

MINUTES/FINANCE COMMITTEE

Tuesday, January 28, 1997 - 3:45 p.m.

Members present: Carpenter, Babinchak, Bakken, Hamerlik.

1. Matter of tax exemption for Longview Fibre Company.

Mr. Schmisek reported he had received application for property tax exemption for new or expanding business from Longview Fibre Company (property located along 32nd Ave.S. next to RR). Pat Downs, Economic Development Corporation, reported that Longview Fibre Company is requesting 60% exemption for five years which has same net effect as the 100-80-60-40-20% over five years. He stated there is problem as this parcel is not in the city limits, but their concept and detailed plans are going to Planning & Zoning the first meeting in February for preliminary approval and then final approval, and during that process will be asking to be annexed into the city and that will happen the last meeting in March.

Mr. Schmisek stated he visited with Mel Carsen, and they didn't think there was anything in State statutes that allows City to give exemption at least without contingency that it's subject to annexation and Mr. Swanson's review before Monday night. He stated that he thinks company looking for commitment to the exemption at this point; could give final approval after annexation. It was noted that public hearing required with 21 days notice; but that no publication if no competitors. It was also noted that if County were to consider and grant exemption and property then annexed, City would have to abide by that exemption.

Moved by Bakken and Babinchak to approve the 60% five-year exemption, subject to public hearing on March 17 and approval of annexation. After some discussion regarding the motion and upon call for the question, the motion carried.

2. Matter of infrastructures on 32nd Avenue South.

Chairman Carpenter reported that the land Longview wants and has entered into purchase agreement is owned by Mary Jean Van Peaberg Trust, and she has granted 60-day right of first refusal to Charlie Bateman, who owns adjacent property; that Longview not willing to wait for 60 days without knowing, they want to be building as soon as possible (get through soil testing, platting, zoning, annexation), but don't want to spend money unless know they can get the land. He reported that discussions were entered into with Mr. Bateman to see what it would take for him to waive his right of first refusal, that

Mr. Bateman not interested in whether that land developed, he wants to farm but didn't want to see sale disappear; that he had some conditions that he would want to see take place and then he would waive his right of first refusal (is condition of Trust as well) is that the land that he owns not be subject to tapping fee (once infrastructure put in) if he sells the land to a primary sector business; that in effect the Growth Fund is advance funding further economic development

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out there for whatever primary sector businesses might come in; and is benefit to Mr. Bateman. He stated that what's before the finance committee is the matter of the City paying for infrastructure improvements and they would be waived if the property is sold to a primary sector business that is not currently located in Grand Forks or not expanding. He stated that the Growth Fund Comm. has heard the full application and its recommendation will come to the Growth Fund Authority to approve the package for Longview, which is PACE buydown, \$100,000 grant towards the purchase of the land and infrastructure at no cost to them at that site; that total cost of infrastructure is about \$330,000, of which \$130,000 relates specifically to the land that Longview is purchasing and that leaves \$200,000 that needs to be financed in some manner and that's what this item is about; that finance committee needs to approve paying for that from the infrastructure portion of the city sales tax, and tapping fees waived if sold to primary sector business. It was noted this would include water and sewer on north side and sewer on south side of 32nd Ave.S. Chairman Carpenter stated he visited with Mr. Schmisek, money is available but Mr. Schmisek concerned with setting precedent as he is also, but thinks this company important enough to Grand Forks and overall infrastructure of the community that need to go ahead and do this; and that they don't look at as precedent but look at each application individually. Mr. Bakken stated that this will make that area develop faster and will give City place to develop; Grand Forks landlocked by three individuals. Mr. Downs stated that Mr. Bateman wants to protect his farming operation, and in the future not sell land but trade for land of equal productivity; and that clients like that area because of I-29 interchange, controlled intersection, open, clean, access to railway, etc.

Moved by Bakken and Carpenter to authorize City payment through infrastructure sales tax dollars and that tapping fees will be waived if it's primary sector business which purchases and

locates on the property. Motion carried.

It was noted that \$130,000 will come from Growth Fund and \$200,000 from Infrastructure. Mr. Schmisek stated there was money to do this project very easily without impacting any other project.

3. Matter of purchase of tax delinquent property from County.

Mr. Schmisek reported that the County has taken over one lot, Lot B, Harty's Second Addn. along Gateway Drive (northernmost lot) where McDonald's and Mini-Mart located, looking for authorization to purchase lot from County for \$20, and then market the lot and try to get back on tax rolls. Mr. Carsen reported they will be looking at and placing value on the property, set asking price, and bring back to committee. Mr. Carsen reported that there is long sliver of land from Gateway Drive that goes back

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and ties into back part, that sliver of land is easement for the benefit of McDonald's and was intended to be owned by Mini-Mart, but they let this go, and there may be some question re. their access to Gateway Drive. He stated they now have lot owned by County with easement to McDonald's but no easement to Mini-Mart, but hasn't fully researched this.

Moved by Babinchak and Hamerlik to authorize purchase of this lot from the County for \$20.00. Motion carried.

4. Matter of job description licensing requirements (Water Plant Operator IV) and Water Plant Supervisor.

Dan Gordon, Human Resources Director, reported that Hazel Fetters-Sletten had brought to his attention that the CDL requirement should be deleted from the position descriptions for Operator IV and Water Plant Supervisor as these individuals do not operate vehicles which require the CDL. Mr. Gordon reported that the old descriptions didn't require a commercial driver's license, but was included in the new descriptions. He noted that because of that requirement these individuals had been placed in random drug testing pool; and need an official motion on record to remove that licensing requirement from those positions in order to take them out of the drug testing pool. He also noted that this won't go to the Civil Service Commission for re-classification. (There will be some savings to City - drug testing costs, ICC physicals and road certifications.)

Moved by Bakken and Babinchak to delete the CDL licensing requirement from the job descriptions. Motion carried.

5. Matter of commitment for Financial Guaranty Insurance Policy.

6. Matter of commitment for debt service reserve surety bond.

Mr. Schmisek reported this is a continuation of setting up bonds for the Aurora project, that Dain Bosworth and Springsted have received final action from the bond and insurance companies and what they will be doing on these. He reported that MBIA Insurance Corporation will be the insurer and doing commitment for the debt service reserve surety bond. He reported that the quote from MBIA for the financial guaranty insurance policy is .225% or 22 1/2 basis points of the total principal of the bond sale; that several weeks ago they knew that MBIA and another insurance company, Amback, were very interested in doing this and thought City would be lucky if those things came in at 30 or 40 basis points, Amback bid 27 1/12 basis points (that's what they got Fargodome for). He reported that the quote on the debt service reserve surety bond (bond takes the place of having to set aside \$6 million in funds to hold in reserve) and in talking with Dain Bosworth and with Springsted, they have never seen a quote on a surety bond under 2% and ours is 1.95%, and they felt these people very anxious to do this and feel it's a very strong

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issue. He also reported that Mr. Swanson advised that these items come through the finance committee as he wants to make sure done same as in the past on bond issues. Mr. Schmisek stated today they are looking for motion to approve and authorize proper City officials to execute each agreement subject to review by the city attorney. He also noted that preliminary pricing of the bonds will be done on February 7, with final pricing on the 10th and a special council meeting on February 11.

Mr. Hamerlik asked if they could do this procedure as advised by Mr. Schmisek and legal counsel subject to the Core Committee's approval. Mr. Schmisek stated that Mr. Swanson wants them to follow past procedures on bond issues. It was noted that three of the finance committee members are also on the Core Committee; and that Core Committee could also make recommendation.

Moved by Carpenter and Babinchak to approve agreement with MBIA for commitment to issue a financial guaranty insurance policy at 22 1/2 basis points, authorize proper City officials to execute the agreement, subject to final review by the city attorney. Motion carried.

Moved by Babinchak and Hamerlik to approve agreement with MBIA for commitment to issue a debt service reserve fund surety bond at premium payment of 1.95% of the total surety bond amount, authorize property City officials to execute the agreement, subject to final review by the city attorney. Motion carried.

7. Matter of amending Ordinance No. 3628, relating to various fees, charges and rates.

Mr. Schmisek reported that there were several errors in the ordinance (change from sq. yds. to cu.yds) and change in landfill rate from \$16.00 to \$18.00/ton which was rate initially dis- cussed. These changes were correct in information presented to committee prior to introduction of ordinance but ordinance contained errors. It was noted that this ordinance will have an effective date of March 1, 1997. Moved by Babinchak and Hamerlik to introduce the ordinance for first reading. Motion carried.

8. Pat Downs, Economic Development Foundation, stated committee didn't officially deem that there were no competitors to Long- view. Moved by Babinchak and Bakken that we deem that there are no competitors to Longview Fibre Company and waive publication and notification requirements. Motion carried. It was noted that there will be a public hearing on this application.

Meeting adjourned at 4:25 p.m.

Alice Fontaine, City Clerk

Dated: 01/29/97.