



MEMORANDUM

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TO: Heather Worden

FROM: Birch P. Burdick
Cass County State's Attorney

Burdick

DATE: May 15, 2014

RE: Flood Diversion Financing - Preliminary Resolution to Issue Debt

Enclosed please find the document supporting the May 19th Commission agenda item 2(c), Preliminary Resolution to Issue Debt, related to obtaining interim financing. Please include this with the amended agenda packet at the appropriate time. Thank you.

Suggested Motion: Adopt the Preliminary Resolution to Issue Debt, preliminarily authorizing Cass County to proceed with the process of obtaining \$50 Million of interim financing and pledging the County's flood-related sales tax, which will work together with a similar pledge of the City of Fargo's flood-related sales tax, towards the cost of that financing.

Cc: Mike Montplaisir

Preliminary Resolution to Issue Debt

Resolution Giving Preliminary Approval of
A Loan from U.S. Bank National Association to provide
Interim Financing for Flood Risk Reduction Costs

WHEREAS, certain flood-risk reduction projects, including the project known as the Fargo-Moorhead Metropolitan Area Flood Risk Management Project studied and developed by the United States Army Corps of Engineers (the “Diversion Project”), over the next two years have been identified which require the approximate sum of \$100,000,000.00 (one hundred million dollars) of local funds (non-federal and non-state funds) to be made available through interim financing over the next two years;

WHEREAS, proposals from banks and other financial institutions having been solicited and the proposal from U.S. Bank National Association having been selected as the best proposal by the Finance Committee of the FM Diversion Authority;

WHEREAS, the County has a dedicated sales tax for flood control projects (the “County Sales Tax”) and the City of Fargo has a dedicated sales tax for flood control purposes (the “Fargo Sales Tax”, collectively with the County Sales Tax, the “Sales Taxes”);

WHEREAS, the monies collected from the Sales Taxes may be used for payment of costs of flood control projects and for payment of debt incurred to finance such projects;

WHEREAS, the County and Fargo desire to obtain interim financing for the Project in an amount equal to \$50,000,000.00 (fifty million dollars) in 2014 and \$50,000,000.00 (fifty million dollars) in 2015 which financing would be secured by, and payable solely from, the Sales Taxes;

WHEREAS, the County is willing to be the issuer of the interim financing of \$50,000,000.00 (fifty million dollars) to be obtained in 2014 (the “2014 Financing”) and to pledge the County Sales Tax as the source of payment to the 2014 Financing; provided, however, that the City of Fargo pledge the Fargo Sales Tax to the County for the repayment of the 2014 Financing on a parity basis with the County’s pledge of the County Sales Tax. The 2014

Financing shall not be a general obligation of the County or the City of Fargo and shall be payable solely from the proceeds of the Sales Taxes;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of Cass County as follows:

1. Preliminary Approval. The County hereby gives preliminary approval and authorization to the issuance by the County of the 2014 Financing and the pledge of the County Sales Tax, together with the pledge of the City of Fargo of the Fargo Sales Tax, to the repayment of the 2014 Financing.

2. The application of the proceeds of the 2014 Financing and the allocation of the costs of the 2014 Financing and debt service to be agreed upon prior to final approval by formal resolution.

3. The 2014 Financing shall be payable solely from the proceeds of the Sales Taxes.

4. The approval and authorization set forth in this resolution shall in all events be subject to final approval by formal resolution by the Board of Commissioners of the County.

5. This resolution shall be effective immediately upon adoption.