



**Diversion Authority Finance Committee
Committee Meeting Minutes
4:00 PM Wednesday, December 16, 2020
Virtual Meeting
Fargo, North Dakota**

Permanent, Reliable Flood Protection

A virtual meeting of the Diversion Authority Finance Committee was held on December 16, 2020, at 4:00 pm. The following committee members were present: Bernie Dardis, Mayor, City of West Fargo; Dr. Tim Mahoney, Mayor, City of Fargo; Chad Peterson, Cass County Commissioner; Chuck Hendrickson, Moorhead City Council Member; Lori Johnson, Clay County Auditor/Treasurer; Michael Montplaisir, Cass County Auditor; Michael Redlinger, City of Fargo Assistant Administrator; Rick Steen, Cass County Commissioner; Dan Jacobson, Chairman, Cass County Joint Water Resource District; Kent Costin, Fargo Finance Director and Karla McCall, City of Moorhead Finance Director.

Member absent: Tony Gehrig, Cass County Commissioner.

1. MEETING TO ORDER

The meeting was called to order by Mayor Dardis at 4 pm. Roll call was taken and a quorum was present.

2. APPROVAL OF AGENDA

Mayor Dardis recommended that the agenda be amended as follows:

Move the compensation study to item 7, Other Business, to be discussed along with the 2021 cash budget.

MOTION passed

Mr. Steen moved to approve the agenda as amended and Mr. Jacobson seconded the motion. On a roll call vote, the motion carried.

3. APPROVAL OF MINUTES

MOTION passed

Mr. Steen moved to approve the minutes from the November 2020 meeting as submitted and Mr. Peterson seconded the motion. On a roll call vote, the motion carried.

4. APPROVAL OF BILLS

Mr. Costin reviewed the bills for the month which included reimbursement to Cass County Joint Water Resource District (CCJWRD) for diversion-related bills; City of Fargo for reimbursement of in-town flood projects and engineering costs for the SW Infrastructure Study; legal services from Ohnstad Twichell, P.C; diversion-related bills from Clay County and miscellaneous expenses for the Executive Director and staff to Cass County. The majority of the expenses were to CCJWRD for land acquisitions.

MOTION passed

Mr. Steen moved to approve the bills as presented by Mr. Costin and Mr. Peterson seconded the motion. On a roll call vote, the motion carried.

5. FINANCIAL REPORT

Mr. Costin reported that the YTD expenditures are \$68,207,571 and cumulative total expenditures are \$602,885,091. The primary expenses are in land acquisitions. Total assets have increased with the receipt of \$45,327,735 from the State Water Commission. Total assets are \$119,945,356 and total liabilities are \$478,114 for a net position of \$119,467,242.

Mr. Steen inquired why the YTD sales tax collections are behind budget. Mr. Costin explained that they are received on a cash basis from the County and the November collections were not reflected in this report.

MOTION passed

On a roll call vote, the Financial Report for November was approved as presented to receive and file.

6. EXECUTIVE DIRECTOR FINANCIAL REPORT

Mr. Paulsen reported that the Project continues to trend under budget.

Mr. Paulsen reviewed the following contract actions for approval from the Committee:

- Ernst & Young Infrastructure Advisors - Scope of Work 5, Amendment 2 – P3 RFP Support - \$1,000,000
- Task Order 2, Amendment 0 – Phase 2 Flowage Easement Crown Appraisals, Inc. - \$649,000

MOTION passed

Mr. Hendrickson moved and Mr. Steen seconded to approve the recommended contract actions. On a roll call vote, the motion carried.

There were no other contract actions to report.

7. Other Business 2021 Cash Budget

Mr. Paulsen explained that the revised 2021 cash budget increased from \$178 million to \$219 million. The main reasons for the increase are the set-up of the economic relief fund as part of the settlement agreement and the additional funds needed for the transfer of lands.

Mr. Paulsen stated that savings have been recognized with the PMC costs slightly down with gained efficiencies of hiring DA staff and the debt service is down due to lower interest rates on the debt.

Mr. Steen recommended that a cost-saving overview be presented at the January meeting but understands that may not be possible until the P3 contractor has been selected.

2021 revenue sources:

Sales Tax City of Fargo	\$32,000,000
Sales Tax Cass County	\$16,000,000
State of North Dakota	\$109,900,000
State of Minnesota	\$0
Investment Income	\$200,000
Property Income	\$500,000
Loan or Bond Proceeds	\$0
Cash Balance Carryover	\$61,312,490

Total Sources \$219,912,490

Mayor Dardis asked about the potential staffing needs in 2021. Mr. Paulsen indicated that a finance director and a compliance officer will be definite hires. Once construction commences, there will be more role clarity.

MOTION passed
Mr. Peterson made a motion to approve the 2021 cash budget as presented and Mr. Steen seconded the motion. On a roll call vote, the motion carried.

Compensation Study

Mr. Paulsen is recommending that a consultant be retained to do a compensation study for open positions as well as current positions. Mr. Paulsen is recommending the approval of the Gallagher team to conduct the study.

MOTION passed
Mr. Steen moved and Mr. Jacobson seconded to approve the compensation study to be conducted by Gallagher. On a roll call vote, the motion carried.

WIFIA Update

Mr. Shockley gave a brief overview of the parameters of the WIFIA loan.

MOU and Agreement Actions

MOTION passed
Dr. Mahoney made a motion to approve all ten of the items listed as one and Mr. Hendrickson seconded the motion. On a roll call vote, the motion carried.

Cass County	Diversion Channel
NDDOT	I-29 Grade Raise
Midcontinent Communications	Diversion Channel
SE Cass Water Resources District	Sheyenne River Mitigation
SE Cass, Maple River, Rush River,	Diversion Channel
North Cass, and	
Cass County Joint WRDs	
Cass County Electric Coop	I-29 Grade Raise
Dakota Carrier Network	I-29 Grade Raise
Minnkota Power	I-29 Grade Raise
Century Link	I-29 Grade Raise
City of Mapleton	Diversion Channel

Asset Land Policy

Mr. Paulsen walked through the DRAFT Asset Land Policy and asked that committee members review and provide input. He anticipates coming back next month for approval of a final policy.

4. KEY PRINCIPLES

4.1. Land Sold via Public Sale. It is the Authority's intent that all sales of excess lands shall be done via public sale/auction such that there is transparent and abundant opportunity for all buyers to purchase the property.

4.2. Refrain from Selling Land at a Loss. It is the Authority's intent that excess land should not be sold at a loss. At the time of a possible sale, should the land be appraised at a value less than that paid to acquire the property, the Member Entity shall refrain from selling the property until such time as the value of the land increases to an amount greater than the amount paid for the property, taking into consideration the impact(s) of the project that affect the value of the excess land.

4.3. Preference to Sell Farmland to Adjacent Property Owner. Preference should be given to adjacent landowners interested in purchasing farmland. Each adjacent property owner should be provided with notice of the sale prior to it being made available to the general public.

4.4. Taxable Parcels. Excess property should continue to generate revenue for the county in the form of taxes. Consistent with the Authority's intent, Member Entity's will ensure the property will remain a taxable parcel by refraining from selling the property (other than at public auction) to parties not required to pay taxes on said property, such as other governmental entities and non-profit organizations unless approved otherwise by the Diversion Authority Board.

4.5. Option to Hold Certain Land Long-Term. Consistent with the Authority's intent to recoup its investment in real property, should the Member Entity determine that it would be in the best interest of the Authority to retain ownership of certain excess property for a period of time in order to increase its return on investment or manage its long-term risk, the Member Entity will refrain from selling said land until the determination is made that it is in the Authority's best interest to sell the land.

2021 FMDA Public Meetings Calendar

FYI only. No action is needed.

Property Acquisition Status Report

Mr. Dodds reported that there are currently 39 properties that will move forward with LRED and 485 properties have been acquired to date. The environmental monitoring easement appraisals are coming in and 209 parcels have been acquired with 2 currently in negotiations.

8. NEXT MEETING

The next meeting will be held virtually on January 27, 2021.

9. ADJOURNMENT

The meeting adjourned at 5:20 pm.