

FLOOD DIVERSION AUTHORITY
FINANCE COMMITTEE
AGENDA FOR DECEMBER 5, 2011

Cass County Commission Room
1:00 PM

1. Call to Order
2. Approval of the minutes from the previous meeting
3. Discussion on long-term finance issues, bonding versus pay as you go
4. Funding of:
 - a. Legal issues
 - b. Project management contracts
 - c. Project costs going forward
5. Billing information required for the Master Services Agreement with CH2M Hill Contract
6. Agency billings
7. Other business
8. Next meeting date
9. Adjournment

cc: Local Media
Flood Diversion Board of Authority

**FLOOD DIVERSION FINANCE COMMITTEE
DECEMBER 5, 2011—1:00 PM**

1. MEETING TO ORDER

A meeting of the Flood Diversion Finance Committee was held on December 5, 2011, at 1:00 PM in the Cass County Commission Room with the following present: Cass County Auditor and Committee Chairman Mike Montplaisir; City of Fargo Finance Director Kent Costin; City of Moorhead Finance Director Harlyn Ault; Cass County Administrator Keith Berndt; Clay County Auditor Lori Johnson; Fargo City Administrator Pat Zavoral and Cass County Commissioner Darrell Vanyo. Also present was: Martin Nicholson representing CH2M Hill.

2. APPROVAL OF MINUTES FROM PREVIOUS MEETING

MOTION, passed

Mr. Vanyo moved and Mr. Costin seconded to approve the minutes from the November 3, 2011 meeting as presented. All members voted in favor. Motion carried.

3. DISCUSSION ON LONG-TERM FINANCE ISSUES, BONDING VERSUS PAY AS YOU GO

Mr. Zavoral said as the project moves forward a decision needs to be made concerning the handling of financing issues. Mr. Costin and Mr. Zavoral contacted Dave MacGillivray representing Springsted Incorporated regarding possibilities for funding methods. Springsted, Inc. has experience in handling larger projects as they supervised the financing for the light rail project in Minneapolis. They suggested inviting Mr. MacGillivray to the January Finance Committee meeting to discuss financing options for the diversion project. Mr. Zavoral said some type of modeling showing financial need for the project needs to be completed and submitted to the Governor before August 2012.

MOTION, passed

Mr. Costin moved and Mr. Vanyo seconded to invite Dave MacGillivray representing Springsted Incorporated to attend the January 9th meeting of the Finance Committee to discuss funding options. All members voted in favor. Motion carried.

4. FUNDING OF: LEGAL ISSUES; PROJECT MANAGEMENT CONTRACTS; AND PROJECT COSTS GOING FORWARD

Mr. Zavoral has been in discussions with attorneys representing the participating local entities in the diversion project and a process for legal support with the Army Corp of Engineers (Corp) is also being worked on. The local legal representatives are recommending using Dorsey & Whitney LLC as legal support for the project.

Mr. Zavoral said additional costs will be incurred for legal support as the current modeling does not include the legal support. The State of Minnesota will require some permits before work begins.

The current Project Management Contract with CH2M Hill will expire two days after the Flood Diversion Authority Board meeting to be held on Thursday, December 8th. Mr. Zavoral asked the Finance Committee to send a recommendation to the Flood

Diversion Board of Authority for a 90 day extension of the current contract with CH2M Hill. An extension would make the contract effective until the March meeting of the Flood Diversion Board of Authority. Mr. Nicholson said a lot of technical work is ongoing with the project; the 90 day extension would allow sufficient time for working on management, as well as technical and financial aspects of the project. Mr. Vanyo said it is important to be vigilant and remain prudent with dollars being spent so duplicate spending does not occur. Mr. Nicholson said it is important to ensure which part of the funding the Corp is participating in.

MOTION, passed

Mr. Zavarol moved and Mr. Berndt seconded to recommend a 90 day contract extension for CH2M Hill to the Flood Diversion Board of Authority. The extension will cost approximately \$1.5 million and falls within the perimeters of the Joint Powers Agreement (JPA), which states that up to \$16 million can be spent for project development and this is part of the project development. All members voted in favor. Motion carried.

Mr. Zavoral and Mr. Berndt recommended the Finance Committee transfer all ongoing contracts currently covered under the JPA which includes the City of Fargo, Cass County and the Joint Water Resources Board on the North Dakota side regarding right-of-way, right-of-entry and survey work to the Flood Diversion Board of Authority. Also, to transfer all ongoing contracts for right-of-way, right-of-entry and survey work on the Minnesota side as well as contracts currently handled by the City of Fargo for engineering design to the Flood Diversion Board of Authority.

MOTION, passed

Mr. Vanyo moved and Mr. Zavarol seconded to recommend to the Flood Diversion Board of Authority that they transfer all ongoing contracts regarding right-of-way, right-of-entry, survey work as well as local design engineering contracts to the Flood Diversion Board of Authority as soon as practical. All members voted in favor. Motion carried.

5. BILLING INFORMATION REQUIRED FOR THE MASTER SERVICES AGREEMENT WITH CH2M HILL CONTRACT

Mr. Costin distributed a handout with an example of detail required of all vendors for billing and expressed the importance of keeping detailed records. Mr. Nicholson said CH2M Hill will make sure they have an acceptable format with appropriate detail.

6. AGENCY BILLINGS

Mr. Montplaisir distributed a copy of a chart of accounts and expressed the importance of getting the billing streamlined. Mr. Costin said as the project moves forward the chart of accounts will evolve with the needs. A billing format will be sent to each agency so they are aware of detail expectations. Mr. Zavarol talked about the state share of costs, Mr. Costin said state reimbursement will be sought as the project progresses but that the amount of engineering costs are limited to 10% of the allocated \$75 million. Mr. Zavoral said the state legislation should be changed to make the 10% of the entire state contribution to the project.

7. OTHER BUSINESS

Mr. Zavarol said CH2M Hill will put figures together on Corp projections.

8. NEXT MEETING DATE

The next meeting of the Finance Committee will be held on Monday, January 9th at 1:00 PM in the Cass County Commission Room.

9. ADJOURNMENT

MOTION, passed

On motion by Mr. Vanyo, seconded by Mr. Berndt, and all voting in favor, the meeting was adjourned at 1:43 PM.