

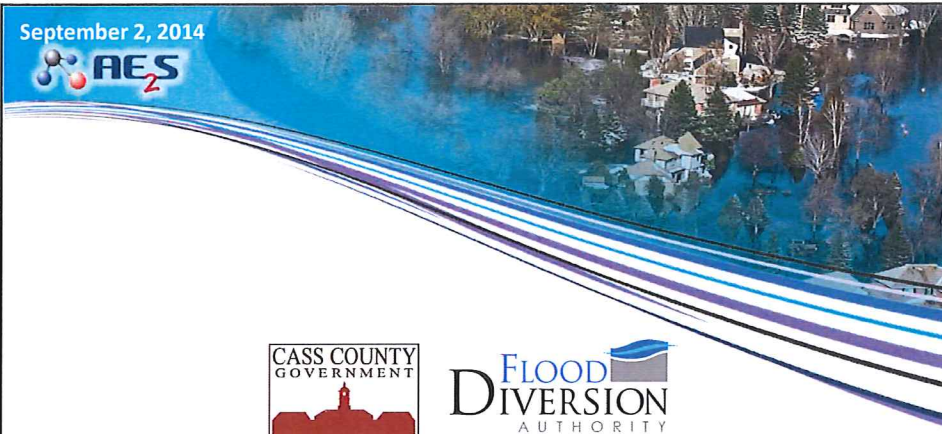



September 2, 2014



**Diversion Project Assessment Committee
(DPAC)**

Presentation to the Cass County Commission

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SPECIAL ASSESSMENT DISTRICT FINANCING

Why are special assessments being considered?

- Construction costs will outpace revenue streams (sales tax)
- Financing will be required
- Sales tax financing is not attractive
- Assessment district will provide better borrowing terms
 - Lower interest rate
 - Lower coverage requirements
- Assessment district will save taxpayers money
- Assessment district will provide operating revenue for maintenance
- Sales tax will pay assessments before they are certified to properties and jurisdictions

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WHY ARE WE HERE?

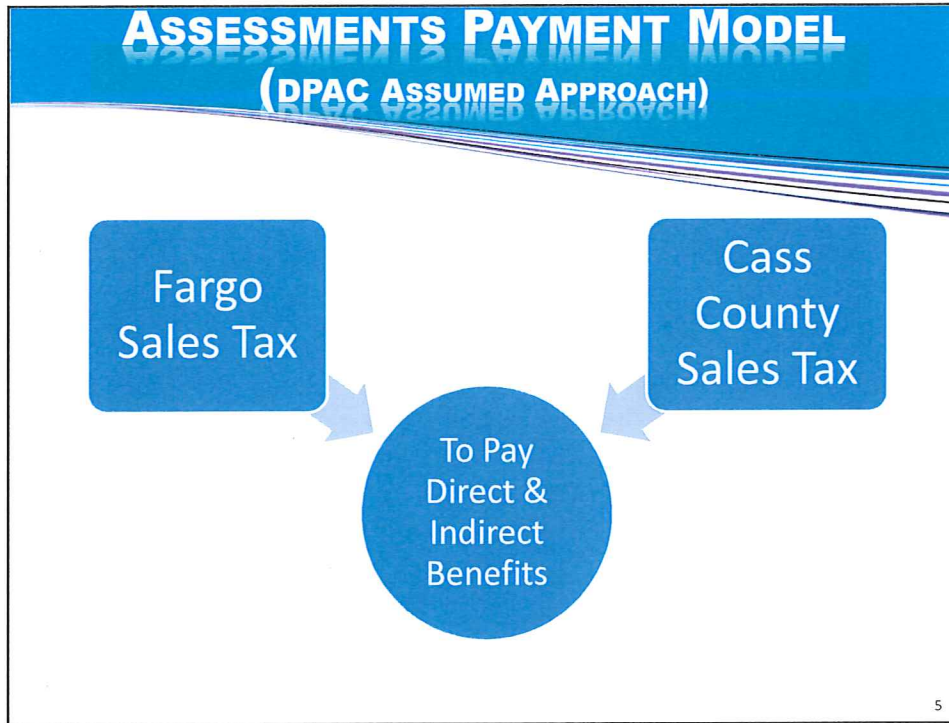
- DPAC Presented to County Commission in June
 - Special Assessment District Methodology
 - Introduced Concept of Inter-Governmental Agreements for Payment of Assessments
 - Special Assessments Will Not Be Certified as long as Sales Tax Dollars Are Sufficient
- September DPAC Presentation
 - Letter of Intent from Cass County to Benefiting Jurisdictions Regarding Indirect Assessments
 - Assessment District Update

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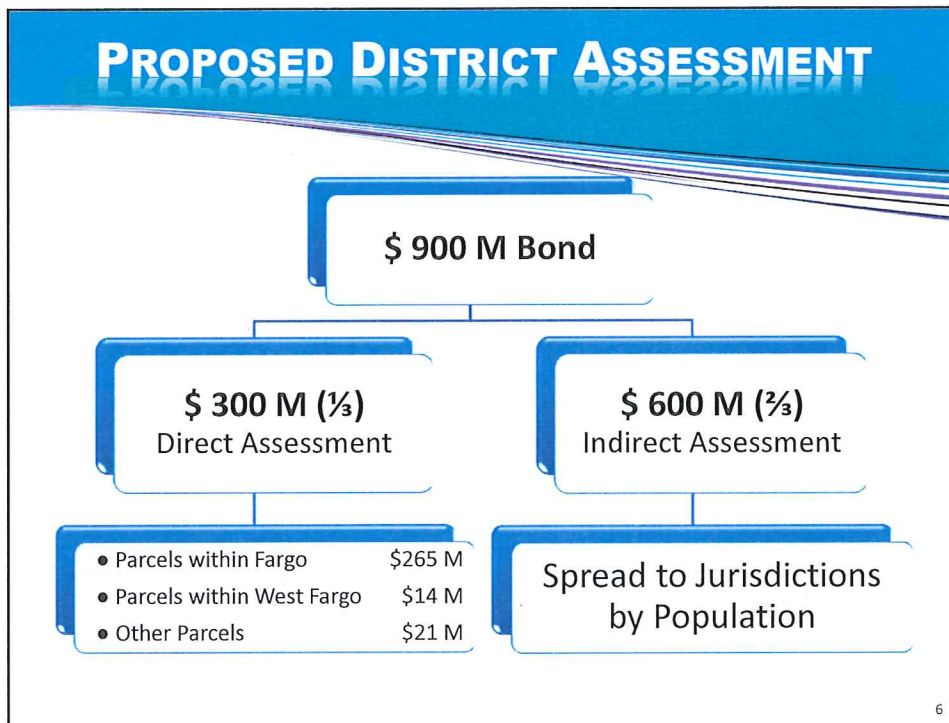
SPECIAL ASSESSMENT DISTRICT VOTE COMPONENTS

Direct Benefits	Indirect Benefits	Acquired ROW
Measured Benefits to Individual Parcels	Global Benefits Assigned to 21 Separate Jurisdictions	Voting Power to Impacted Parcels
Consider: <ul style="list-style-type: none"> • Flood Risk Reduction • Existing Protection Level • Property Value Protected • Area Protected 	Consider: <ul style="list-style-type: none"> • Infrastructure • Community & Lifestyle • Business & Economy • Salient Benefits 	Consider: <ul style="list-style-type: none"> • Fixed Voting Amount Based on County Assessor's Value of Lands Impacted
Vote by Property Owners <i>(Vote is equal to dollars assessed)</i>	Vote by Jurisdiction Leaders <i>(Vote is equal to dollars assessed)</i>	Vote by Property Owners <i>(Vote is equal to assessor's value of impacted property)</i>

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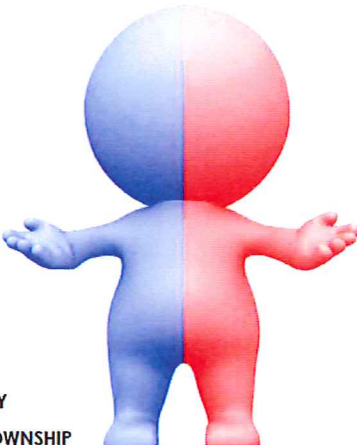
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INDIRECT BENEFITS & ASSESSMENTS

- Indirect Benefits will be assessed by population
 - All indirect benefits are considered 50% to County
 - Remaining 50% goes to immediate jurisdiction (City or Township)
- Approximately \$2,000 per resident to each jurisdiction



■ COUNTY
■ CITY/TOWNSHIP

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INDIRECT ASSESSMENT SUMMARY

Draft	Indirect Assessment	% of Total Indirect Assessment
County	\$300M	50.0%
Fargo	\$230M	38.3%
West Fargo	\$56M	9.4%
Other Cities & Townships	\$14M	2.3%
Total	\$600M	100%

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SALES TAX PROJECTIONS

- Fargo half-cent sales tax 2009-2028
- Cass County half-cent sales tax 2011-2031
- Future Collections 2015-end (4% growth)
 - Cass County \$365M
 - Fargo \$257M
- Total Collections \$622M
 - Total matching collections \$514M

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LETTER OF INTENT

- DPAC representatives will be meeting with West Fargo along with the other 20 Cities and Townships within the benefit area.
- Presentation to West Fargo tentatively scheduled for later this month.
- West Fargo has requested a Letter of Intent regarding the assumptions of sales tax paying for assessments
- Letter could be used to send to all 21 benefiting jurisdictions

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LETTER OF INTENT

Key Statements

- Fargo and Cass intend and expect that they will continue to cover the local costs of the Project on a 50/50 cost share basis, including the financing costs associated with the indirect benefits assigned to jurisdictions.
- The special assessment district also has the potential to assign direct benefits to individual parcels, of which Cass County and Fargo intend and expect that they will continue to cover the costs of as long as there are sufficient sales tax revenues.

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QUESTIONS?

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Draft PROPERTY ASSESSMENTS Draft

- Preliminary example of an annual assessment payment for a home valued at \$200,000:
 - In South Fargo ~\$540
 - In West Fargo ~\$70
- Compare to a new flood insurance policy in South Fargo approximately \$2,000-\$4,000

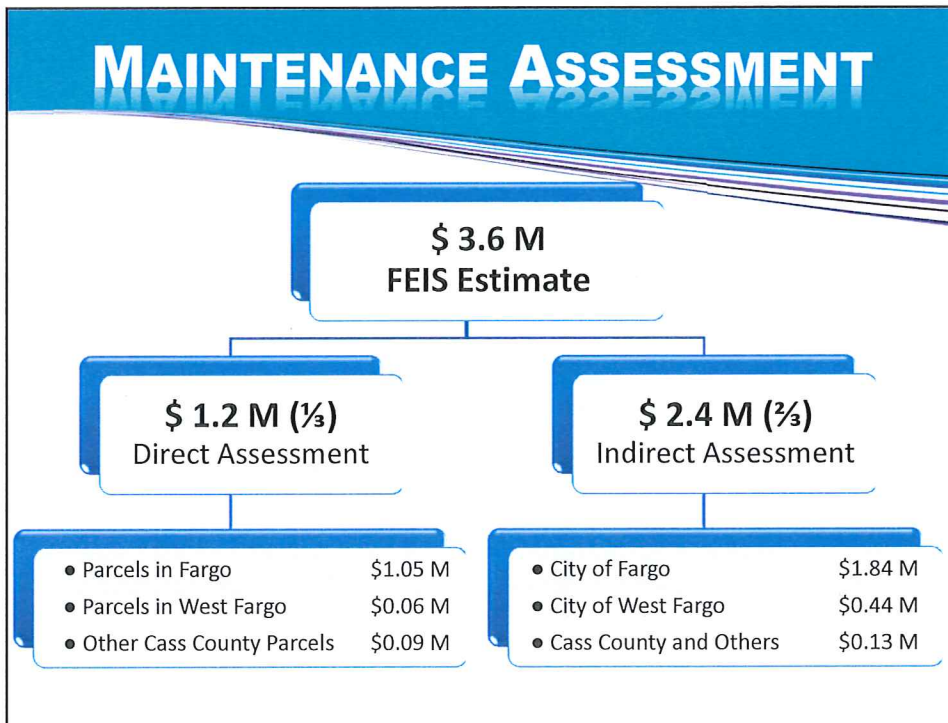
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Draft	Draft Property Assessment \$900 M Bond (\$300 M of Direct Assessment)				
	Benefit Region (BR)	<i>Residential Property Value</i>			Ag Assess. Per Acre
		<i>\$100,000</i>	<i>\$200,000</i>	<i>\$500,000</i>	
BR0	\$0	\$0	\$0	\$0.00	
BRI	\$1,764	\$3,528	\$8,822	\$53	
BRII	\$7,058	\$14,104	\$35,286	\$213	
BRIII	\$706	\$1,412	\$3,528	\$20	
BRIV	\$3,528	\$7,058	\$17,644	\$104	
BRV	\$1,058	\$2,108	\$5,290	\$35	
BRVI	\$5,292	\$10,586	\$26,464	\$161	

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Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
BR0	\$0	\$0	\$0	\$0.00
BRI	\$90	\$180	\$450	\$1.35
BRII	\$360	\$720	\$1,800	\$5.43
BRIII	\$36	\$72	\$180	\$0.50
BRIV	\$180	\$360	\$900	\$2.65
BRV	\$54	\$108	\$270	\$0.90
BRVI	\$270	\$540	\$1,350	\$4.12

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Draft PROPERTY ASSESSMENTS Draft

- An estimated annual maintenance assessment payment for a home valued at \$200,000:
 - In South Fargo ~\$42
 - In West Fargo ~\$6

May 19, 2014 17

Draft An Estimated Annual *Maintenance* Assessment (\$1.2 M of Direct Assessment)

Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
II	\$28	\$56	\$140	\$0.85
III	\$3	\$6	\$14	\$0.79
IV	\$14	\$28	\$70	\$0.42
VI	\$21	\$42	\$106	\$.65

February 27, 2014

September 2, 2014

Jim Brownlee
City of West Fargo
800 4th Avenue East
West Fargo ND 58078

Jim,

Thanks for requesting additional information on the efforts to finance the construction costs for the FM Area Diversion Project through a special assessment district. One of the goals of the Diversion Authority is to obtain financing that offers cost efficient terms and allows for construction to be completed in the most timely manner in order to maximize the taxpayer dollar.

As you know, the North Dakota local cost share of the Diversion Project has been paid through sales tax revenues from Cass County and the City of Fargo. A special assessment district is being considered to finance the construction of the Project because the assessment district would provide better financing terms, such as a lower interest rate and lower coverage requirements. These financing terms have the potential to save 10s of millions of taxpayer dollars. Fargo and Cass intend and expect that they will continue to cover the local costs of the Project on a 50/50 cost share basis, including the financing costs associated with the indirect benefits assigned to jurisdictions through the creation of a special assessment district. The special assessment district also has the potential to assign direct benefits to individual parcels, of which Cass County and Fargo intend and expect that they will continue to cover the costs of as long as there are sufficient sales tax revenues.

There are many decisions yet to be made about the assessment district. A couple critical steps need action prior to the assessment district vote, such as; when financing is needed, what dollar level of bonding is needed, and are there additional inter-governmental legal agreements needed.

I hope this provides a basis for an understanding of the intent of the costs associated with financing the Diversion Project. Other questions regarding the assessment district itself can be addressed when DPAC representatives are before the Commission.

Sincerely,

Ken Pawluk, Chairman
Cass County Commission