussion with Shawn Dobberstein about submitting a cost allocation plan that meets current regulations since this fee has not been adjusted for several years. Piepkorn moved to approved the costs allocation plan. Mahoney stated that he would like to attend the

MAA board meeting where this items is presented. Bittner seconded the motion and all voted in favor. The total allocation using this methodology was about $100k.

**Municipal Airport Authority Special Assessment Deferral Approved**

A letter of request submitted by the Municipal Airport Authority was reviewed and approved. This district had been previously approved and deferred under a deferral contract that has expired. Grubb moved to approve a new deferral agreement with a ten-year term. Piepkorn seconded the motion and all voted in favor.

**Easements, Change Orders, Sole Source Procurement and Final Bill Payments Approved for Engineering**

The Engineering staff presented several miscellaneous requests for approval. Grubb moved to approve all of these items. None of the items noted were significant items but they were seeking approval by the Finance Committee.

**Fargodome Bond Sale Process Approved for Video Project**

Costin reviewed the planned process for the issuance of appropriation bonds for the Fargodome video project. A bond underwriter (Baird) was selected using a competitive solicitation process. They will be issued using a negotiated bond sales method due to the type of debt being issued. Grubb moved to approve using Baird as the underwriter and selling the bonds using a negotiated bond sales process. Bittner seconded the motion and all voted in favor.

**Purchasing Policy Revision Approved**

Costin reviewed an updated purchasing policy that is required to be documented in accordance with the recently issued federal super circular. The policy increases the level of documentation required to be kept on file and increases low dollar level approvals from $1,000 to $3,000 to match the revised federal standard and places administrative responsibility for policy compliance on Department and Division Heads. Grubb moved to approve the revised purchasing policy. Costin seconded the motion and all voted in favor.

**Special Assessment Data Provided by City Engineer**

April Walker provided a report of all projects that were financed using special assessments for the past ten years. This information was requested by the City Commission. No action taken on this information.

**Consider Tax Increment Financing for Infrastructure 23rd Avenue Between 42nd St. and 45th Street**

Phil Sellers, Jim Garten and Mark Faus were in attendance to discuss the potential to use tax increment financing on a section of roadway (23rd Avenue between 42nd and 45th Street. This is an area where Border States will be relocating. The roadway needs to be widened to add two lanes plus a road into the development area. Grubb requested clarification about the timing of the project east of 42nd Street. There was further discussion regarding a proposed power line relocation and how that might be funded. Moving the power line. The power line is owned by Moorhead Public Service. The estimated cost to move this line further south is about $1,050,000. There was some discussion about using TIF for 60%

and 40% by BSI. Bittner asked about an existing pipeline and how that might be handled. Mahoney asked Mr. Sellers if 50% special and 50% TIF funding would be a workable solution.

There was some desire to separate the component of into three projects being expansion of 23rd Avenue, City widening of the roadway, and a developer agreement for with a cap.

The improvements are desired to be completed in 2017. Piepkorn moved to proceed with the 42nd street improvements easterly into the development with the assessments capped at $520 per foot including the regional storm water pond and the gas line lowering. Bittner seconded the motion and all voted in favor.

Grubb suggested that we should offer 50% TIF funding for the potential power line relocation. No action taken on this suggestion.

**Valley Vet Animal Care Contract Renewal**

The Police Department will be renewing the animal care contract that is expiring in December. Costin reported that this was competitively procured in the last contract period and that a contract renewal was appropriate in light of the current or potential services providers.