

EXHIBIT A

GARAAS LAW FIRM
ATTORNEYS AT LAW
DeMores Office Park
1314 23rd Street South
Fargo, North Dakota 58103-3796

Jonathan T. Garaas
David Garaas

March 18, 2015

Telephone
Area Code 701
293-7211

Carol Harbeke Lewis - Secretary-Treasurer
Cass County Joint Water Resource District
1201 Main Avenue West
West Fargo, ND 58078

RE: Request for Access to Public Records

Dear Ms. Harbeke-Lewis:

Pursuant to N.D.C.C. § 44-04-18, the undersigned requests to inspect the original records in reference to the following categories. After such inspection, the undersigned will request copies of specific public records. The categories of public documents requested include the following:

1. The agreement with any federal or state agency, or any combination thereof, for the construction of Metro Flood Diversion Project whereby the federal or state agency, or combination thereof, has agreed to pay at least fifty percent (50%) of the cost of the project;
2. The additional minutes of the Cass County Joint Water Resource District of December 11, 2014, relating to FM Flood Risk Management District No. 1 [referred to in the December 11, 2014, Minutes of the Cass County Joint Water Resource District];
3. All correspondence from the board's designated registered engineer provided to the Cass County Joint Water Resource District that said board relied upon to form its judgment of the size and form of all properties benefitted by the Metro Flood Diversion Project;
4. All correspondence from Cass County Joint Water Resource District to its designated engineer directing the preparation of the map of all properties to be benefitted by the Metro Flood Diversion Project;
5. Cass County Joint Water Resource District's Resolution of Necessity for the Metro Flood Diversion Project; and
6. All correspondence between Cass County Joint Water Resource District and any bonding company or bonding company's agent or bonding company's attorney relating to the

bonding for either Metro Flood Diversion Project or FM Flood Risk Management District No. 1.

When these public records are gathered by you for inspection, kindly advise. If there is no record of any of these documents at this time, kindly advise.

Very truly yours,

Jonathan T. Garaas

DG:d

cc: City of Reile's Acres
Stanley Township
Pleasant Township

EXHIBIT B

MINUTES OF SPECIAL MEETING
CASS COUNTY JOINT WATER RESOURCE DISTRICT
CASS COUNTY HIGHWAY DEPARTMENT
WEST FARGO, NORTH DAKOTA
DECEMBER 11, 2014

The Cass County Joint Water Resource District met on December 11, 2014, at 8:00 a.m. at the Cass County Highway Department, West Fargo, North Dakota.

Present were Mark Brodshaug and Dan Jacobson, Southeast Cass Water Resource District; Rodger Olson, Maple River Water Resource District; Raymond Wolfer, Rush River Water Resource District; Carol Harbeke Lewis, Secretary-Treasurer; Brenda Lovgren, Administrative Assistant; Sean Fredricks and Lukas Andrud, Attorneys for the Board; Lee Beauvais, Engineer for the Board; Brett Coleman, Corps of Engineers; Bruce Spiller and John Albrecht, CH2M Hill Engineers, Inc.; Eric Dodds, Dustin Dale, Rocky Schneider, Jacob Strombeck, and Tanaya Reitz, Advanced Engineering and Environmental Services, Inc. (AE2S); Jason Benson, Cass County Engineer; and Pat Downs, Red River Retention Authority.

Minutes

It was moved by Manager Wolfer, seconded by Manager Olson and unanimously carried to approve the minutes of the November 5, 13, 19 and December 2, 2014, meetings.

Agenda

It was moved by Manager Jacobson, seconded by Manager Olson and unanimously carried to approve the agenda as presented.

Metro Flood Diversion Project / Oxbow-Hickson-Bakke Ring Levee Project – access update

The Corps of Engineers is taking borings for cultural surveys along the southern embankment and shallow borings in town regarding the Metro Flood Diversion Project. The process continues for obtaining access to properties from the outlet structure to the Rush River. A court date is pending for access on properties to which *Access Agreements* have not yet been signed.

Metro Flood Diversion Project / In Town Levees Project – appraisal review / approval

It was moved by Manager Jacobson and seconded by Manager Olson to approve the appraisal of 1326 Elm Street North, Fargo, North Dakota, with an effective date of November 18, 2014, as just compensation for acquisition of the property for the In Town Levees Project. Upon roll call vote, the motion carried unanimously.

Metro Flood Diversion Project / In Town Levees Project – relocation benefits

Tanaya Reitz updated the Board on price differential payments regarding relocation benefits for two properties within the In Town Levees Project.

It was moved by Manager Olson and seconded by Manager Wolfer to approve the maximum Replacement Housing Differential Payment for 1333 Oak Street and 1341 Oak Street regarding the In Town Levees Project. Upon roll call vote, the motion carried unanimously.

Metro Flood Diversion Project / Oxbow-Hickson-Bakke Ring Levee Project – land acquisition

Tanaya Reitz reported that the CH2M Hill and AE2S team have actively engaged with the residential property owners in Oxbow to present initial purchase offers and negotiate the replacement housing process. The Corps of Engineers have approved 13 residential appraisals. Vacant lot appraisals in Oxbow have been reassigned to Ulteig Engineers, Inc. in order to expedite completion. Appraisals continue for properties regarding the Oxbow-Hickson-Bakke Ring Levee Project and the In Town Levees Project and 8 offers are scheduled to be presented in early December.

Lukas Andrud updated the Board regarding land acquisition for the Metro Flood Diversion Project.

It was moved by Manager Olson and seconded by Manager Wolfer to approve and authorize Manager Jacobson to sign *Quit Claim Deeds* for the following properties:

- The SW 1/4 of Section 2 in Raymond Township
- The NW 1/4 of Section 14 in Raymond Township

Upon roll call vote, the motion carried unanimously.

Eric Dodds reported to the Board that an appraiser has been found that is qualified to appraise organic farms.

The Board previously approved a *License Agreement* form for purposes of allowing various types of activities on property that is acquired by the Cass County Joint Water Resource District for the Metro Flood Diversion Project. The Land Management Committee is expected to take similar action at its meeting on December 14, 2014. Pifers Group, Inc. would coordinate and manage the agreements and Carol Harbeke Lewis would be authorized to sign the forms on behalf of the Diversion Authority and the Cass County Joint Water Resource District.

The Corps of Engineers has submitted a plan for the Diversion Inlet Area, including a 2015 preload project, bridge construction at Cass County Highways 17 and 16 in 2015 and roadway re-alignments in 2016. Access will be needed to properties for the projects and initial inquiries will begin with property owners.

It was moved by Manager Olson and seconded by Manager Jacobson to approve Task Order No. 1, Amendment 2, for ProSource Technologies, LLC to reduce the budget

\$10,000 for re-assignment of vacant lot appraisals for a total of \$834,100 for land acquisition services regarding the Metro Flood Diversion Project. Upon roll call vote, the motion carried unanimously.

Metro Flood Diversion Project - assessment district for FM Flood Risk Management District No. 1

Additional minutes relating to FM Flood Risk Management District No. 1 assessment district are attached hereto.

Metro Flood Diversion Project / Oxbow-Hickson-Bakke Ring Levee Project – Master Agreement with Oxbow Golf and Country Club

It was moved by Manager Olson and seconded by Manager Jacobson to approve the *Master Agreement* between the Cass County Joint Water Resource District and the Oxbow Golf and Country Club regarding the Oxbow-Hickson-Bakke Ring Levee Project. Upon roll call vote, the motion carried unanimously.

Metro Flood Diversion Project / Oxbow-Hickson-Bakke Ring Levee Project – project updates

Bruce Spiller reported that December 9, 2014, was the last day to file motions for the lawsuit filed by the Richland-Wilkin Joint Powers Authority against the Corps of Engineers. Attorneys are working on a response to the Motion filed to stop construction on the Oxbow-Hickson-Bakke Ring Levee Project.

It was moved by Manager Jacobson and seconded by Manager Wolfer to approve Meyer Contracting Pay Application No. 2 for Work Package 43D.3.A, Gatewell Project - Prefabricated Vertical Drain and Surcharge Installation, in the amount of \$307,094.56 regarding the Oxbow-Hickson-Bakke Ring Levee Project. Upon roll call vote, the motion carried unanimously.

It was moved by Manager Olson and seconded by Manager Wolfer to approve Landscapes Unlimited Pay Application No. 2 – Recommendation for Reimbursement to the Oxbow Golf and Country Club, in the amount of \$57,735.00 regarding the Oxbow-Hickson-Bakke Ring Levee Project. Upon roll call vote, the motion carried unanimously.

It was moved by Manager Jacobson and seconded by Manager Olson to not make payment on the invoice submitted by Landscapes Unlimited at this time and to direct Bruce Spiller and Sean Fredericks to provide any notices or claims as per the construction contract regarding the Oxbow Golf and Country Club golf course construction project. Upon roll call vote, the motion carried unanimously.

Metro Flood Diversion Project – Ag Risk Economic Evaluation

Manager Brodshaug and Manager Olson met with AE2S and North Dakota State University representatives regarding the study of water in the staging area. Comparisons were discussed regarding flowage easement costs and flood insurance costs.

Maple River Dam – Notice of Grant Award – Federal Source for weed control

It was moved by Manager Wolfer and seconded by Manager Olson to approve and authorize the Chairman to sign the *Notice of Grant Award – Federal Source* with the North Dakota Department of Health in the amount of \$5,928.00 for weed control at the Maple River Dam. Upon roll call vote, the motion carried unanimously.

Bills

It was moved by Manager Olson, and seconded by Manager Jacobson to approve the payment of Checks #11524 through #11535, the debit card transaction, and the electronic funds transfer, as presented. Upon roll call vote, the following Managers voted in favor: Brodshaug, Jacobson, Olson, and Wolfer. The Chairman declared the motion passed.

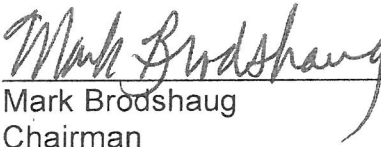
Red River Retention Authority

Pat Downs reported on the status of USDA funding for detention.

Adjournment


There being no further business for the Board to consider, it was moved by Manager Olson, seconded by Manager Jacobson, and unanimously carried to adjourn the meeting.

APPROVED:



Mark Brodshaug
Chairman

ATTEST:



Carol Harbeke Lewis
Secretary-Treasurer

Manager Olson introduced the following resolution and moved its adoption:

**RESOLUTION OF NECESSITY
REGARDING FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT**

WHEREAS, the Cass County Joint Water Resource District (the "District") is a joint water resource district and political subdivision under Chapter 61-16.1 of the North Dakota Century Code, comprised of the four water resource districts in Cass County, North Dakota.

WHEREAS, the District possesses those powers enumerated in Title 61 of the North Dakota Century Code, including the power to create, construct, operate, and maintain flood protection projects, and the power to create special assessment districts to fund and finance flood protection projects.

WHEREAS, the Red River of the North and its tributaries are prone to frequent flooding, and flooding presents significant risks to the Valley's agricultural economy, communities, residents, property, and infrastructure.

WHEREAS, in accordance with a FEASIBILITY COST-SHARE AGREEMENT dated September 22, 2008, between the United States Army Corps of Engineers (the "Corps"), the City of Fargo ("Fargo"), and the City of Moorhead ("Moorhead"), the Corps completed the FARGO-MOORHEAD METROPOLITAN FEASIBILITY STUDY (the "Study"); the objectives of the Study were to investigate flood issues in the area, to identify viable flood risk reduction and flood protection options, and to potentially recommend implementation of a federal project.

WHEREAS, as a result of the Study, the Corps, Fargo, and Moorhead identified a diversion project in North Dakota, with upstream staging and storage, as the preferred option for proceeding with a flood protection project for the benefit of the Fargo-Moorhead metropolitan area and other portions of Cass and Clay Counties.

WHEREAS, in July of 2011, in accordance with the National Environmental Protection Act, the Corps released a FINAL FEASIBILITY REPORT AND ENVIRONMENTAL IMPACT STATEMENT that identifies a 36-mile diversion channel in North Dakota with a 20,000 cubic feet per second capacity, and associated appurtenances and project components, as the Fargo-Moorhead Metropolitan Area Flood Risk Management Project.

WHEREAS, in June of 2012, Fargo, Moorhead, Cass County, Clay County, the Buffalo-Red River Watershed Management District, and the Cass County Joint Water Resource District (the "District") entered into a LIMITED JOINT POWERS AGREEMENT, and subsequent amendments (collectively, the "Limited JPA"), to create the Diversion Board of Authority (the "Diversion Authority"); the Limited JPA identifies the obligations, duties, and tasks of the various members of the Diversion Authority, as well as the powers and authorities of the Diversion Authority itself, regarding the proposed diversion project.

WHEREAS, the District entered into the Limited JPA and became a member of the Diversion Authority in accordance with the District's authority under North Dakota law, including Chapter 61-16.1 of the North Dakota Century Code, and including N.D. Cent. Code § 61-16.1-12.

WHEREAS, the non-federal sponsors must ultimately enter into a Project Partnership Agreement, or similar agreement, with the Corps prior to construction of the diversion project under which the non-federal sponsors must agree to fund a certain share of the costs of developing, designing, and constructing the diversion project.

WHEREAS, with regard to the non-federal share of the costs of developing, designing, and constructing the diversion project, under the Limited JPA, the members of the Diversion Authority agreed the Minnesota entities would collectively be responsible for 10% of the non-federal costs and the North Dakota entities would collectively be responsible for 90% of the non-federal costs, subject to final agreement between the members of the Diversion Authority.

WHEREAS, the non-federal shares of the respective states will ultimately reflect the estimated benefits of the diversion project to the property, residents, public infrastructure, and governmental entities in each state; the Minnesota members of the Diversion Authority will ultimately be responsible for determining how to fund and finance the Minnesota share of the non-federal costs, and the North Dakota members of the Diversion Authority will ultimately be responsible for determining how to fund and finance the North Dakota share of the non-federal costs.

WHEREAS, the North Dakota members of the Diversion Authority considered options to fund and finance the North Dakota share of the non-federal costs of developing, designing, and constructing the diversion project, and the parties agreed the District should develop a proposed special assessment district for purposes of funding and financing a portion of North Dakota's non-federal share of the diversion project, if deemed necessary, and to fund and finance operation and maintenance of the diversion project; the Diversion Authority similarly authorized the District to proceed with development of an assessment district.

WHEREAS, the District, as a member of the "Diversion Project Assessment Committee," a committee of the Diversion Authority, developed methodology for purposes of conducting an assessment district vote to fund and finance the development, design, construction, operation, and maintenance of certain portions of the diversion project.

WHEREAS, the District seeks to create a legal assessment district known as FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 to fund and finance a portion of North Dakota's non-federal share of certain components of the diversion project, more specifically described as follows:

The diversion project will reduce the flood risk to the metropolitan area, including the North Dakota cities of Fargo, West Fargo, Harwood, Horace, Reiles Acres, Frontier, Prairie Rose, Briarwood, and North River, and the project will provide reduction in flood risk to some residents of non-metropolitan Cass County including portions of Barnes, Berlin, Harwood, Mapleton, Pleasant, Raymond, Reed, Stanley, Warren, and Wiser Townships. The diversion project will reduce flood risk through construction of a 36-mile, 20,000 cubic feet per second (cfs)

diversion channel that will start approximately three miles south of the confluence of the Red River and the Wild Rice River and extend west and north around the metropolitan area before re-entering the Red River east of Argusville. The diversion project will provide flood risk reduction from the Red River and its North Dakota tributaries, including the Wild Rice, Sheyenne, Maple, Rush, and Lower Rush Rivers. The diversion project will include an embankment and tie-back levees that will temporarily stage flood waters upstream of the metropolitan area to ensure no downstream impacts. The diversion project features will include gated control structures on the Red River, Wild Rice River, and the inlet to the Diversion Channel. The diversion project will also include aqueduct structures on the Sheyenne and Maple Rivers as they cross the Diversion Channel. In addition to the Diversion Channel and associated structures, the diversion project will include levees along the Red River through Fargo. The In-Town Levees will enable flood waters to safely pass through the Red River as well as the diversion channel, which will help reduce diversion project impacts and will provide more robust flood risk reduction.

Construction will include excavation of approximately 50 million cubic yards of earth to form the diversion channel. Construction will also involve six interstate highway bridges, twelve county and township road bridges, four railroad bridges, three gated control structures, two aqueduct structures, a rock-ramp outlet structure, and other structures. Development and construction of the diversion project will also include purchasing of the requisite permanent and temporary right of way to construct, own, operate, and maintain the diversion project; relocating utilities; and other items as necessary to construct, own, operate, and maintain the diversion project. Attached as **Exhibit A** is a map of the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT (the "Project"); the District seeks to create the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 assessment district for purposes of funding and financing a portion of the North Dakota local share of the costs of the Project.

WHEREAS, the District is prepared to proceed with the creation of FM FLOOD RISK MANAGEMENT DISTRICT NO. 1, an assessment district under Chapter 61-16.1 to fund and finance a portion of North Dakota's non-federal share of the development, design, construction, operation, and maintenance of the Project.

WHEREAS, in accordance with the Limited JPA, the Minnesota entities will provide Minnesota's 10% share of the non-federal costs of the development, design, construction, operation, and maintenance of the Project, and will be responsible for either assessing Minnesota properties or otherwise funding Minnesota's non-federal share via other sources; in accordance with Section 61-16.1-12, the parties have agreed the District should not and will not include Minnesota properties within the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 assessment district.

WHEREAS, the District will conduct an assessment district vote to determine if the District should proceed with creation of FM FLOOD RISK MANAGEMENT DISTRICT NO. 1.

WHEREAS, the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 assessment district vote will include a vote of the North Dakota landowners that would benefit from the Project; North Dakota entities that would indirectly benefit from the Project; and North Dakota landowners from whom the District, or other members of the Diversion Authority, would have to acquire right of way for purposes of constructing, operating, and maintaining the Project.

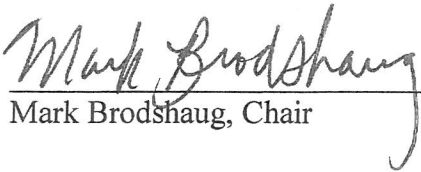
WHEREAS, the District believes further proceedings are warranted and necessary to conduct the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 assessment district vote, and to create the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 assessment district for purposes of funding and financing the Project.

NOW THEREFORE, BE IT RESOLVED that the District approves the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT, as depicted in the map attached as **Exhibit A**, as the Project, and concludes the design, construction, operation, maintenance, and ownership of the Project is necessary to provide flood risk management benefits for communities, residents, property, and infrastructure within the North Dakota portion of the Project watershed.

BE IT FURTHER RESOLVED that the District hereby finds, determines, and declares it necessary to create the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 assessment district for purposes of funding and financing a portion of North Dakota's non-federal share of the development, design, construction, operation, maintenance, and ownership of the Project in accordance with Chapter 61-16.1 of the North Dakota Century Code.


BE IT FURTHER RESOLVED that the District designates and authorizes Advanced Engineering and Environmental Services, Inc., and Ohnstad Twichell, P.C., respectively, to prepare preliminary plans and estimates of the total costs of the Project, including the total Project costs to assess to North Dakota properties and entities as a portion of North Dakota's non-federal share; to administer an assessment vote regarding the Project; and to otherwise perform all other tasks necessary on the District's behalf regarding the District's creation and establishment of the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT assessment district.

APPROVED:



Mark Brodshaug, Chair

ATTEST:



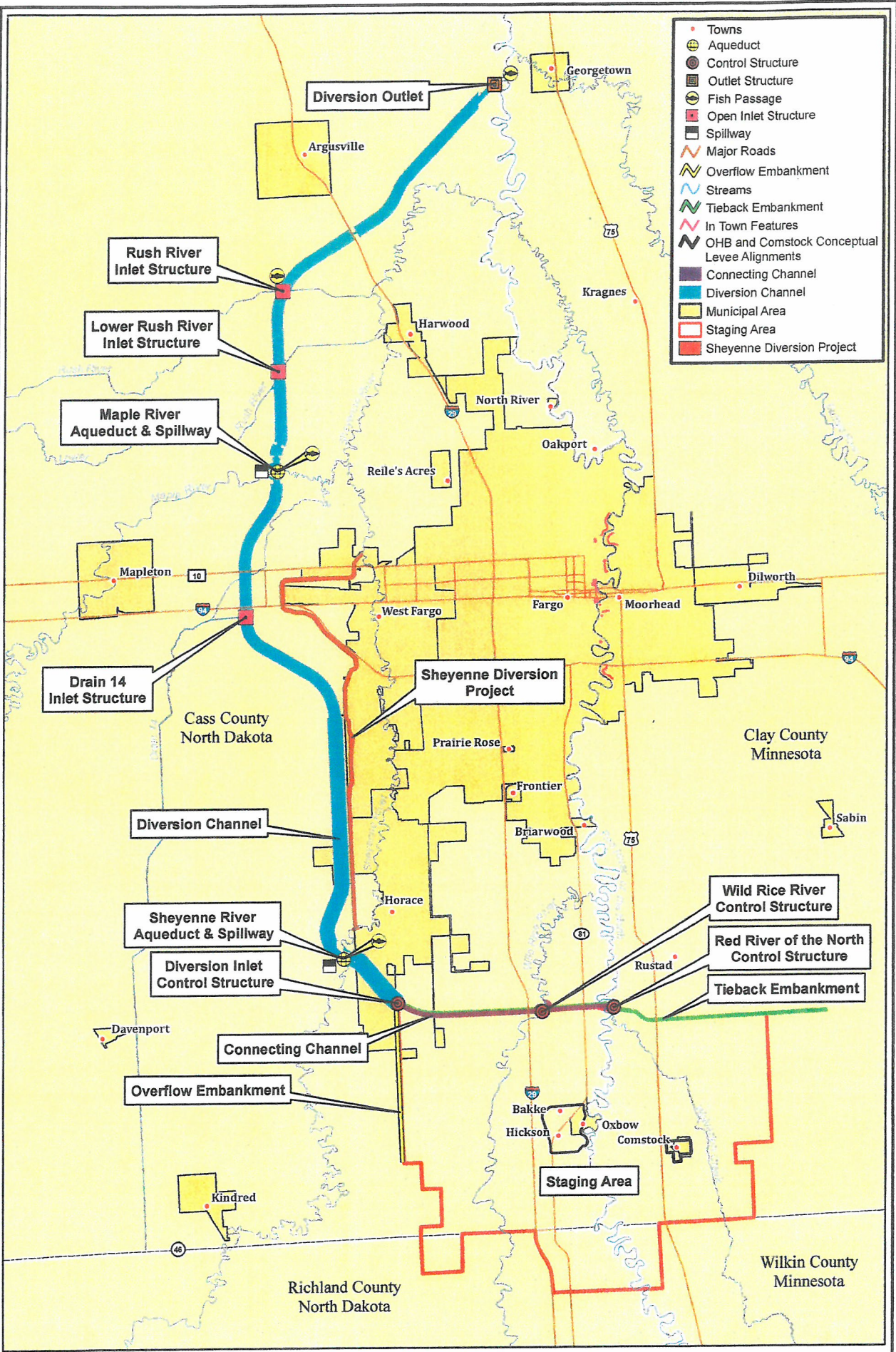
Carol Harbeke Lewis
Secretary-Treasurer

The motion for the adoption of the foregoing RESOLUTION was duly seconded by Manager Jacobson. On roll call vote the following Managers voted aye: Brodshaug, Olson, Jacobson, Wolfer. The following Managers voted nay: None. The motion carried unanimously, and the RESOLUTION was duly adopted.

Date Approved: December 11, 2014

EXHIBIT A

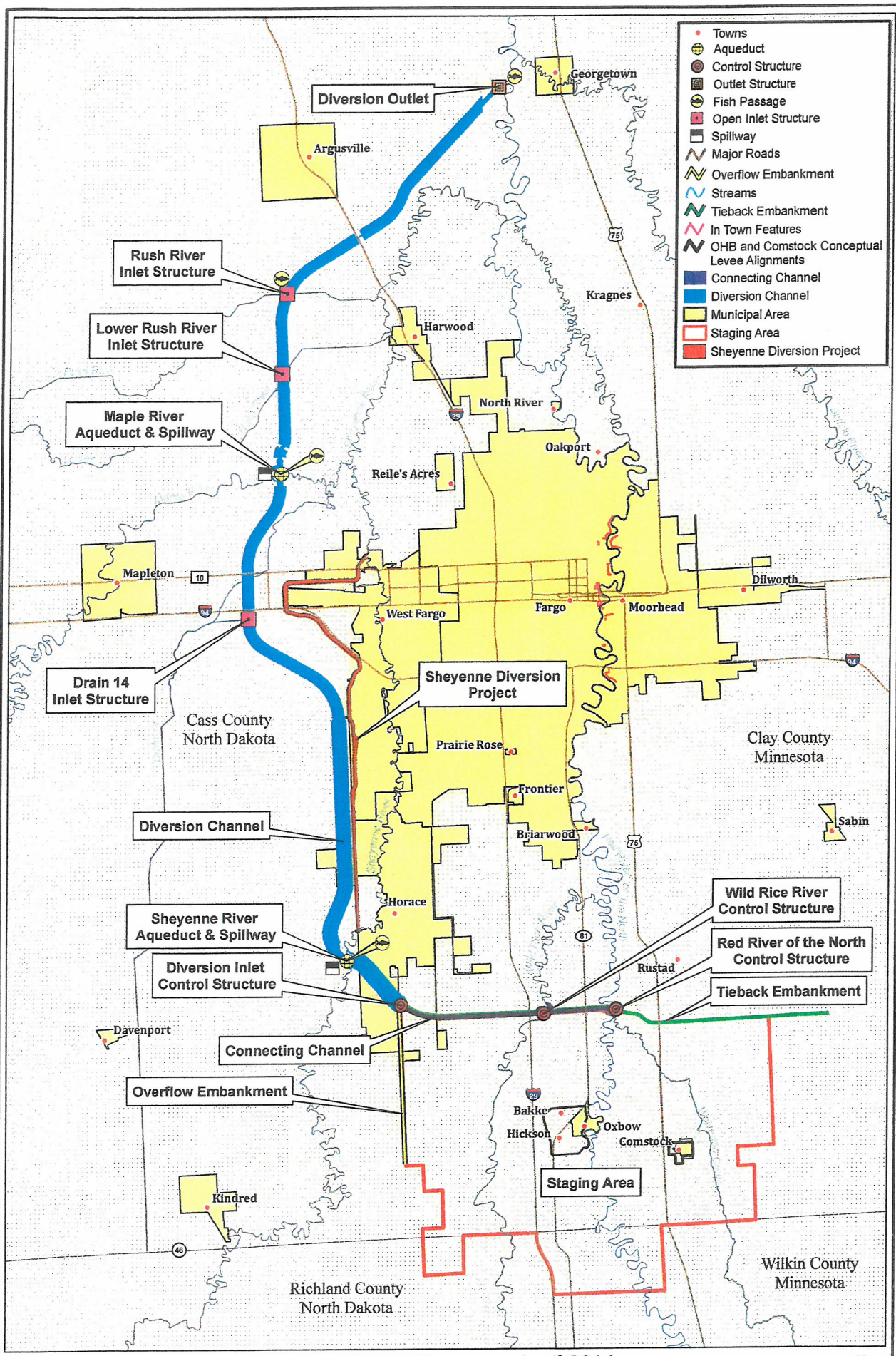
MAP OF THE FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT



- Towns
- Aqueduct
- Control Structure
- Outlet Structure
- Fish Passage
- Open Inlet Structure
- Spillway
- ▬ Major Roads
- ▬ Overflow Embankment
- ▬ Streams
- ▬ Tieback Embankment
- ▬ In Town Features
- ▬ OHB and Comstock Conceptual Levee Alignments
- ▬ Connecting Channel
- ▬ Diversion Channel
- ▬ Municipal Area
- ▬ Staging Area
- ▬ Sheyenne Diversion Project

Project Features - April 2014
Fargo Moorhead Metro Area Flood Risk Management





- Towns
- ⊕ Aqueduct
- ⊙ Control Structure
- ⊠ Outlet Structure
- ⊙ Fish Passage
- ⊠ Open Inlet Structure
- ▭ Spillway
- ▭ Major Roads
- ▭ Overflow Embankment
- ▭ Streams
- ▭ Tieback Embankment
- ▭ In Town Features
- ▭ OHB and Comstock Conceptual Levee Alignments
- ▭ Connecting Channel
- ▭ Diversion Channel
- ▭ Municipal Area
- ▭ Staging Area
- ▭ Sheyenne Diversion Project



Manager Jacobson introduced the following resolution and moved its adoption:

**RESOLUTION APPROVING ENGINEER'S REPORT
REGARDING FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT**

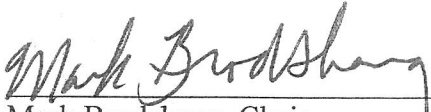
WHEREAS, the Board of Managers of the Cass County Joint Water Resource District (the "District") has found, determined, and declared it necessary to create FM FLOOD RISK MANAGEMENT DISTRICT NO. 1, an assessment district under Chapter 61-16.1 of the North Dakota Century Code, for purposes of funding and financing a portion of the North Dakota non-federal share associated with the development, design, and construction of the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT (the "Project").

WHEREAS, the District directed Advanced Engineering and Environmental Services, Inc., to prepare profiles, plans, and specifications of the Project; estimates of the total Project costs; and other matters as necessary.

WHEREAS, Advanced Engineering and Environmental Services, Inc., has prepared preliminary plans, including estimates of total Project costs.

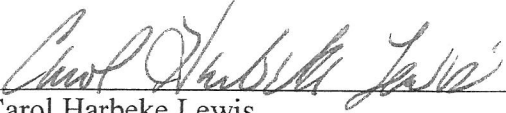
NOW, THEREFORE, BE IT RESOLVED by the Board of Managers of the Cass County Joint Water Resource District that the report of the Engineer for the District, including preliminary plans for the FM FLOOD RISK MANAGEMENT DISTRICT NO. 1 PROJECT, and including the estimates of total Project costs, are on file with the District and the District hereby approves those preliminary plans and estimates as the requisite Engineer's Report required under Chapter 61-16.1 of the North Dakota Century Code.

APPROVED:



Mark Brodshaug, Chair

ATTEST:

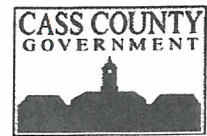


Carol Harbeke Lewis
Secretary-Treasurer

The motion for the adoption of the foregoing RESOLUTION was duly seconded by Manager Jacobson. On roll call vote the following Managers voted aye: Brodshaug, Olson, Jacobson, Wolfer. The following Managers voted nay: None. The motion carried unanimously, and the RESOLUTION was duly adopted.

Date Approved: December 11, 2014

EXHIBIT A
ENGINEER'S REPORT



Fargo-Moorhead Area Diversion Project Assessment District Engineer's Report Cass County Joint Water Resource District

To: Cass County Joint Water Resource District

From: Eric C. Dodds, AE2S

Date: December 11, 2014

The Fargo-Moorhead (FM) Area Diversion Project (Project) will reduce the flood risk to the metropolitan area, including the North Dakota cities of Fargo, West Fargo, Harwood, Horace, Relies Acres, Frontier, Prairie Rose, Briarwood, and North River, as well as provide reduction in flood risk to some residents of non-metropolitan Cass County including portions of Barnes, Berlin, Harwood, Mapleton, Pleasant, Raymond, Reed, Stanley, Warren, and Wiser Townships. The Project will reduce flood risk through construction of a 36-mile, 20,000 cubic feet per second (cfs) diversion channel that will start approximately three (3) miles south of the confluence of the Red River and the Wild Rice River and extend west and north around the metropolitan area before re-entering the Red River east of Argusville. The Project provides flood risk reduction from the Red River and its North Dakota tributaries, including the Wild Rice, Sheyenne, Maple, Rush, and Lower Rush Rivers. The Project includes an embankment and tie-back levees that will temporarily stage flood waters upstream of the metropolitan area to ensure no downstream impacts. The Project features include gated control structures on the Red River, Wild Rice River, and the inlet to the Diversion Channel. The Project also includes aqueduct structures on the Sheyenne and Maple Rivers as they cross the Diversion Channel. In addition to the Diversion Channel and associated structures, the Diversion Project includes levees along the Red River through Fargo. The In-Town Levees enable flood waters to safely pass through the Red River as well as the Diversion Channel, which helps reduce Project impacts and provide more robust flood risk reduction.

Construction will involve excavation of approximately 50 million cubic yards of earth to form the Diversion Channel. Construction also involves six (6) interstate highway bridges, 12 county and township road bridges, four (4) railroad bridges, three (3) gated control structures, two (2) aqueduct structures, a rock-ramp outlet structure, and other structures.



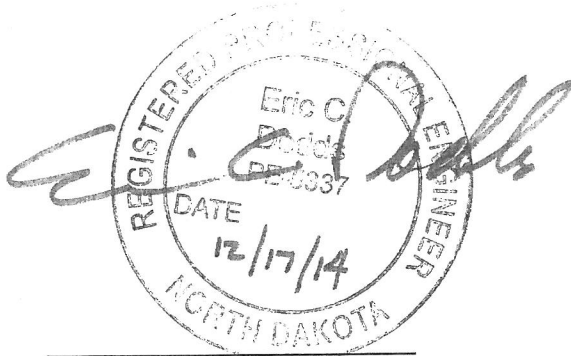
The total estimated Project cost, per the United States Army Corps of Engineer’s (USACE) Feasibility Study is \$1,781.5 Million. The North Dakota legislature has approved \$175 Million for the Project during the 61st, 62nd, and 63rd legislative sessions. In addition, the North Dakota legislature passed legislative intent to provide an additional \$275 Million over the next four bienniums. The federal government is estimated to provide \$801.5 Million to the Project and the State of Minnesota is estimated to provide \$100 Million. The proposed cost to assess is based on the outstanding commitment from the State of North Dakota (\$275 Million) and the local cost share (\$450 Million). The resulting amount to assess is \$725 Million. The table below summarizes the Project cost and amount to assess.

Total Construction	\$1,164.9M
Planning, Engineering, and Design	+ \$183.9M
Lands, Right-of-Way, and Relocations	+ <u>\$432.7M</u>
Total Estimated Project Cost	= \$1,781.5M
Less State of North Dakota Funding (to date)	- \$175.0M
Less Estimated USACE Funding	- \$801.5M
Less Estimated State of Minnesota Funding	- <u>\$100.0M</u>
Amount to Assess	= \$725.0M

The voters in the City of Fargo and Cass County have approved two sales taxes for funding the Project. The sales tax revenues are expected to provide the funding necessary to meet the local cost share obligation. However, it is clear that the pace of expenditures necessary to construct the Project will exceed the pace of revenue generated by the sales taxes. As such, it is required to finance the Project costs. Securing an attractive financing package (low interest rate, low coverage requirement, etc.), requires providing the bond market a high confidence that we will be able to re-pay the debt. While the City and County have a 20-year history of strong sales tax growth, backing the bond financing on a special assessment district is much more favorable than backing purely on sales tax collections. As such, the concept that has been developed is to establish an assessment district, which will enable lower cost financing to construct the Project. The sales tax proceeds are expected to provide adequate revenue to re-pay the debt, and therefore, actual assessments to property owners are not intended to be levied. In this fashion, the property owners are essentially being asked to co-sign a loan.




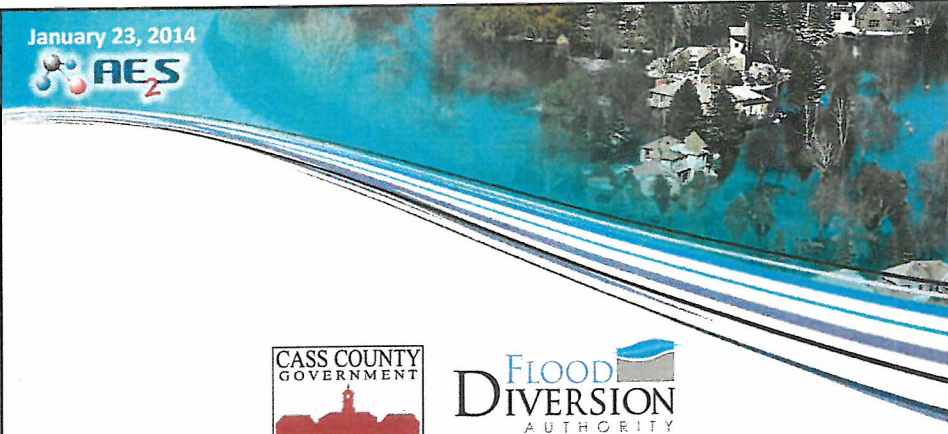
A map of the Project is attached to this Engineer's Report. Additional details for the Project and the assessment district can be found at www.fmdiversion.com.





Eric C. Dodds, PE
North Dakota Professional Engineer #5337

EXHIBIT B(3&4)

January 23, 2014




Diversion Project Assessment Committee

**Benefit Regions, Benefit Levels,
 & Indirect Benefits**

1

SCHEDULE OF GOALS

Month	Presentation Topic / Decision
September	<ul style="list-style-type: none"> Final Benefit Regions Map Initial Cut of Direct Assessments to Parcels
October	<ul style="list-style-type: none"> Revised Direct Assessments to Parcels Consider Different Approach Based on Zoning Develop Approach for Zero Value and Exempt Parcels
November	<ul style="list-style-type: none"> Revised Direct Assessment to Parcels (high value caps, finalize approach for zero value and except parcels, other adjustments) ROW Vote
December	<ul style="list-style-type: none"> Review Memo on Direct Benefits, Adopt Benefit Region Methodology Initial Cut of Indirect Assessment
January	<ul style="list-style-type: none"> Finalize Benefit Region Boundaries Indirect Assessment Discussion / Decision Discuss Next Steps
February	<ul style="list-style-type: none"> Review Proposed Assessment Methodology Presentation to Finance Committee DPAC Adopts Assessment Methodology Post Methodology Action Items

January 23, 2014

2



BENEFIT REGION (BR) DEVELOPMENT

- BR Development Incorporated:
 - Existing Floodplains
 - Project-Specific Floodplains (Based on Phase 7 Hydraulic Model)
 - FEMA Floodplain Information
 - Elevation Models
 - Local Knowledge & Professional Expertise
- “Grouped” parcels & neighborhoods with similar benefits into BRs
- Calculated Benefit Weighting Factors (BWFs) to serve as basis for assigning benefit levels (ie, 100%, 50%, etc)
- All parcels within each BR are given the same BWF
- Actual Direct Benefit Assessments to parcels incorporate the BWF of the BR, the true & full value, and the area of the parcel

NUMBER OF BRs

- Previously presented 16 BRs
- Small group meetings to review boundaries
- Refined the 16 original BRs into 18 BRs
- Recommend combining into 7 larger BRs:
 - Similar BWFs
 - Facilitate assignment of benefit levels
 - Less boundaries may result in less scrutiny
 - Public outreach strategy
 - Voter psychology

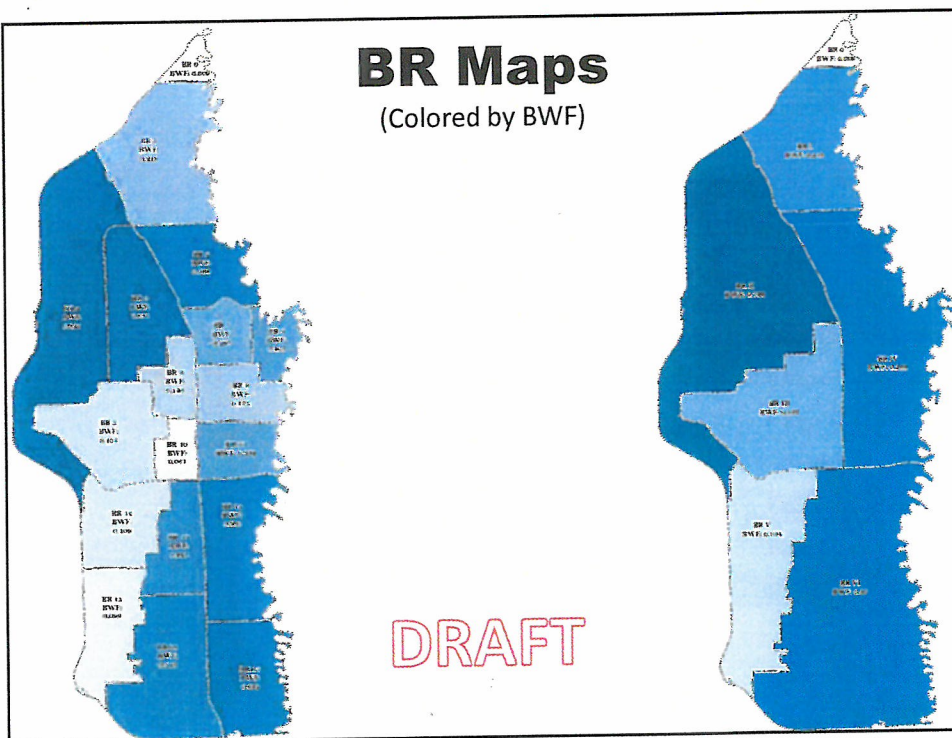
DPAC decision on number of BRs

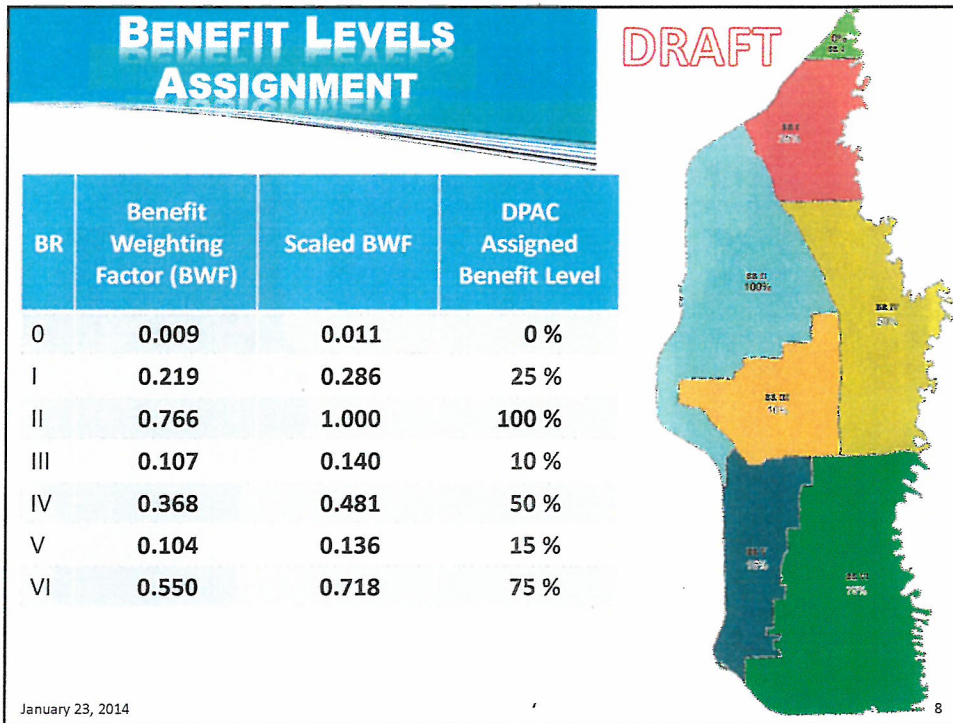
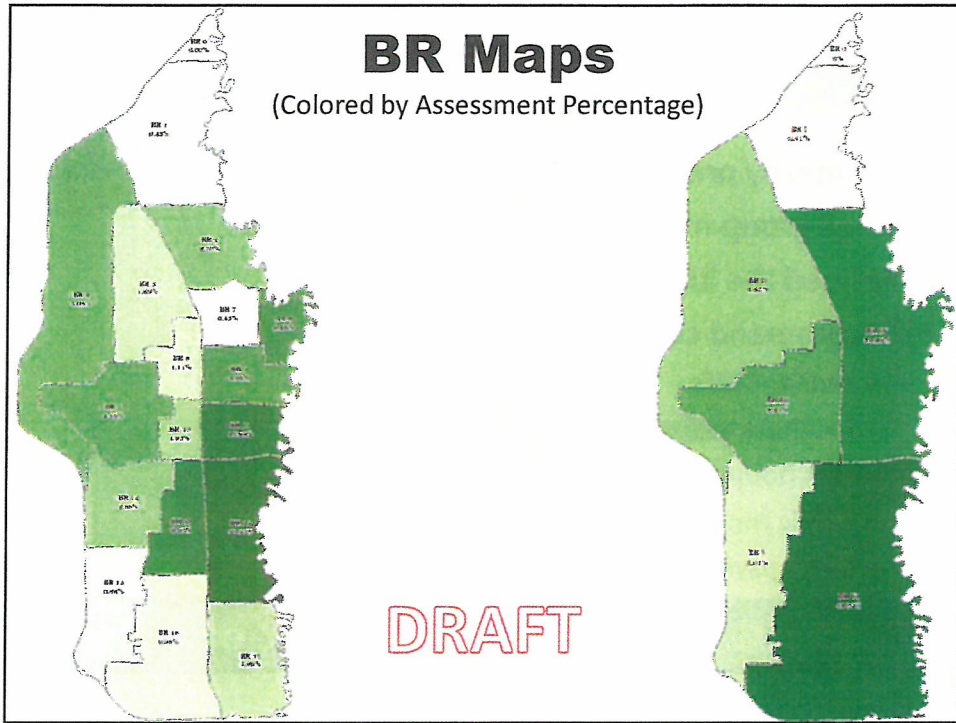
January 23, 2014

5

BR Maps

(Colored by BWF)





Property Assessment per \$100 M of Direct Assessment				
Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
0	\$0	\$0	\$0	\$0
I	\$588	\$1,176	\$2,941	\$17.62
II	\$2,352	\$4,705	\$11,762	\$70.92
III	\$235	\$470	\$1,176	\$6.57
IV	\$1,176	\$2,352	\$5,881	\$34.61
V	\$353	\$706	\$1,764	\$11.75
VI	\$1,764	\$3,529	\$8,822	\$53.82







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Annual Property Payment (3%, 30-years) per \$100 M of Direct Assessment				
Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
0	\$0	\$0	\$0	\$0
I	\$30	\$60	\$150	\$0.90
II	\$120	\$240	\$600	\$3.62
III	\$12	\$24	\$60	\$0.33
IV	\$60	\$120	\$300	\$1.77
V	\$18	\$36	\$90	\$0.60
VI	\$90	\$180	\$450	\$2.75

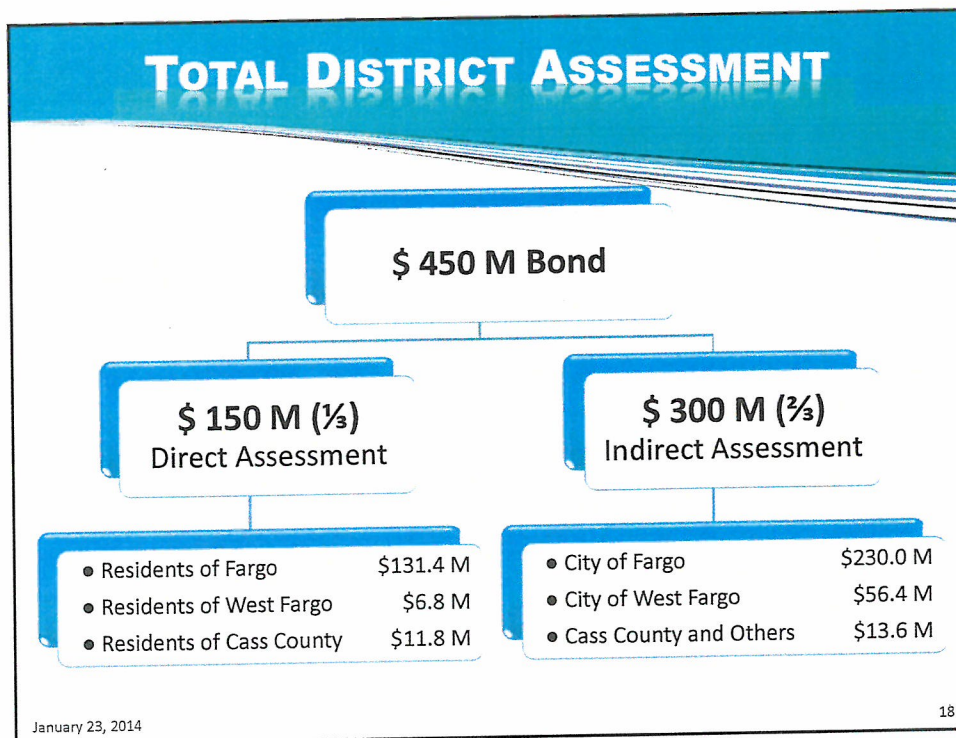
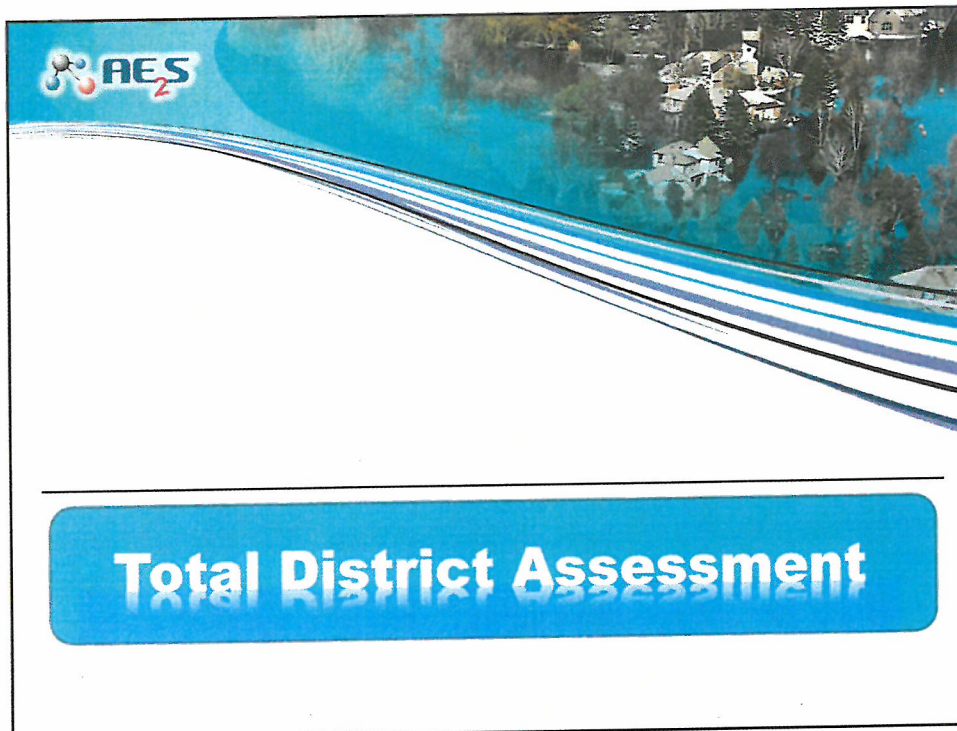
January 23, 2014 10



DIRECT VS. INDIRECT BENEFITS

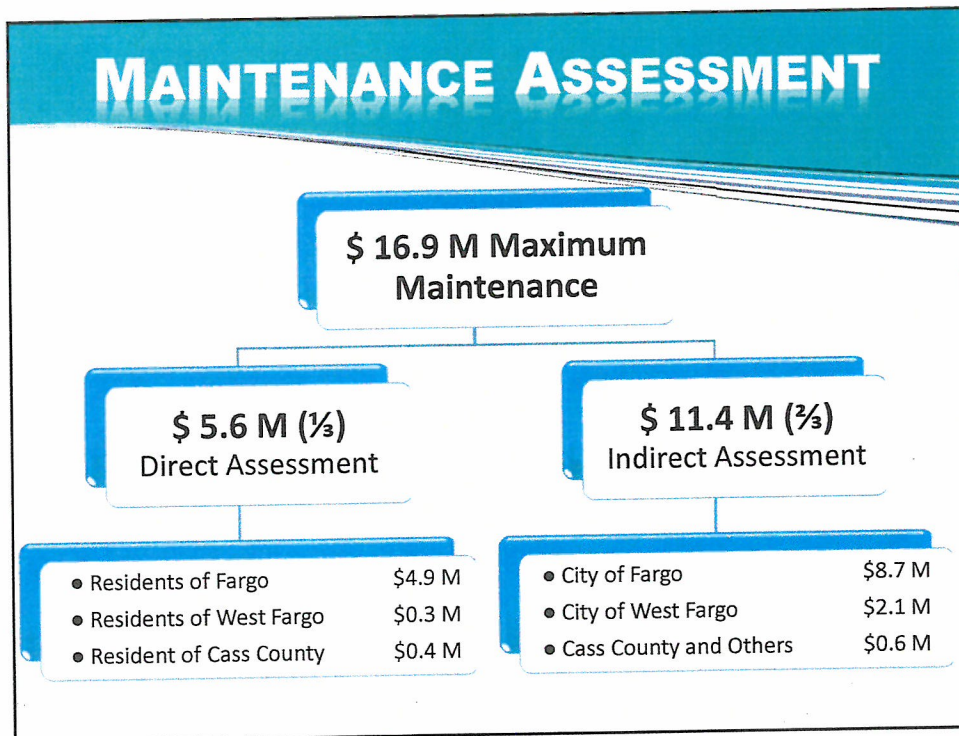
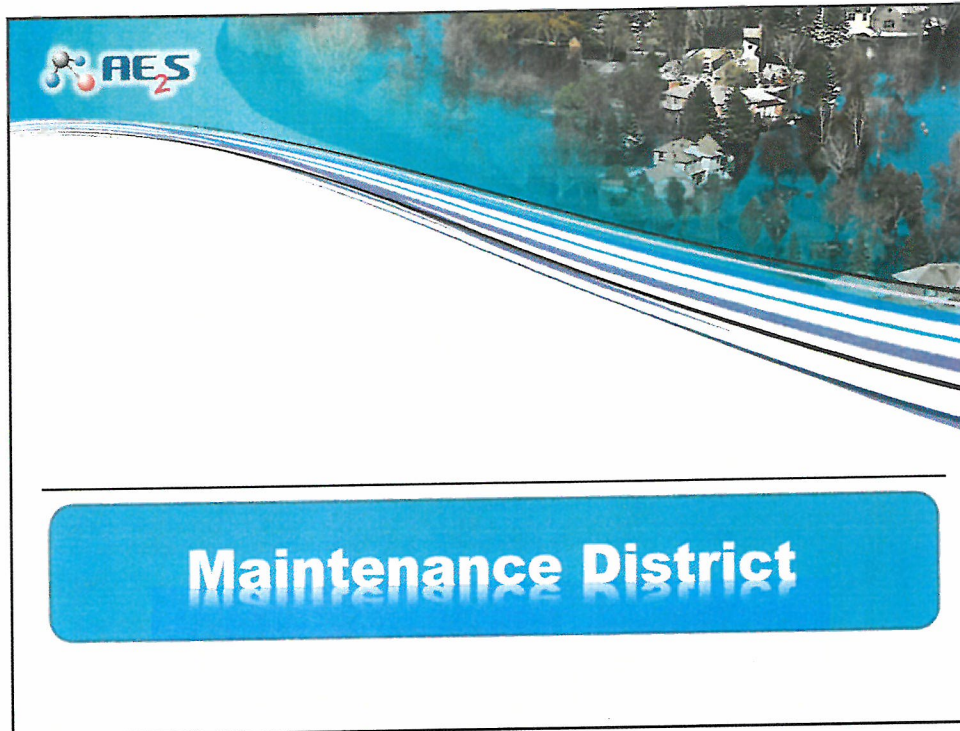
DIRECT	INDIRECT
 Benefits to Individual Properties/Parcels	 Global Benefits assigned to Jurisdictions
 Consider: Flood Risk Reduction Existing Protection Level Property Value Protected	 Consider: Infrastructure Community & Lifestyle Business & Economy
 Vote by Property Owners	 Vote by Jurisdiction Leaders

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Property Assessment \$450 M Bond (\$150 M of Direct Assessment)				
Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
0	\$0	\$0	\$0	\$0.00
I	\$882	\$1,764	\$4,411	\$26.43
II	\$3,529	\$7,057	\$17,643	\$106.39
III	\$353	\$706	\$1,764	\$9.85
IV	\$1,764	\$3,529	\$8,822	\$51.91
V	\$529	\$1,059	\$2,646	\$17.63
VI	\$2,646	\$5,293	\$13,232	\$80.73

Annual Property Payment (3%, 30-years) \$450 M Bond (\$150 M of Direct Assessment)				
Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
0	\$0	\$0	\$0	\$0.00
I	\$45	\$90	\$225	\$1.35
II	\$180	\$360	\$900	\$5.43
III	\$18	\$36	\$90	\$0.50
IV	\$90	\$180	\$450	\$2.65
V	\$27	\$54	\$135	\$0.90
VI	\$135	\$270	\$675	\$4.12



Maximum Annual Maintenance Assessment (\$5.6 M of Direct Assessment)				
Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
0	\$0	\$0	\$0	\$0
I	\$33	\$66	\$166	\$0.99
II	\$133	\$265	\$663	\$4.00
III	\$13	\$27	\$66	\$0.37
IV	\$66	\$133	\$332	\$1.95
V	\$20	\$40	\$100	\$0.66
VI	\$100	\$199	\$498	\$3.04

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NEXT STEPS


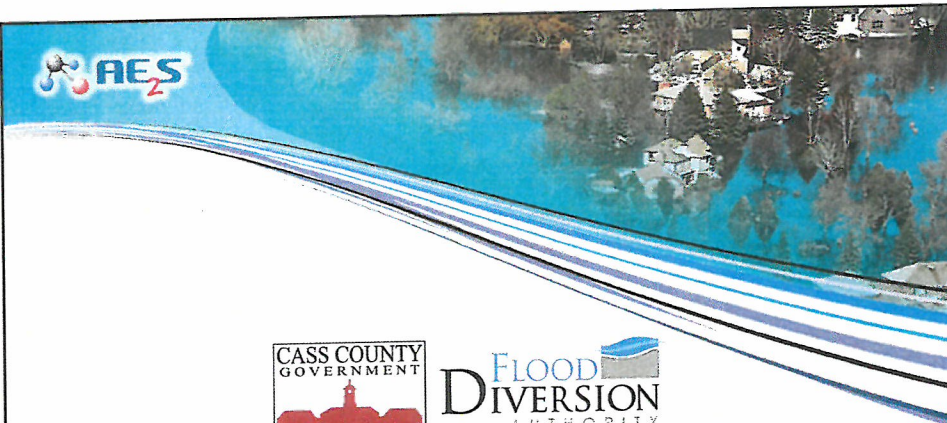
- Final Review of Proposed Assessment Methodology
- DPAC Adopts Assessment Methodology
- Discuss Use of Sales Tax to Pay Benefits
- Presentation to Finance Committee
- Post Methodology Action Items



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INDIRECT BENEFIT FACTORS

1 Infrastructure	2 Community & Lifestyle	3 Business & Economy
<ul style="list-style-type: none"> ▪ Traffic/Transportation Systems ▪ Water & Wastewater System ▪ Power Supply & Communication Systems 	<ul style="list-style-type: none"> ▪ Education Centers ▪ Shopping & Entertainment ▪ Recreation Opportunities ▪ Flooded Community Stigma Avoidance ▪ Health Care Facilities ▪ Mental Health ▪ Law Enforcement 	<ul style="list-style-type: none"> ▪ Economic Stability ▪ Business Retention ▪ Business Attraction / Job Creation ▪ Continued Employment ▪ Avoiding Lost Wages ▪ Airport ▪ Municipal Credit Rating

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Diversion Project Assessment Committee

August 22, 2013 DPAC Meeting

Voting Categories

Direct Benefits	Indirect Benefits	Acquired ROW
Benefits to Individual Properties/Parcels	Global Benefits Assigned to Jurisdictions	Voting Power to Impacted Properties/Parcels
Consider: <ul style="list-style-type: none"> • Flood Risk Reduction • Existing Protection Level • Property Value Protected 	Consider: <ul style="list-style-type: none"> • Health Service & Infrastructure • Community & Lifestyle • Employment 	Consider: <ul style="list-style-type: none"> • Fixed Voting Amount Based on a Percentage of Assessed Value
Vote by Property Owners	Vote by Jurisdiction Leaders	Vote by Property Owners

Agenda

Direct Benefits (Goals of Today)

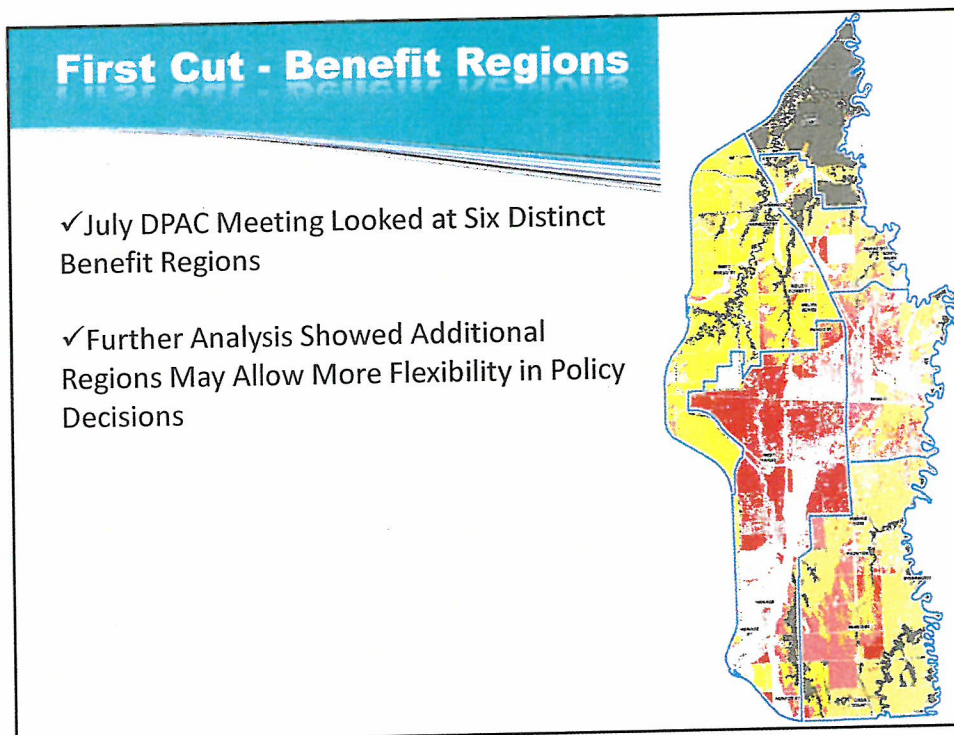
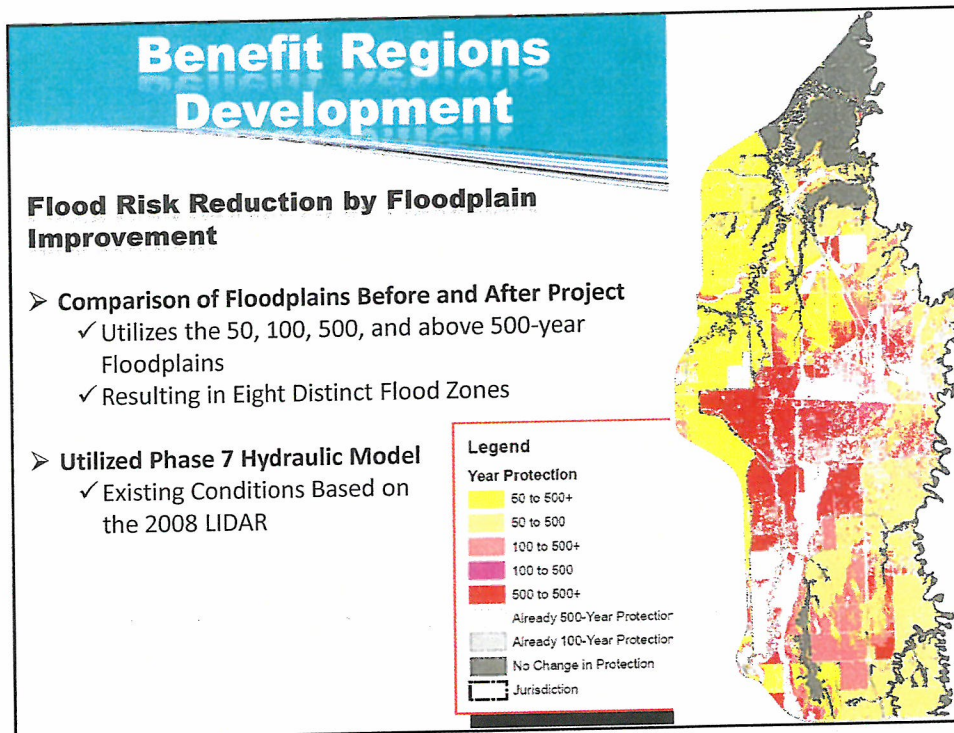
- ✓ Recap Benefit Region Approach
- ✓ Review Initial Benefit Region Boundaries
- ✓ Evaluate Benefit Weighting Factors
- ✓ Take a Look at Map Showing Percentages of Total Assessment

Future Discussions

- ✓ Policy on # of Different Benefit Regions
- ✓ Adjustments Based on Zoning Classifications
- ✓ Corrections for No Value Properties
- ✓ Acquired Right of Way Calculations
- ✓ Indirect Benefits

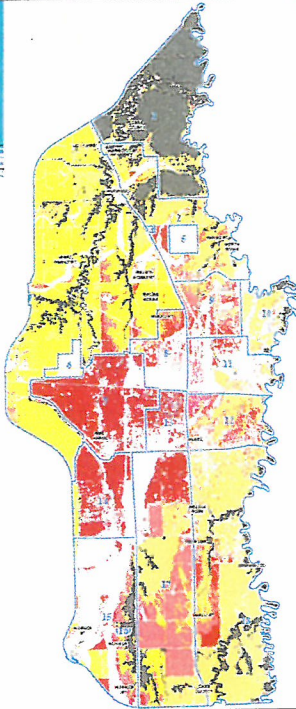
“Benefit Regions” Recap

- ✓ “Benefit Regions” Boundaries Drawn Around Areas of Similar Flood Risk Reduction. Consideration Given to Geo-Political, Physical, and FEMA Floodplain Boundaries
- ✓ Direct Benefit Weighting Factors Established Using Probabilistic Flood Frequency Reductions Specific to Each “Benefit Region”
- ✓ Advantages of the “Benefit Region” Approach are to Simplify Understanding of Benefits Across Neighborhoods and to Accurately Spread Joint Benefits Across a Region



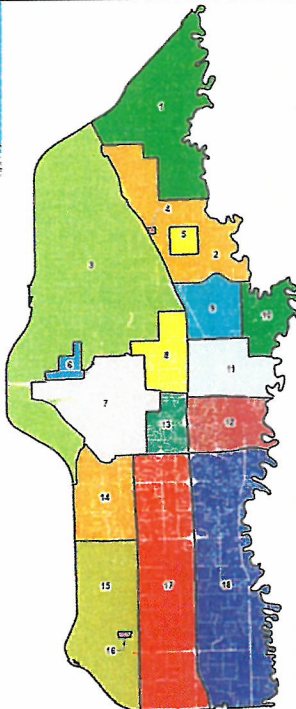
Benefit Regions Development

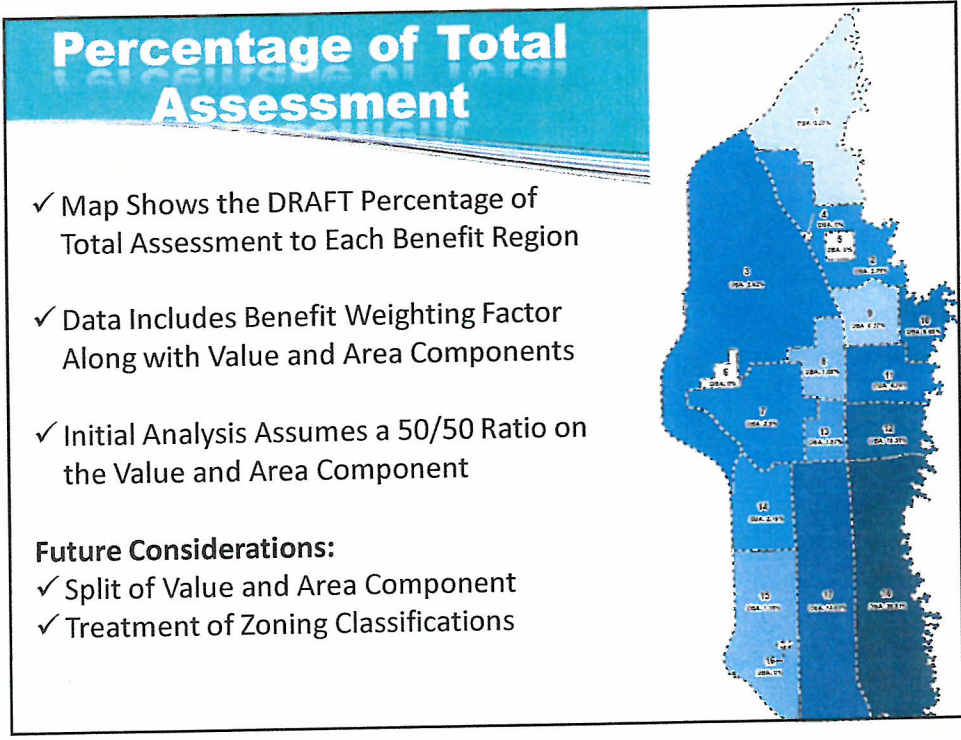
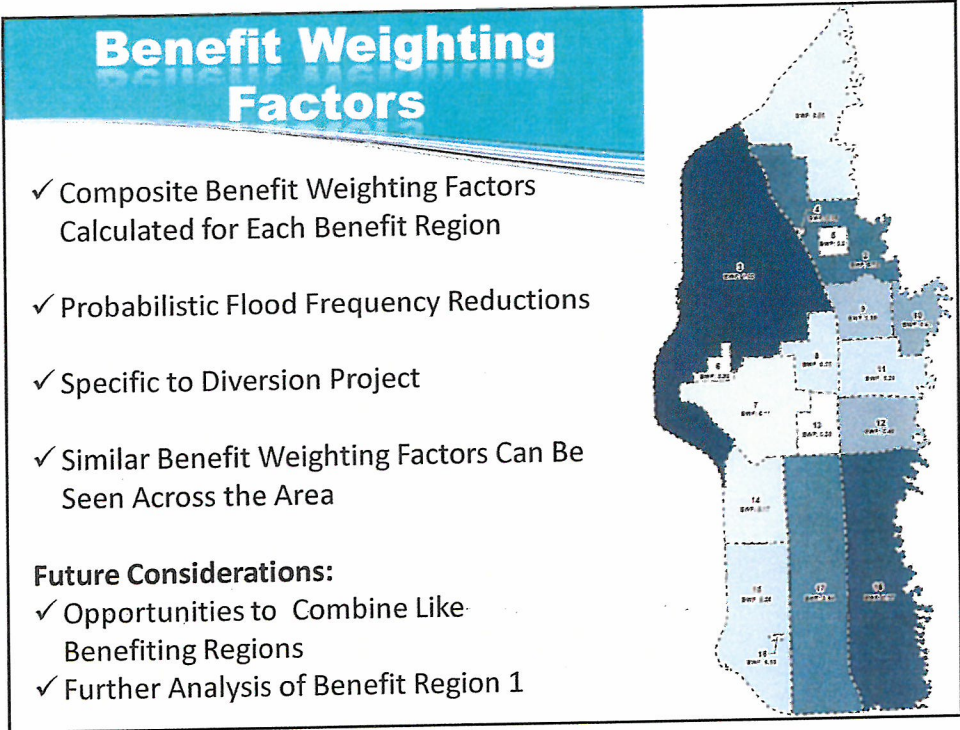
- ✓ 18 Initial Benefit Regions
 - ✓ Four Regions Are Lagoons
- ✓ Well Defined Boundaries
- ✓ Utilize Project-Specific Flood Protection
- ✓ Utilize FEMA Floodplain Information
- ✓ Allows For Flexibility in Policy Decision
- ✓ Include Parcels that Receive No Flood Threat Reduction, but May Receive Other Flood Protection Benefits



Benefit Regions Development

Benefit Region	Number of Parcels	Parcel True & Full Value	Parcel Acreage
1	168	\$14,213,131	9,114
2	925	\$164,076,158	6,386
3	1,247	\$149,505,084	23,281
4	1	\$0	34
5	4	\$0	628
6	11	\$0	655
7	6,932	\$1,315,026,508	5,490
8	339	\$223,349,650	2,350
9	124	\$39,038,900	2,661
10	3,773	\$702,282,860	1,899
11	4,407	\$865,556,618	2,953
12	6,627	\$1,379,345,611	2,546
13	1,040	\$962,997,100	1,400
14	3,321	\$519,479,689	3,635
15	2,362	\$207,228,663	7,736
16	4	\$0	54
17	3,881	\$951,632,027	10,960
18	9,197	\$2,126,842,337	12,019
Total	44,363	\$9,620,574,336	93,798





NEXT STEPS

Direct Benefits

- ✓ Legal Definition of Assessed Direct Benefits
- ✓ Policy on Consolidating Similar Benefit Regions
- ✓ Refinement Based on Zoning Classifications
- ✓ Corrections for No Value and Exempt Properties
- ✓ Further Analysis of Benefit Region 1
- ✓ Split of Value and Area Component
- ✓ Potential Assessment Caps

Indirect Benefits

- ✓ Small Group Meetings on Indirect Benefit Splits
- ✓ Continue Discussions with Legal Team


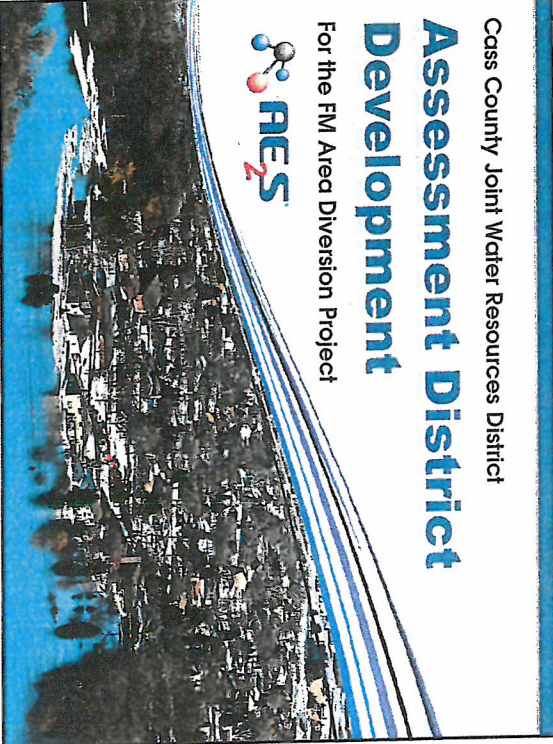
Acquired Right of Way Calculations

- ✓ Review ROW Data


Cass County Joint Water Resources District

Assessment District Development

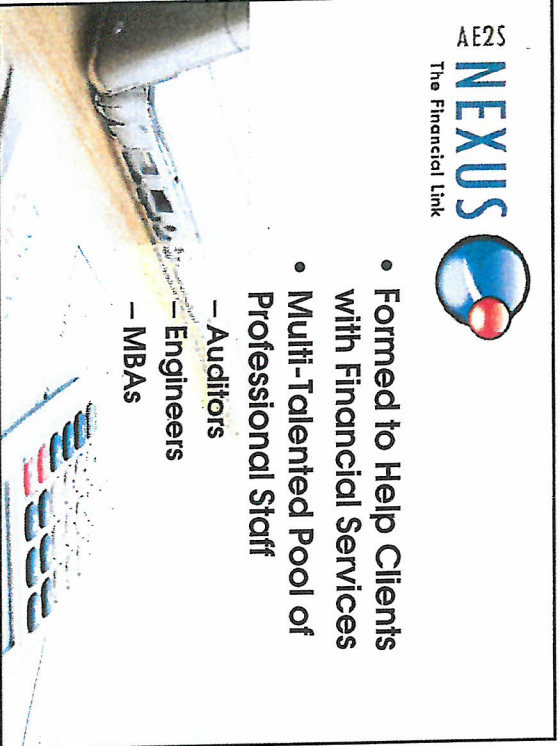
For the FM Area Diversion Project

AE2S
NEXUS
 The Financial Link



- Formed to Help Clients with Financial Services
- Multi-Talented Pool of Professional Staff
 - Auditors
 - Engineers
 - MBAs




Advanced Engineering and Environmental Services, Inc.

- Established in 1991
- Niche Firm Specializing in Water Engineering
- Strategic Services Added in Support of our Core Focus Professionals
- Offices in Fargo and Moorhead



Project Team



- Eric Doods, PE
Program Services Manager, PMC
- Shawn Gerdie, PE
Project Manager
- Jacob Strombeck
Project Engineer
- Deann Steiling
Public Outreach
- Miranda Kleven, PE
Financial Specialist
- Cherie Morris
GIS Specialist

Financial Specialists

Additional Pool of AE2S Nexus Resources



Experience

- Key Member of FM Diversion Program Management Consultant Team:
 - Public Outreach
 - Lands Management
 - Financial Services
 - Preliminary Financial/Assessment work for City of Fargo
- Water Resources District Assessment Work
- Various Nexus Assessment Work

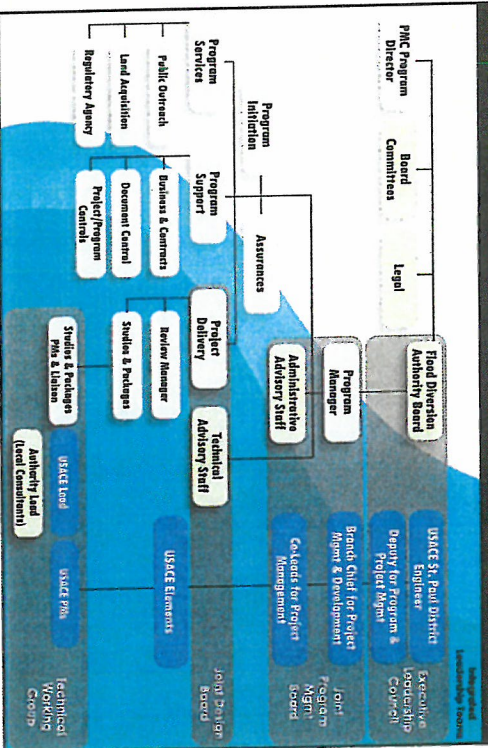
Previous Assessment Model



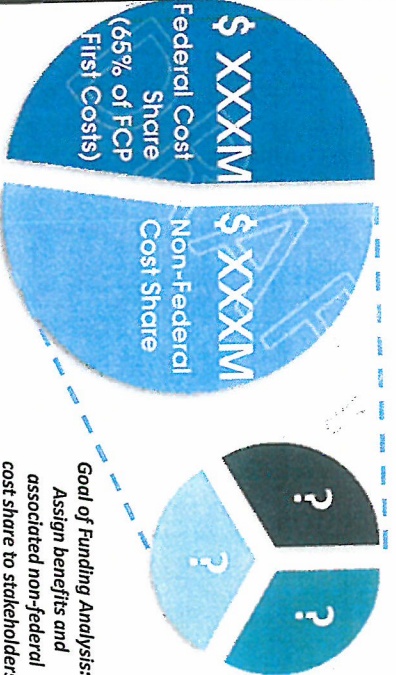
Assigned Benefits Model Goals

- Create an objective cost allocation model
- Incorporate elevations or levels of protection
- Incorporate the USACE Flood Damage Assessment (FDA) Model evaluation
- "Land is Land" and "Value is Value" philosophy independent of zone
- Independent of project costs
- Plan for future conditions and project life (50 years)

FLOOD DIVERSION AUTHORITY INTEGRATED PROGRAM MANAGEMENT ORGANIZATION CHART



Previous Assessment Model



Goal of Funding Analysis:
Assign benefits and associated non-federal cost share to stakeholders

Assigned Benefits Funding Model

APPROACH: Divide Costs into Two Categories

"Threat Reduction Benefits"

- "Benefiting Value" concept used to allocate costs to properties that become better protected with project
- Benefit allocations based on Flood Damage Assessment (FDA) Model Structure & Content Value

"Base Benefits"

- Tier 1: All properties within boundary benefit from the project
- Tier 2: "Benefiting Area" concept used to weight areas of improvement due to project

Previous Assessment Model

ND Jurisdictions Benefits Split

ND Jurisdiction	% of Total Benefit	% of ND Benefit
City of Fargo	69.20%	78.60%
City of West Fargo	6.43%	7.31%
City of Argusville	0.00%	0.00%
City of Briarwood	0.11%	0.13%
City of Frontier	0.16%	0.18%
City of Harwood	0.50%	0.57%
City of Horace	0.71%	0.80%
City of North River	0.03%	0.04%
City of Prairie Rose	0.04%	0.04%
City of Relies Acres	0.24%	0.27%
Township Jurisdictions	10.61%	12.05%
Total	88.04%	100.00%

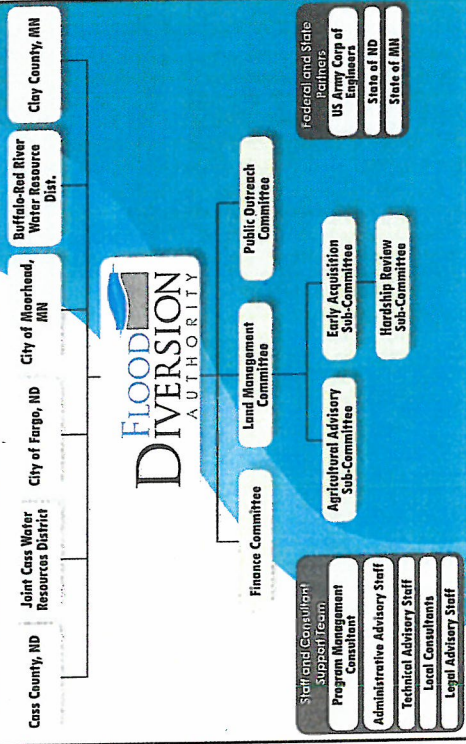
Previous Assessment Model

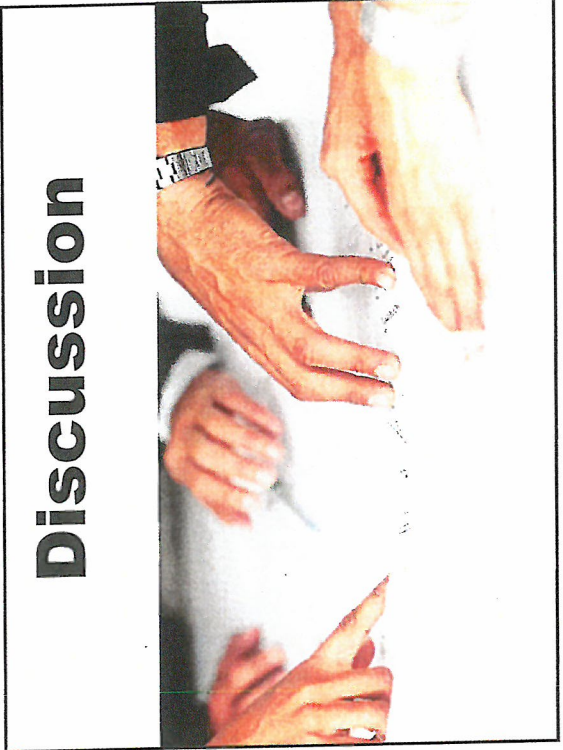
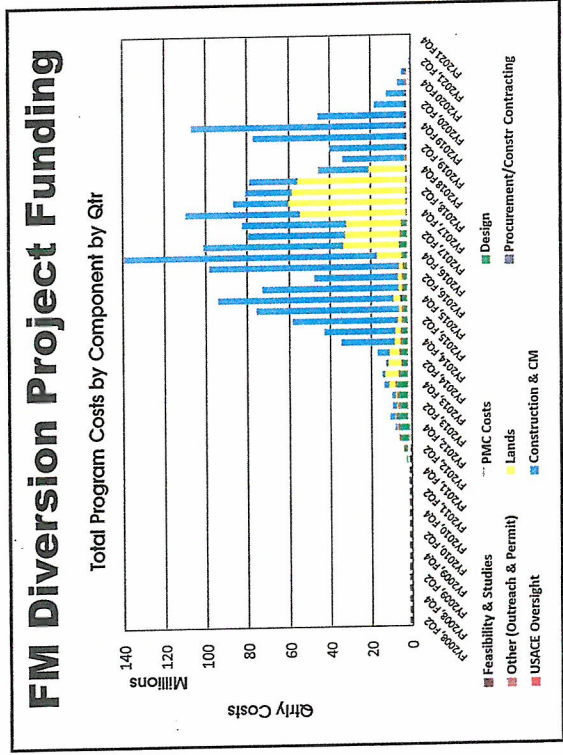
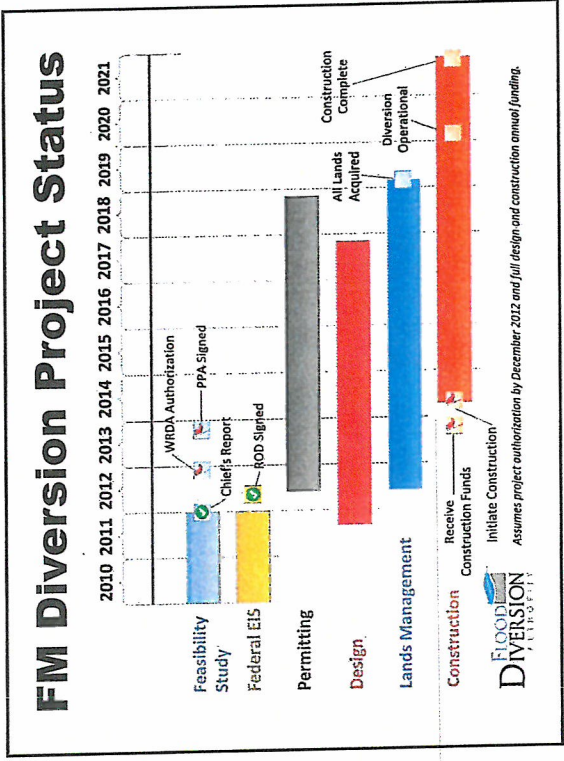
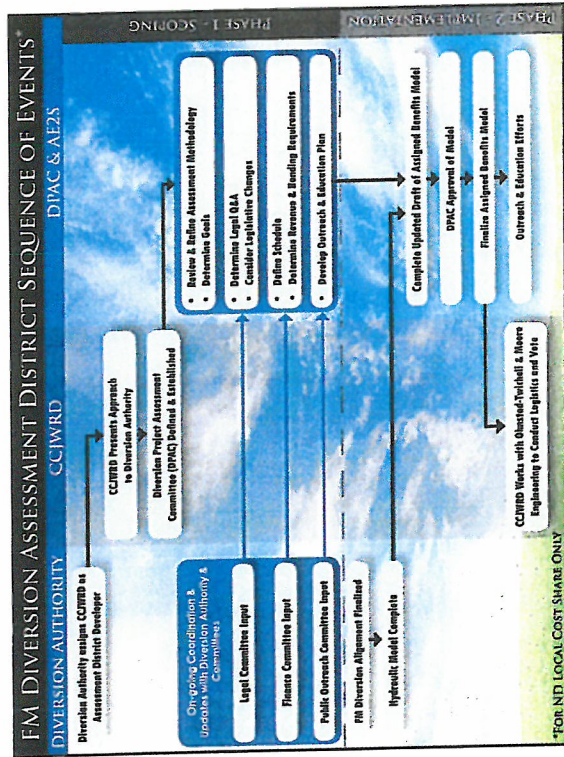
ND Jurisdictions Benefits Split

ND Jurisdiction	% of Total Benefit	% of ND Benefit
City Jurisdictions	77.43%	87.95%
Barnes Township	0.05%	0.06%
Berlin Township	0.16%	0.18%
Fargo Township	0.01%	0.01%
Harwood Township	2.60%	2.95%
Mapleton Township	0.13%	0.15%
Pleasant Township	0.56%	0.64%
Raymond Township	1.21%	1.37%
Reed Township	2.88%	3.27%
Stanley Township	2.91%	3.31%
Warren Township	0.09%	0.10%
Wiser Township	0.01%	0.01%
Total	88.04%	100%

Previous Assessment Model

FLOOD DIVERSION AUTHORITY ORGANIZATION CHART





FM DIVERSION ASSESSMENT DISTRICT SEQUENCE OF EVENTS*

DIVERSION AUTHORITY

CCJWRD

DPAC & AE2S

Diversion Authority assigns CCJWRD as Assessment District Developer

CCJWRD Presents Approach to Diversion Authority

Diversion Project Assessment Committee (DPAC) Defined & Established

On-going Coordination & Updates with Diversion Authority & Committees

- Legal Committee Input
- Finance Committee Input
- Public Outreach Committee Input

- Review & Refine Assessment Methodology
- Determine Goals
- Determine Legal Q&A
- Consider Legislative Changes
- Define Schedule
- Determine Revenue & Bonding Requirements
- Develop Outreach & Education Plan

FM Diversion Alignment Finalized

Hydraulic Model Complete

CCJWRD Works with Ohnstad-Twitchell & Moore Engineering to Conduct Logistics and Vote

Complete Updated Draft of Assigned Benefits Model

DPAC Approval of Model


Finalize Assigned Benefits Model

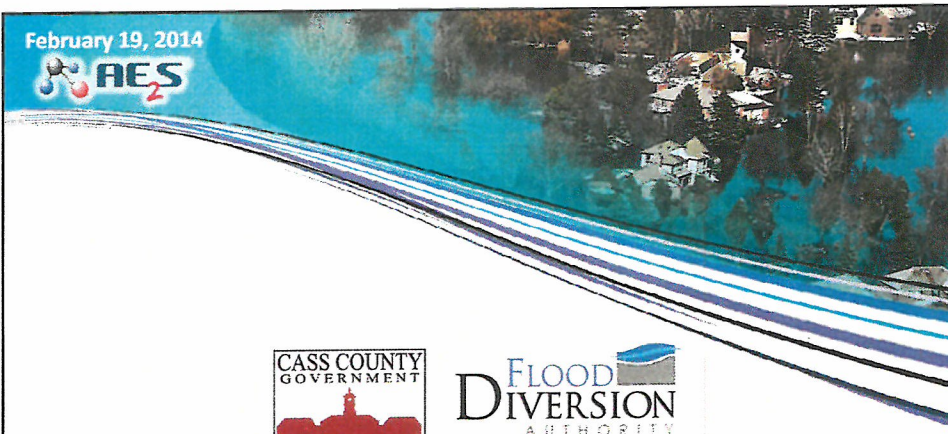
Outreach & Education Efforts



*FOR ND LOCAL COST SHARE ONLY

PHASE 1 - SCOPING

PHASE 2 - IMPLEMENTATION

February 19, 2014




**Diversion Project Assessment Committee
(DPAC)**

Summary of DPAC Findings

1

**SPECIAL ASSESSMENT
DISTRICT FINANCING**

Why are special assessments being considered?

- Construction costs will outpace revenue streams
- Financing will be required
- Sales tax will pay for local cost share
- 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 a mechanism for maintenance

February 19, 2014

2

WHY CCJWRD?

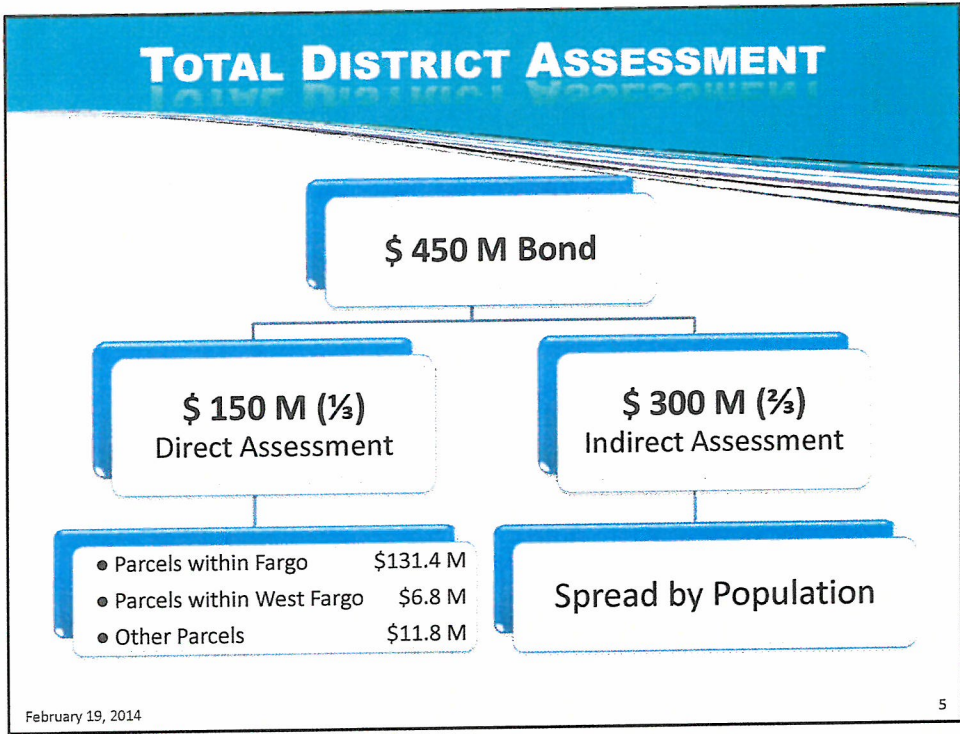
- The Cass County Joint Water Resource District (CCJWRD) has the ability under the North Dakota Century Code to administer an assessment district throughout the benefitted area in North Dakota.
- CCJWRD formed the DPAC, which includes representatives from Fargo, West Fargo, Cass County, and the CCJWRD board.
- DPAC has been meeting monthly to establish a methodology to assign direct and indirect benefits across the benefiting area.

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DISTRICT VOTE COMPONENTS

Direct Benefits	Indirect Benefits	Acquired ROW
Measured Benefits to Individual Parcels	Global Benefits Assigned to 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>(Max with today's values of \$60 Million worth of votes)</i>

February 19, 2014



DIRECT BENEFIT & ASSESSMENTS

- Direct Assessments are assigned by Benefit Region (BR), property value (true & full), and total area of the parcel.
- BR Development Incorporated:
 - Existing Floodplains
 - Project-Specific Floodplains
 - FEMA Floodplain Information
 - Elevation Models
 - Local Knowledge & Professional Expertise
- Utilized scientific flood risk reduction analysis to group parcels & neighborhoods with similar benefits into BRs
- All parcels within each BR are given the same Benefit Weighting Factor

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Draft	Draft Property Assessment \$450 M Bond (\$150 M of Direct Assessment)				
	Benefit Region (BR)	Residential Property Value			Ag Assess. Per Acre
		\$100,000	\$200,000	\$500,000	
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Draft	Draft Annual Property Payment (3%, 30-years) \$450 M Bond (\$150 M of Direct Assessment)				
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BRIV	\$90	\$180	\$450	\$2.65	
BRV	\$27	\$54	\$135	\$0.90	
BRVI	\$135	\$270	\$675	\$4.12	

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INDIRECT ASSESSMENT SUMMARY

Draft	Indirect Assessment	% of Total Indirect Assessment
County	\$150.0	50.0%
Fargo	\$115.0	38.3%
West Fargo	\$28.2	9.4%
Other	\$6.8	2.3%
Total	\$300.0	100%

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10

NEXT STEPS

- Prepare Technical Memo on Assessment Methodology
- Compile a list of outreach meetings to hold to introduce this concept to a broader base of those involved, including, but not limited to:
 - Jurisdictions within the District
 - Area Legislators
 - Local Congressional Offices
 - Supportive Organizations like the Chamber, Home Builders, etc.
- Begin Meeting with County on Data Cleanup Issues
- Develop/Refine Timeline of Activities Necessary Prior to Vote
- Decision on Financing

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OTHER SLIDES

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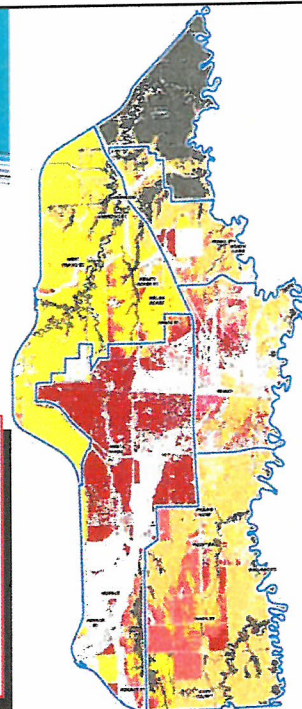
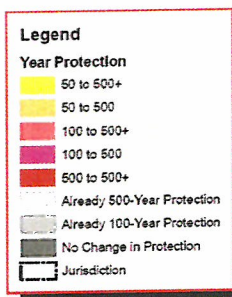
ASSESSMENTS BY JURISDICTION				
Draft	Direct*	Indirect	Total**	% of Total
Fargo	\$131.4	\$115.0	\$246.4	54.8%
West Fargo	\$6.8	\$28.2	\$35.0	7.8%
Other	\$11.8	\$6.8	\$18.6	4.1%
County	N/A	\$150.0	\$150.0	33.3%
Total	\$150.0	\$300.0	\$450.0	100%

*Direct assessments are to parcels within the jurisdictions based on approved methodology.
** Total assessment liability intended to be paid with sales tax dollars.

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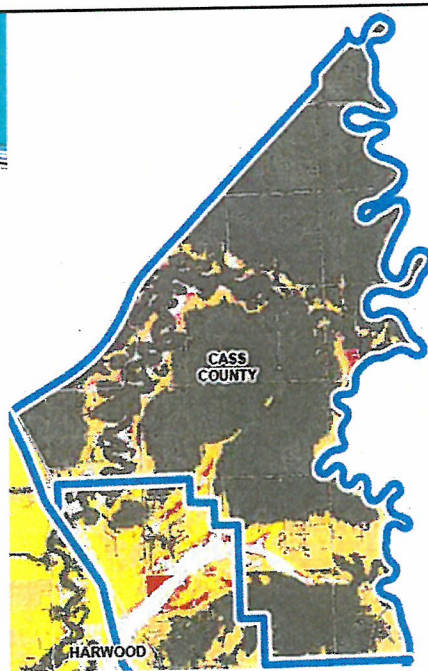
First Cut - Benefit Regions

- ✓ Six Distinct Regions With Differing Flood Reduction Benefits Can Be Readily Identified
- ✓ Some Additional Detail May Be Needed To Finalize Boundaries



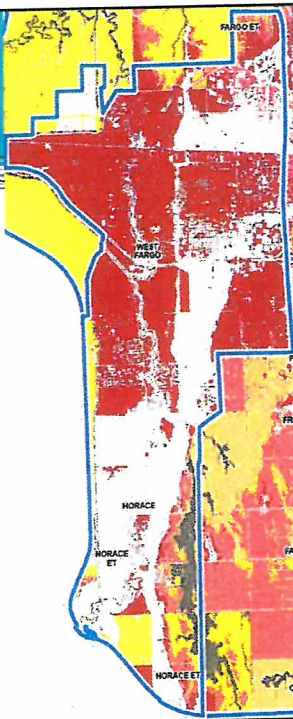
Benefit Region 1

- ✓ Region 1 Has the Least Benefit of the Regions.
- ✓ Encompasses the Northern Most Land Within the Project Boundary.
- ✓ The boundaries of this area are the Red River, North to the Project boundary, East to I-29, South to the Harwood ET, and then to County Road 22 East back to the Red River.



Benefit Region 2

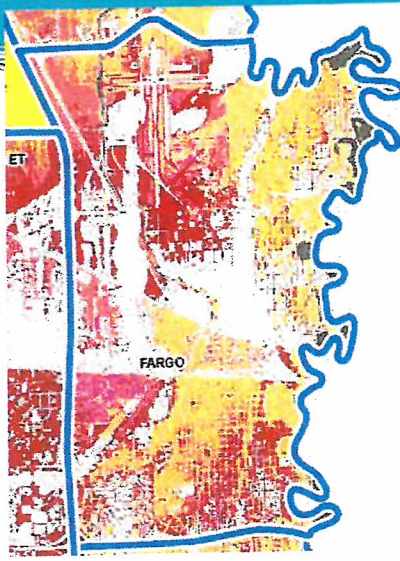
- ✓ Region 2 Has the Second Lowest Benefit of the Regions.
- ✓ Encompasses West Fargo and Horace.
- ✓ The Western Edge is the Project boundary in the South and the West Fargo city limits in the North.
- ✓ The Eastern edge is 57th St./Veterans Blvd., Drain 27, and I-29.
- ✓ The Northern Edge Uses the West Fargo City Limits and a Mixture of Jurisdiction Lines East to I-29.



The map shows a geographical area outlined in blue, representing Benefit Region 2. It covers parts of West Fargo and Horace. The area is color-coded in shades of red and yellow, indicating different benefit levels. Labels for 'WEST FARGO', 'HORACE', and 'HORACE ET' are visible on the map.

Benefit Region 3

- ✓ Region 3 makes up the central portion of Fargo.
- ✓ It Includes the Area Between the Red River and I-29. The Northern Edge is County Road 20 and the Southern Edge is I-94.

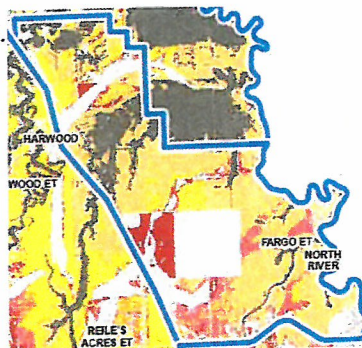


The map shows a central portion of Fargo outlined in blue, representing Benefit Region 3. The area is color-coded in shades of red and yellow. Labels for 'FARGO' and 'ET' are visible on the map.

Benefit Region 4

✓ Region 4 Contains North Fargo and the Land to the North.

✓ Includes the Area Between the Red River and I-29. The Southern Boundary is County Road 20. The Northern Boundary Follows the Harwood ET Then Jogs East Along County Road 22.

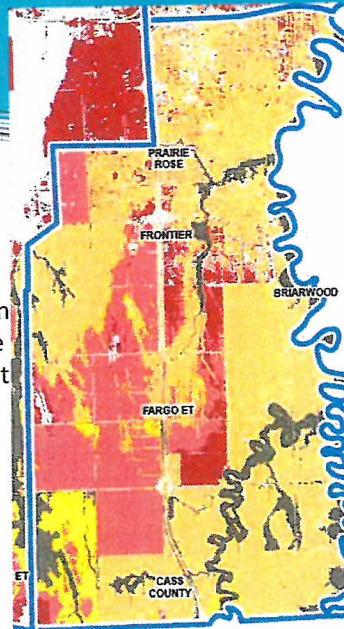


Benefit Region 5

✓ Region 5 Includes South Fargo and the Land to the South.

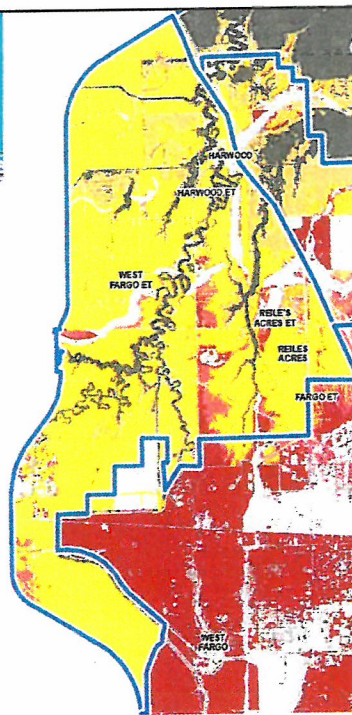
✓ Region 5 has the Red River to the East. The Northern Edge Runs East to West along I-94 then Follows I-29 South to Drain 27 (roughly 40th Ave) then Follows the Drain West and South. The Western Edge Runs Along Drain 27 Until It Crosses Sheyenne/57th at which time the Boundary Follows the Road.

✓ The Southern boundary is the Project line.



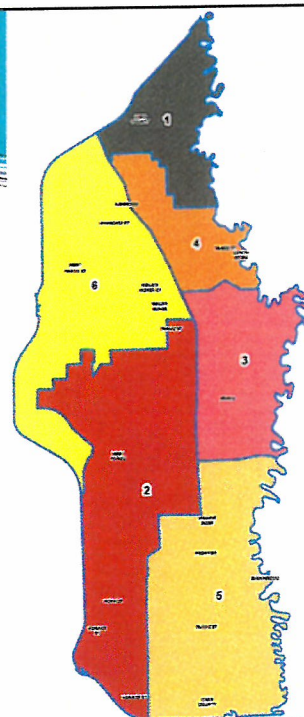
Benefit Region 6

- ✓ Region 6 Encompasses the Area North of West Fargo, including Reiles Acres and the Western Side of Harwood.
- ✓ The Western Edge is Defined by the Project Boundary.
- ✓ The Eastern Edge is Defined by I-29.
- ✓ The Western-South Edge Follows the Sheyenne Diversion and West Fargo City Limits. The Eastern-South Boundary is a Mixture of Jurisdiction Lines.



Benefit Regions

- ✓ First Draft at Drawing Boundaries
- ✓ Uses an Objective Approach for Drawing Boundaries
- ✓ Easy to Explain and Understand
- ✓ Matches Public Perception of Current Flood Risk


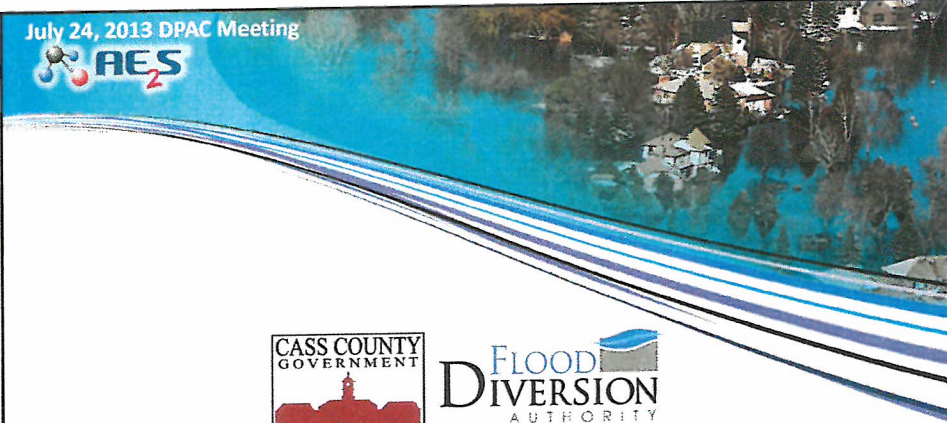




NEXT STEPS

Proposed Action Plan:

- ✓ Determine Average Benefit Factor for Each Benefit Region
- ✓ Continue Work with Legal Team on Existing Model Conditions Options
- ✓ Small Group Meetings on Indirect Benefit Splits
- ✓ Discuss Policy on Zoning Classification Assessment Differences
- ✓ Present Acquired ROW Data
- ✓ Finalize Clarification of Parcel Data Corrections for No-Value and Exempt Properties
- ✓ Potential Assessment Caps
- ✓ Tentative Aug. 14 Meeting on Effect on Mortgage Lending

July 24, 2013 DPAC Meeting

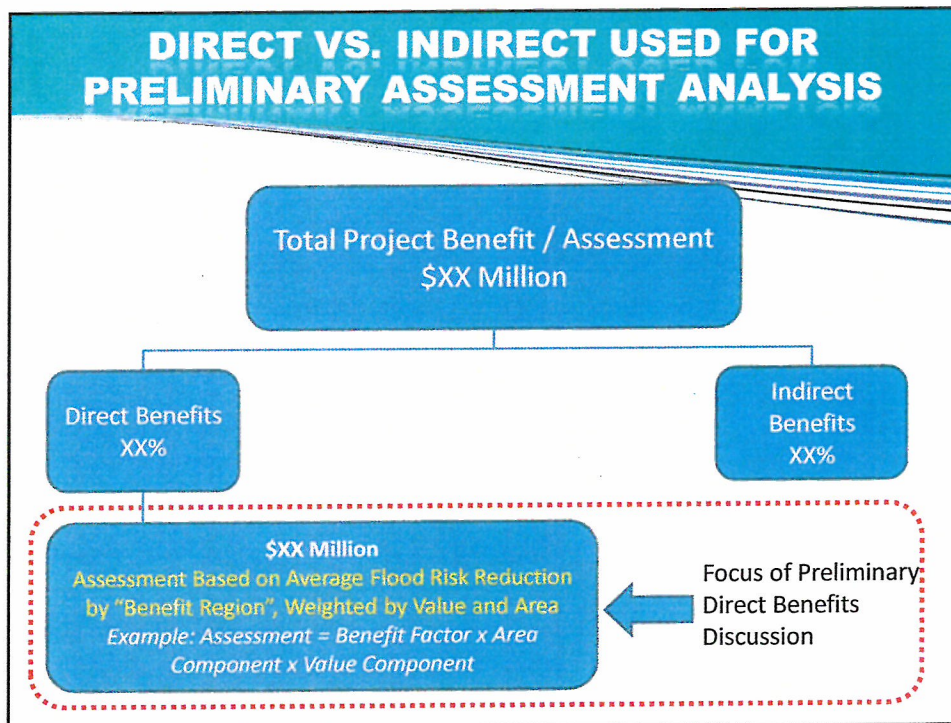
Diversion Project Assessment Committee

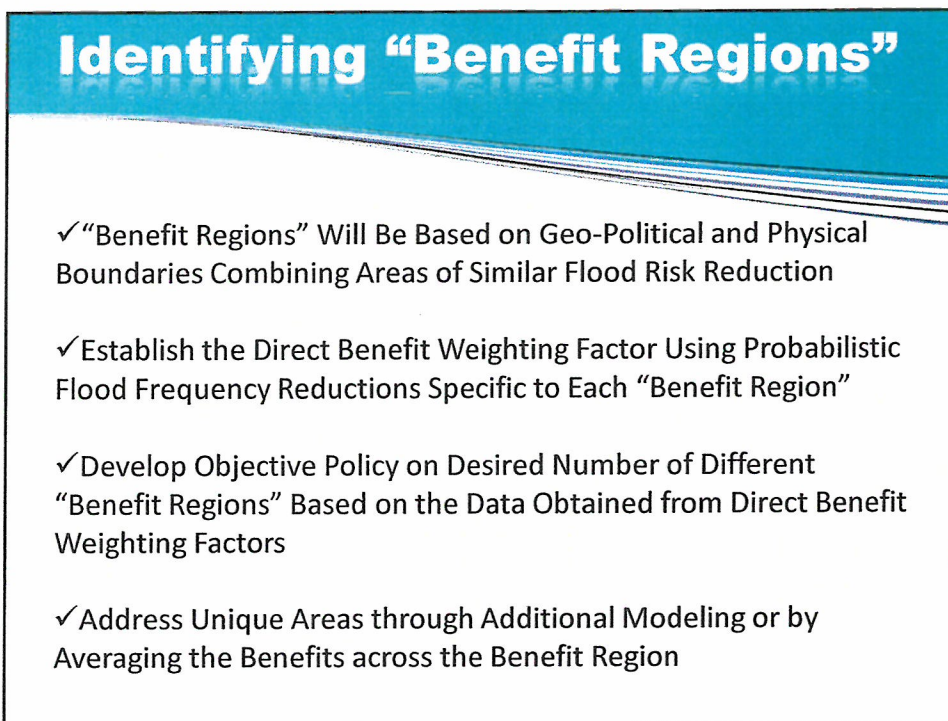
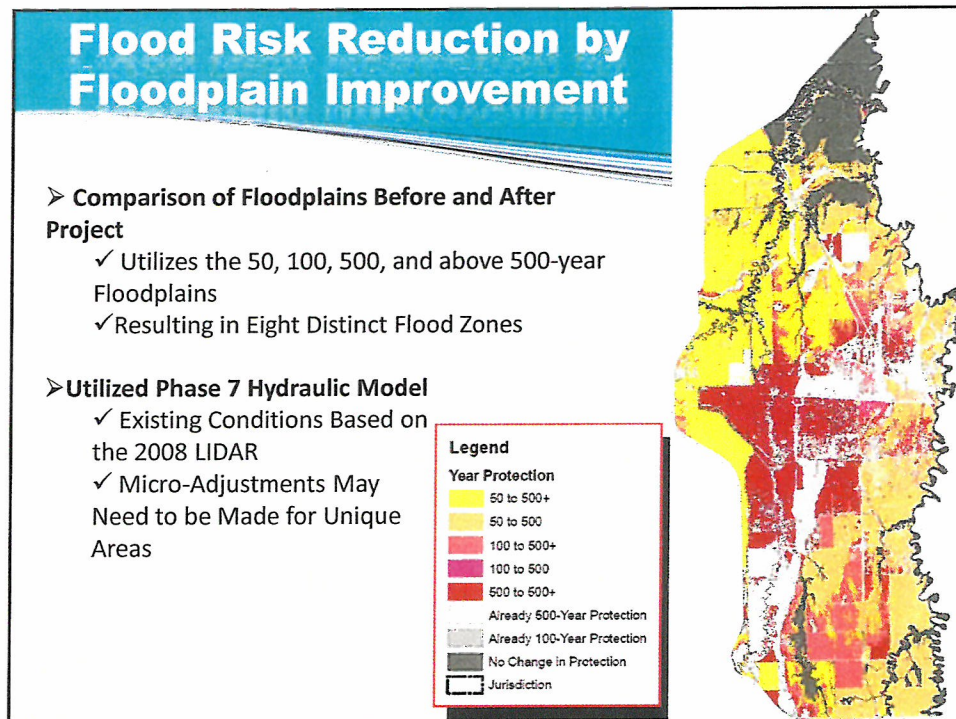
VOTING RIGHTS

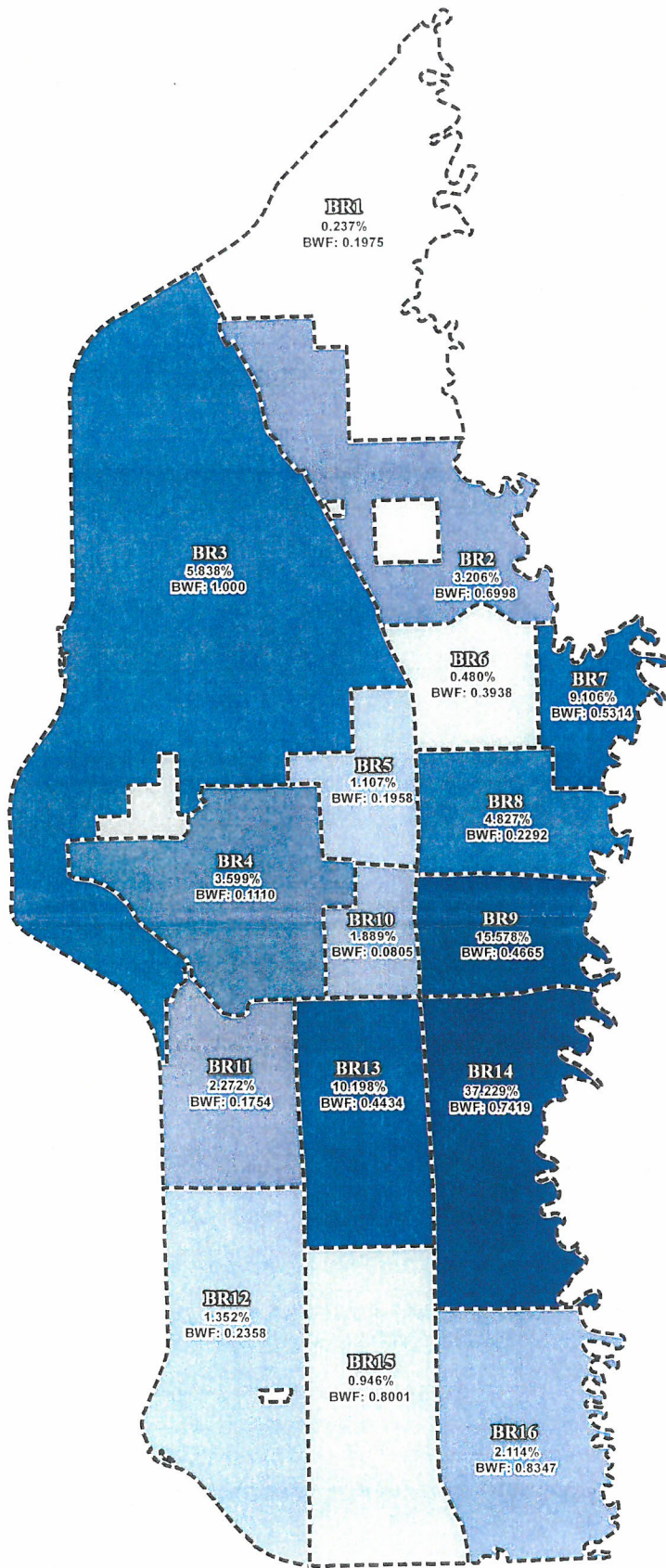
Direct Benefits	Indirect Benefits	Acquired ROW
Benefits to Individual Properties/Parcels	Global Benefits Assigned to Jurisdictions	Voting Power to Impacted Properties/Parcels
Consider: <ul style="list-style-type: none"> • Flood Risk Reduction • Existing Protection Level • Property Value Protected 	Consider: <ul style="list-style-type: none"> • Health Service & Infrastructure • Community & Lifestyle • Employment 	Consider: <ul style="list-style-type: none"> • Fixed Voting Amount Based on a Percentage of Assessed Value
Vote by Property Owners	Vote by Jurisdiction Leaders	Vote by Property Owners

APPROVED NEXT STEPS (from April DPAC Meeting)

Voting Rights Category	DPAC Direction
Direct Benefits Analysis	Proceed with Draft Direct Benefit Analysis for DPAC Review
Indirect Benefits Analysis	Develop Draft Objective Approach for Consideration
Acquired Right Of Way	Continue Work with Legal Team and Report Back on Preliminary Findings as Necessary







Legend

Benefit Regions

Benefit Region Analysis

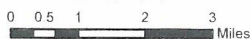
BR #	% of Assessment	BWF
BR 14	37.229%	0.7419
BR 9	15.578%	0.4665
BR 13	10.198%	0.4434
BR 7	9.106%	0.5314
BR 3	5.838%	1.0000
BR 8	4.827%	0.2292
BR 4	3.599%	0.1110
BR 2	3.206%	0.6998
BR 11	2.272%	0.1754
BR 16	2.114%	0.8347
BR 10	1.889%	0.0805
BR 12	1.352%	0.2358
BR 5	1.107%	0.1958
BR 15	0.946%	0.8001
BR 6	0.480%	0.3938
BR 1	0.237%	0.1975
Lagoons		

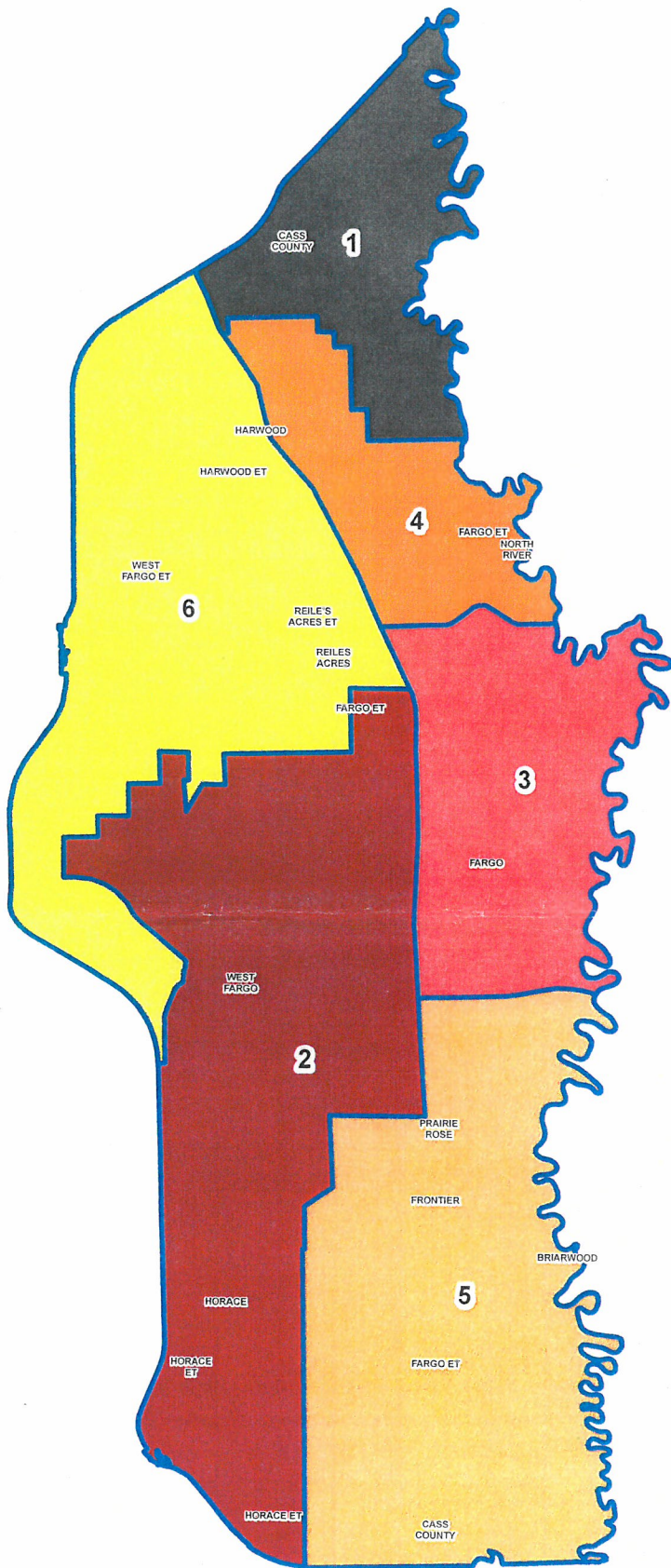
DRAFT



Coordinate System NAD 1983 StatePlane ND 5 FIPS 3302 F
 Projection Lambert Conformal Conic Datum North American 1983
 Parcel Data & Assessed Value Information Courtesy of Cass County, ND
 Maps are for graphical purposes only. They do not represent a legal survey. While every effort has been made to ensure that these data are accurate & reliable, the Diversion Authority, Cass County, & AES does not guarantee the accuracy of the information, & weaves any warranty or guarantee of any kind, express or implied. The data involved in this project is continuously refined & revised. You should not rely on this information for technical purposes or complete accuracy.

FM Area Diversion
 DIVERSION PROJECT ASSESSMENT COMMITTEE
*Percentage of Total Direct Benefit Assessment
 by Benefit Region*
 9/25/2013





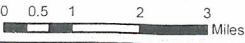
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Benefit Regions

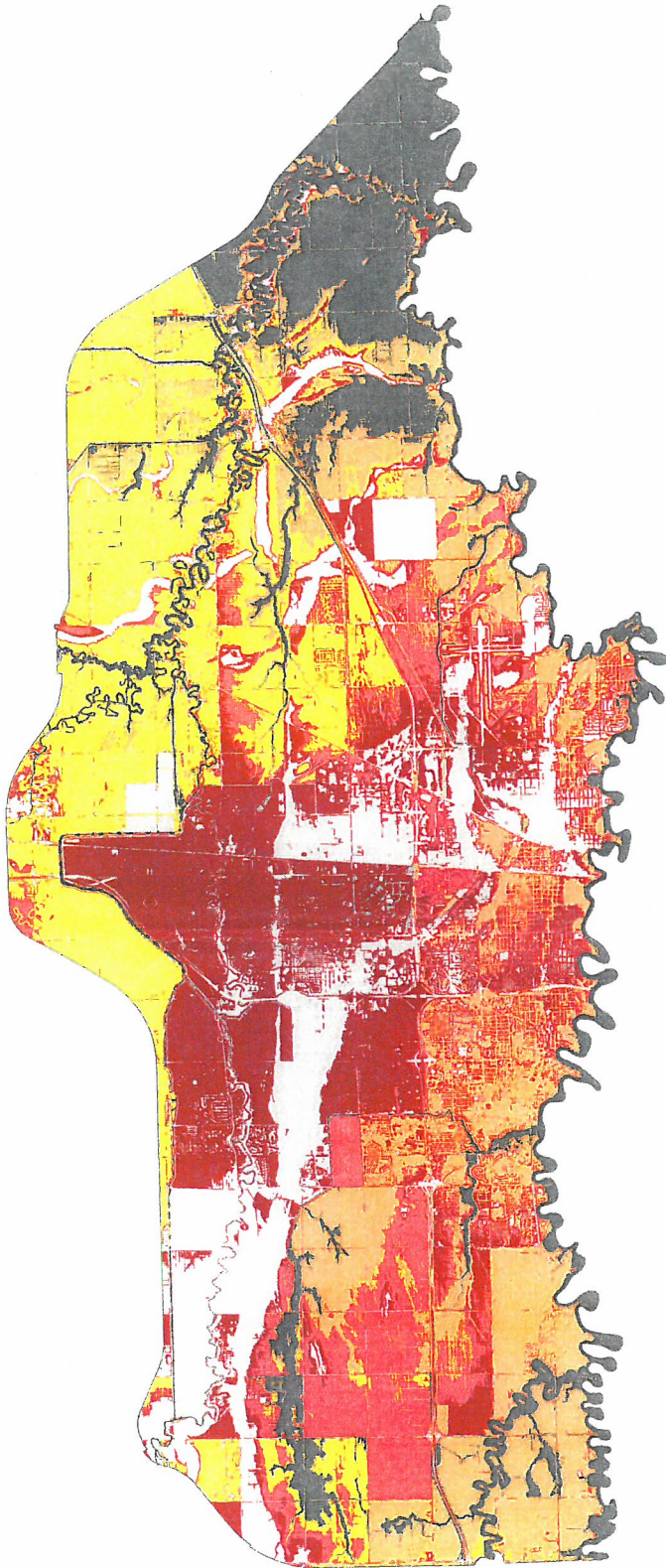
- Region 1
- Region 2
- Region 3
- Region 4
- Region 5
- Region 6


 7/24/2013

FM Area Diversion
 DIVERSION PROJECT ASSESMENT COMMITTEE
Preliminary Floodplain Improvement Analysis
Benefit Regions



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Legend

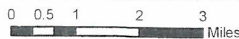
Year Protection

- 50 to 500+
- 50 to 500
- 100 to 500+
- 100 to 500
- 500 to 500+
- Already 500-Year Protection
- Already 100-Year Protection
- No Change in Protection

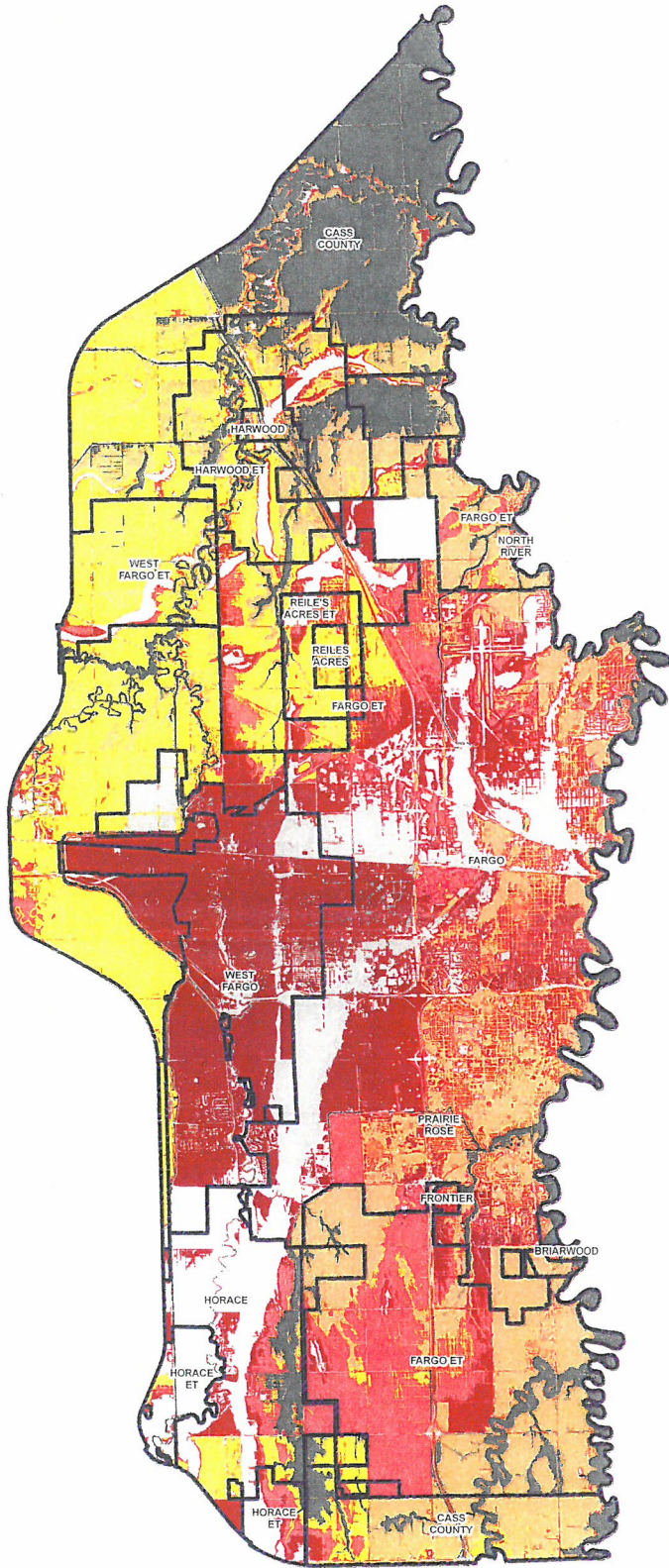


FM Area Diversion
DIVERSION PROJECT ASSESMENT COMMITTEE

Preliminary Floodplain Improvement Analysis

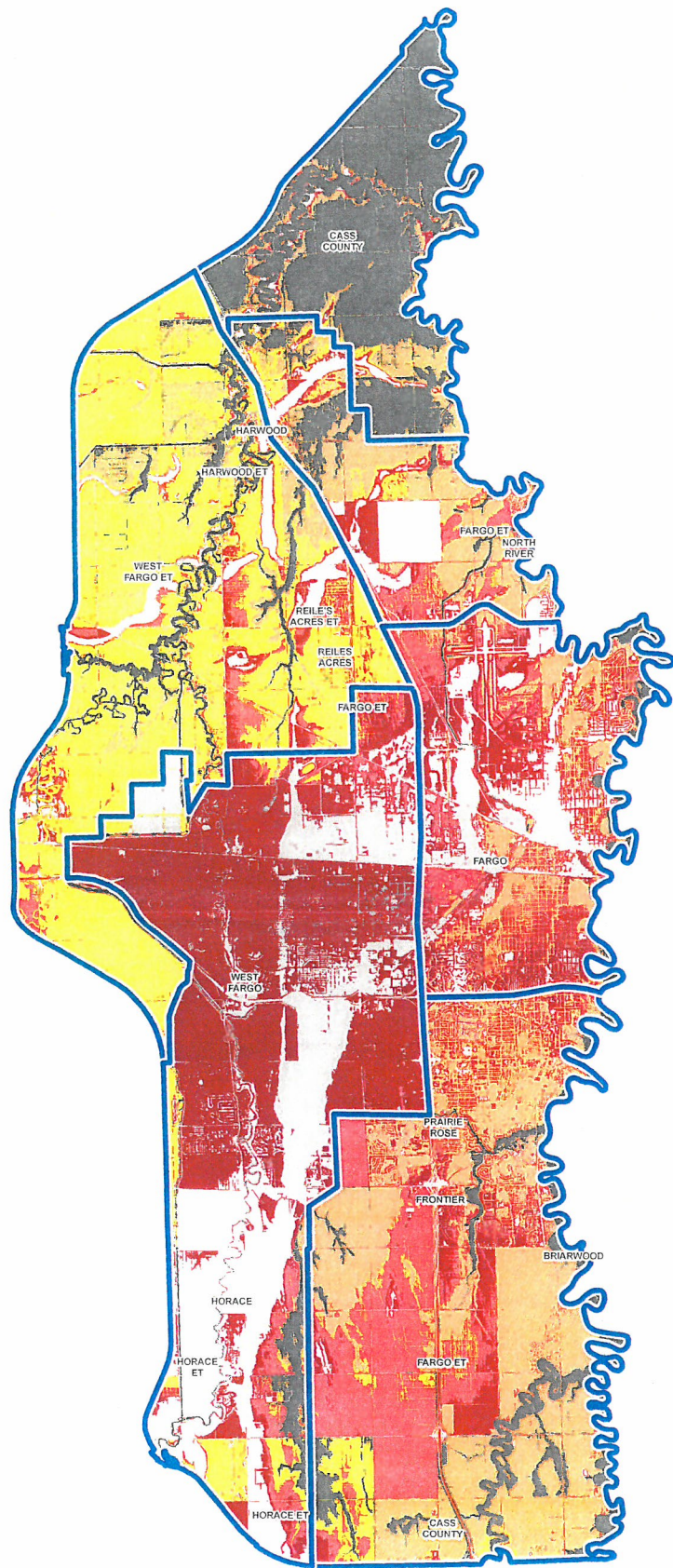


Disclaimer: This map was prepared for the FM Area Diversion Project. It is not intended to be used for any other purpose. The map is not a warranty, representation, or endorsement of any products or services. The map is not a guarantee of accuracy. The map is not a contract. The map is not a license. The map is not a franchise. The map is not a partnership. The map is not a joint venture. The map is not a consortium. The map is not a collaboration. The map is not a partnership. The map is not a joint venture. The map is not a consortium. The map is not a collaboration.




FM Area Diversion
 DIVERSION PROJECT ASSESMENT COMMITTEE

Preliminary Floodplain Improvement Analysis



Legend

- Benefit Regions
- Year Protection**
- 50 to 500+
- 50 to 500
- 100 to 500+
- 100 to 500
- 500 to 500+
- Already 500-Year Protection
- Already 100-Year Protection
- Less < 100-Year Protection



7/23/2013



0 0.5 1 2 3 Miles

FM Area Diversion

DIVERSION PROJECT ASSESMENT COMMITTEE

Preliminary Floodplain Improvement Analysis

Benefit Regions



The PFM Group
 Public Financial Management, Inc.
 PFM Asset Management LLC
 PFM Advisors

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 Suite 2710
 Minneapolis, MN 55402

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 612-338-7264 fax
 www.pfm.com

May 8, 2013

Memorandum

To: Fargo-Moorhead Flood Diversion Board of Authority – Finance Committee
From: Jessica Cameron Mitchell, Managing Director, Matt Schnackenberg, Senior Managing Consultant
Re: Financing Scenarios

PFM reviewed four preliminary scenarios for financing the local share of the Fargo-Moorhead Flood Diversion Project. All scenarios assume the funding of \$450 million over a five-year timeframe - \$50 million in federal fiscal year 2014 and \$100 million in each federal fiscal year 2015 to 2018.

The preliminary scenarios provide a range of the security options available – from stand-alone sales tax revenue financing which requires the highest coverage requirement and is the highest cost of financing to special assessment backed financing which does not have a coverage requirement and offers the ability to size issuances for future sales tax growth. The North Dakota Public Finance Authority's Capital Financing Program offers the Authority additional capacity compared to the stand-alone sales tax revenue financing due to lower borrowing costs and a lower coverage requirement without requiring the Authority to establish a special assessment district prior to the first bond issuance. The scenarios reviewed all assume long-term, fixed-rate issuances, however, there are a number of financing options and combinations of financing options available to the Authority which can be explored.

The assumptions for the financing scenarios are summarized below.

	Assumptions			
	Stand-Alone Sales Tax Revenue Bonds	Capital Financing Program Bonds "A" Rated	Capital Financing Program Bonds "AA" Rated	Special Assessment Bonds
Debt Service Reserve Fund	Max annual debt service	LOC - 0.55% of Par	LOC - 0.45% of Par	N/A
Costs of Issuance	\$3.50/\$1,000	\$3.50/\$1,000	\$3.50/\$1,000	\$3.50/\$1,000
Underwriter's Discount	\$4.00/\$1,000	\$4.00/\$1,000	\$4.00/\$1,000	\$4.00/\$1,000
Final Maturity	2031	2031	2031	2031
Minimum Coverage Requirement	1.50x	1.20x	1.20x	1.00x
Sales Tax Growth Factor	4.00%	4.00%	4.00%	4.00%
Rates	"A" MMD plus 0.10%	"A" MMD less 0.05%	AA" MMD plus 0.10%	AA" MMD plus 0.10%



Presented below are the results of each financing scenario.

Summary of Results				
	Stand-Alone Sales Tax Revenue Bonds	Capital Financing Program Bonds "A" Rated	Capital Financing Program Bonds "AA" Rated	Special Assessment Bonds
Bonded Amount	\$227,300,000	\$301,300,000	\$304,800,000	\$360,800,000
Pay - Go Portion	\$83,271,017	\$81,276,942	\$82,050,717	\$89,200,000
Unfunded Portion	\$139,428,983	\$67,423,058	\$63,149,283	-
Year Ending Balance Negative	2017	2018	2018	N/A
Year Ending Balance Positive	2028	2026	2026	N/A
True Interest Cost	2.79% - 3.29%	2.84% - 3.05%	2.66% - 2.87%	2.68% - 3.11%

Diversion Project Assessment Committee

Comparison between USACE FDA Value and Assessed Value

USACE FDA Model Structure & Content Value	Cass County Assessed Value
<p>PROS</p> <ul style="list-style-type: none"> • Values reflect anticipated damages and repair/replacement costs due to flood damages (Reflects only lower floors for large buildings) 	<p>PROS</p> <ul style="list-style-type: none"> • Data is routinely updated and readily available • Commonly used in special assessments • Does not account for value of content within structures and buildings
<p>CONS</p> <ul style="list-style-type: none"> • USACE does not currently plan to update the FDA Model for the project • Each round of updates to the model would cost approximately \$1M (USACE Estimate) • Data not available for structures constructed since FDA survey 	<p>CONS</p> <ul style="list-style-type: none"> • Data reflects total building costs, and is not necessarily correlated to damages associated with flooding

The FDA Value information could be used as a starting point for defining value for non-assessed properties (churches, schools, non-profits, etc.).

Metro Flood Study Work Group Update #3
Sent February 15, 2011

Metro Flood Study Work Group -

We are continuing to develop more information on the potential impacts of the proposed diversion project and what mitigation measures could be pursued. We currently anticipate that eliminating or minimizing downstream impacts will require upstream staging at levels of 5-8 feet. Upstream staging would mean temporarily increasing the water surface immediately upstream (south) of the project higher than it would have been without the project in operation. Preliminary analysis shows that this staging will impact approximately 800 structures (350 homes) and 54,000 acres of land (31,000 acres would be impacted without a project and 23,000 additional acres would be impacted by the project) for the 1-percent chance flood event.

We have received many questions as to why the impacts were switched from downstream to upstream. The reason why upstream impacts are currently being considered is to ensure that alternatives considered in our study process cover a broad range. In this regard, our modeling without upstream storage did not identify a point downstream where the impacts no longer exist. We initially anticipated that the downstream impacts would dissipate relatively quickly after flows reentered the Red River downstream of Fargo-Moorhead.

However, the modeling that was conducted showed that without doing anything immediately upstream of the diversion, the downstream impacts would extend all the way to Drayton, ND and beyond. It was estimated that if these downstream impacts continued to the Canadian border, approximately 4,500 structures could be impacted, along with thousands of additional acres of land. The downstream impacts from the outlet of the diversion to Thompson would have impacted 142,000 acres of land compared to 129,000 acres without a diversion, resulting in an additional impact to 13,000 acres of land for the 1-percent chance flood event, and that was only to Thompson.

Because of this uncertainty regarding the extent of downstream impacts, we felt it was necessary to look at alternatives that would allow downstream impacts to be mitigated.

The models being used for the project design and impact analysis are highly complex and detailed. The level of detail in the models and resultant impact analysis are greater than those used for other flood risk management projects in the Red River Basin. This does not mean that the model is perfect, but it does mean that it is the most detailed model ever developed for the Red River Basin.

The modeling indicated that we would need to store approximately 200,000 acre feet of water in close vicinity to the project to fully define the impacts. 200,000 acre feet is the equivalent of 40,000 acres with 5 feet of water. Due to the large amount of water that would need to be placed in storage, the technical options were very limited. The options were limited due to the lack of available storage further upstream and the fact that much more storage would be needed on upstream tributaries to have the same effectiveness as the storage in close vicinity of the project. Past flood events in the Red River Basin show that

floods do not always come from the same location. For instance, in 2006 the contribution from the area downstream of Hickson (on the Red River) and Abercrombie (on the Wild Rice River) represented less than 2-percent of the hydrograph volume at the Fargo gage, whereas in 1997 the contribution of this area was approximately 16-percent of the hydrograph volume at the Fargo gage. In order for storage to be reliable on upstream tributaries extremely large sites would need to be developed in each of the upper watersheds to have the same effectiveness as the storage in close vicinity of the project. These tributary storage sites would impact much more land than the storage in close vicinity of the project. The North Dakota State Water Commission developed an article regarding storage and its effectiveness; this article can be found at: <http://www.swc.state.nd.us/4dlink9/4dcgi/GetContentPDF/PB-1755/OxbowMar10.pdf>

Two primary options were available for providing the approximately 200,000 acre feet of storage that was needed in close vicinity of the project. These were to construct storage areas or to stage water. As we continued the study, we found that both options will be necessary to fully mitigate the downstream impacts of the project. Initially, we had looked at staging combined with four large storage areas on the south end of the diversion. We have found use of one of these large areas, the storage area furthest to the west, along with staging, will allow us to mitigate downstream impacts of the project.

On another note, the Fargo Forum published an opinion piece on February 12th, that claimed the diversion project would only reduce the flood stage by 3 feet, that claim is incorrect. The diversion channel will reduce the flood stages for the 1-percent chance event by nearly 12 feet.

Please let me know if you have any questions and distribute this information to any interested parties.

Thanks,
Aaron

RES

CASS COUNTY
GOVERNMENT

FLOOD
DIVERSION
AUTHORITY

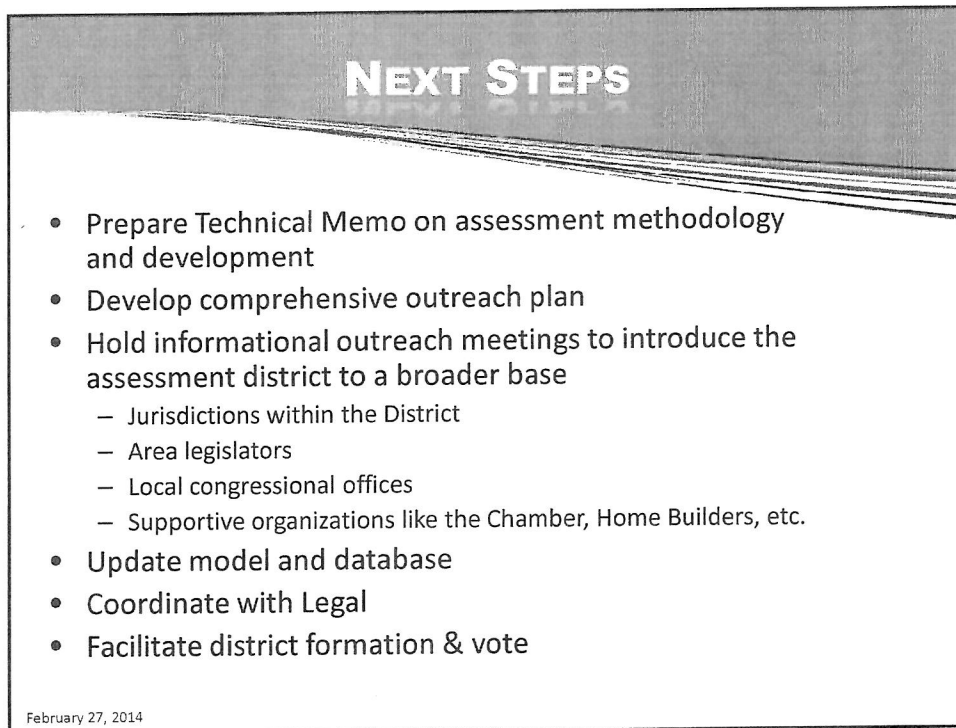
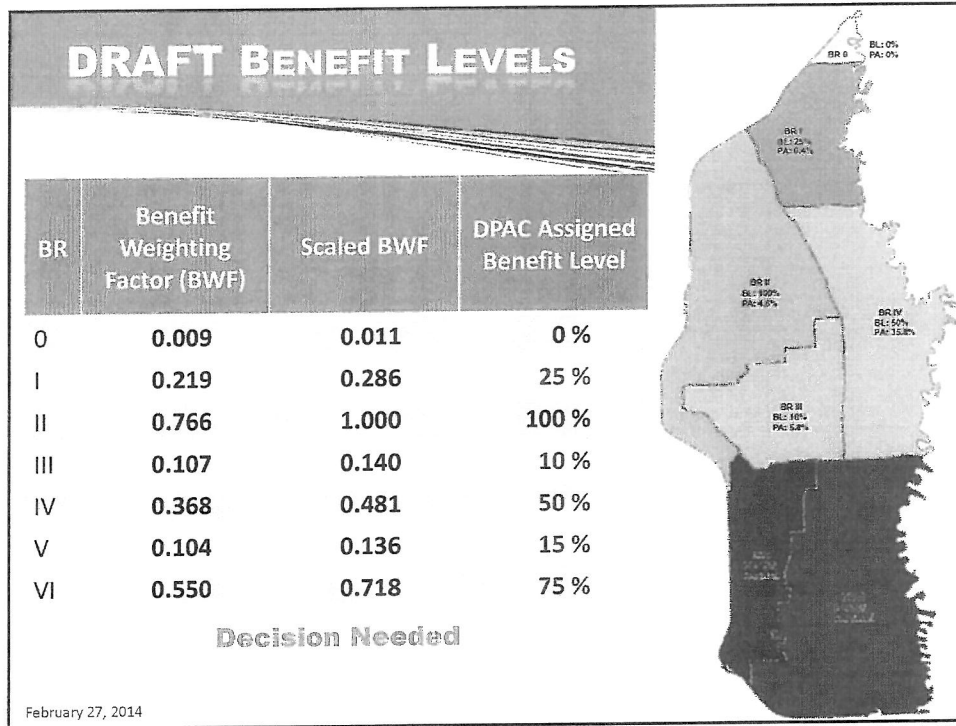
Diversion Project Assessment Committee

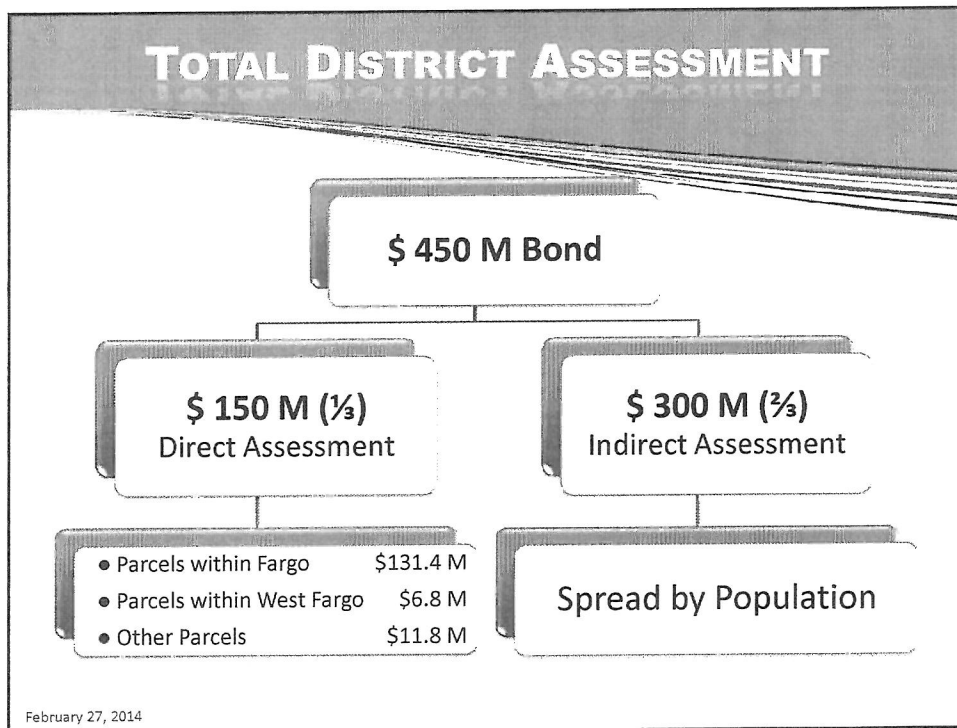
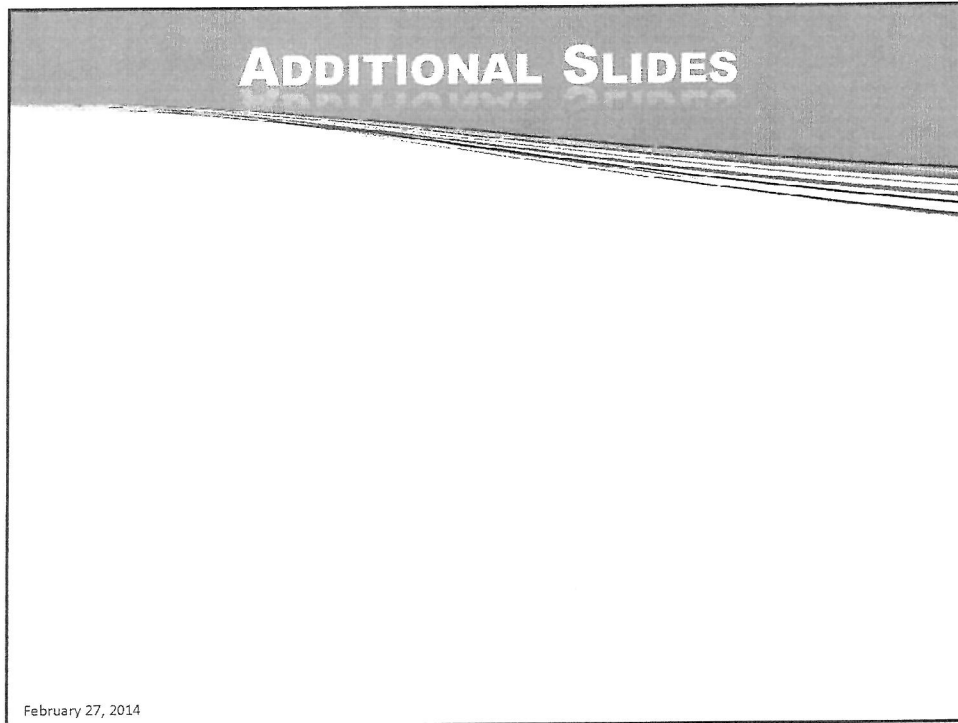
Benefit Levels & Next Steps
February 27, 2014

FINANCE COMMITTEE SUMMARY

- Presented to Finance Committee Feb. 12
- Reviewed DPAC methodology and draft assessments
- Positive reaction to work completed to date
- Directed to continue efforts towards a vote
- Reaffirmed the need to finance the Diversion Project

February 27, 2014



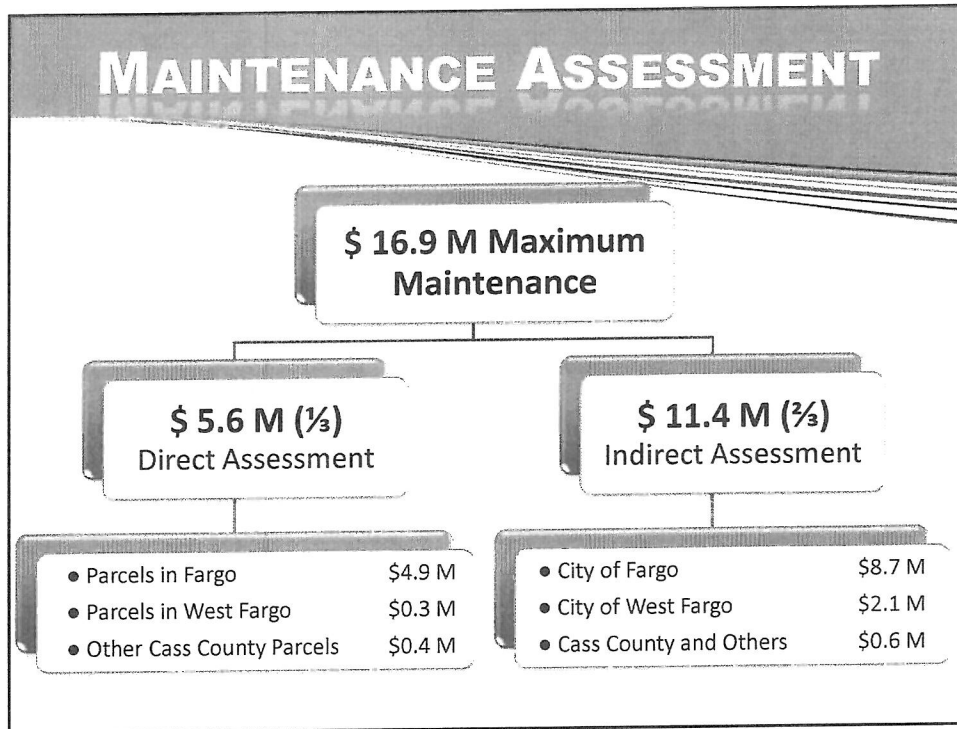


Draft	Draft Property Assessment \$450 M Bond (\$150 M of Direct Assessment)				
	Benefit Region (BR)	Residential Property Value			Ag Assess. Per Acre
		\$100,000	\$200,000	\$500,000	
BR0	\$0	\$0	\$0	\$0.00	
BRI	\$882	\$1,764	\$4,411	\$26.43	
BRII	\$3,529	\$7,057	\$17,643	\$106.39	
BRIII	\$353	\$706	\$1,764	\$9.85	
BRIV	\$1,764	\$3,529	\$8,822	\$51.91	
BRV	\$529	\$1,059	\$2,646	\$17.63	
BRVI	\$2,646	\$5,293	\$13,232	\$80.73	

February 27, 2014

Draft	Draft Annual Property Payment (3%, 30-years) \$450 M Bond (\$150 M of Direct Assessment)				
	Benefit Region (BR)	Residential Property Value			Ag Assess. Per Acre
		\$100,000	\$200,000	\$500,000	
BR0	\$0	\$0	\$0	\$0.00	
BRI	\$45	\$90	\$225	\$1.35	
BRII	\$180	\$360	\$900	\$5.43	
BRIII	\$18	\$36	\$90	\$0.50	
BRIV	\$90	\$180	\$450	\$2.65	
BRV	\$27	\$54	\$135	\$0.90	
BRVI	\$135	\$270	\$675	\$4.12	

February 27, 2014



Benefit Region	Residential Property Value			Ag Assess. Per Acre
	\$100,000	\$200,000	\$500,000	
0	\$0	\$0	\$0	\$0
I	\$33	\$66	\$166	\$0.99
II	\$133	\$265	\$663	\$4.00
III	\$13	\$27	\$66	\$0.37
IV	\$66	\$133	\$332	\$1.95
V	\$20	\$40	\$100	\$0.66
VI	\$100	\$199	\$498	\$3.04

Draft Maximum Annual Maintenance Assessment (\$5.6 M of Direct Assessment)

February 27, 2014

It is likely, therefore, that in the future, the Diversion Authority will discuss the possibility of having the Water Resource District issue bonds for the Diversion Project in order to get lower interest rates, and to maximize the amount of the local share of the Diversion Project that can be paid with bond proceeds.

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FM Area Diversion

DIVERSION PROJECT
ASSESSMENT COMMITTEE



Benefit Region Summary

February
2014

Key

Benefit Regions (BR)

BL: Benefit Level

PA: Percentage of
Total Direct Assesment

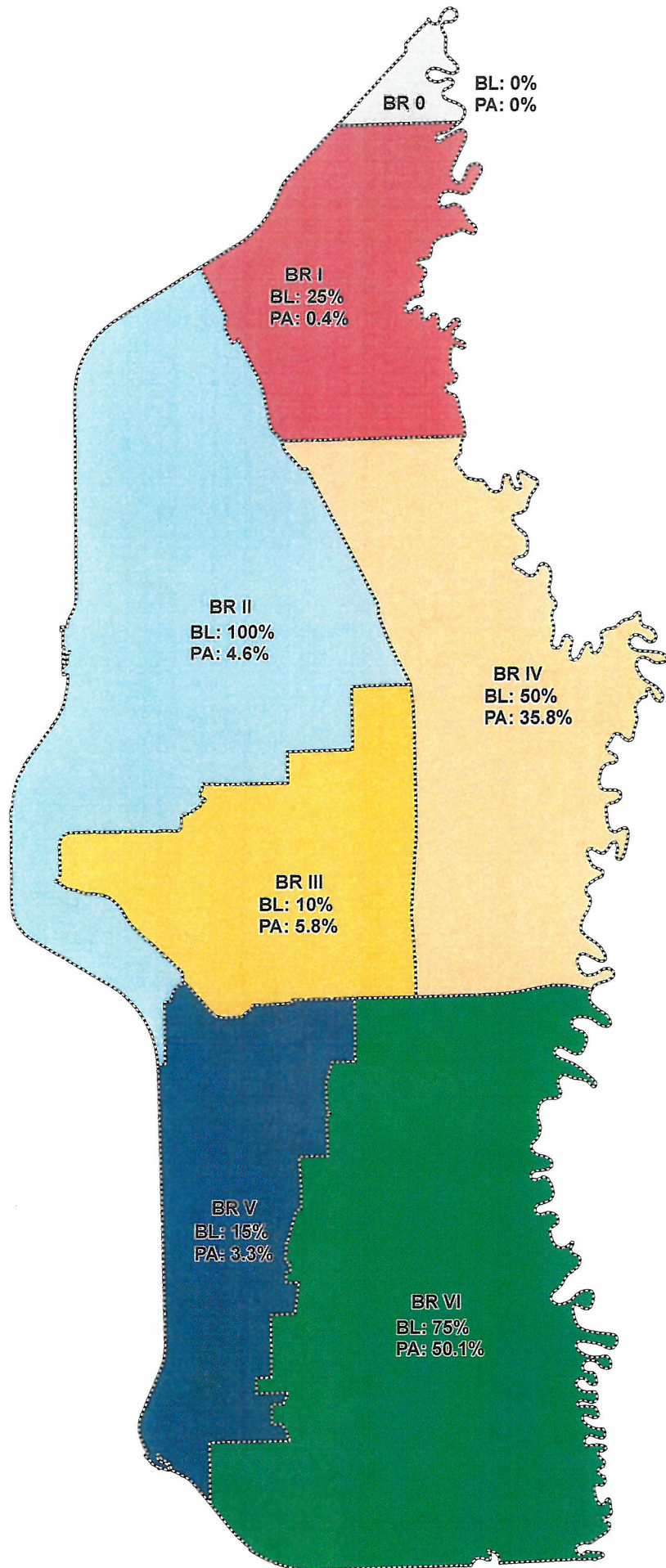
Coordinate System: NAD 1983 StatePlane ND 5 FIPS 3302 F1
Projection: Lambert Conformal Conic Datum: North American 1983
Parcel Data & Assessed Value Information Courtesy of Cass
County, ND.

Maps are for graphical purposes only. They do not represent a legal
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involved in the project is continuously refined & revised, you should
not rely on this information for technical purposes or complete accuracy.

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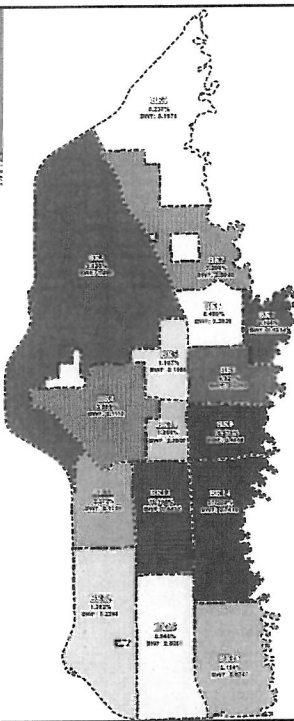


DRAFT



Benefit Regions Development

- ✓ 16 Initial Benefit Regions
 - Four Additional Regions for Lagoons
- ✓ Utilize Project-Specific Flood Protection
- ✓ Utilize FEMA Floodplain Information
- ✓ Include Parcels that Receive No Flood Threat Reduction, but May Receive Other Flood Protection Benefits
- ✓ Direct Benefit Assessments Include a Value and Area Component




Direct Assessment Sample Averages (1st Cut...)

	Average Residential	Average Commercial	Average Agricultural per 40 Acres
BR3 (North of WF)	\$4,231	\$2,812	\$4,619
BR4 (WF North of I-94)	\$461	\$1,101	\$513
BR8 (Downtown Fargo)	\$691	\$2,713	\$0
BR14 (Southern Fargo)	\$3,560	\$21,973	\$3,560

Per \$100 Million

Ag/Home Assessment Sensitivity (BR14)					
Acre Equivalent to Average Residence	Annual Per Acre Payment	Per Acre Total	Total Ag Assessment	Per # of Acres	Average Home (BR14)
#10 Acre	\$19.50	\$300	13.5%	\$2,997	\$2,997
#20 Acre	\$10.90	\$167	7.6%	\$3,350	\$3,350
#40 Acre	\$5.79	\$89	4.0%	\$3,560	\$3,560
#80 Acre	\$2.99	\$46	2.1%	\$3,675	\$3,675
#120 Acre	\$2.01	\$31	1.4%	\$3,715	\$3,715
#200 Acre	\$1.22	\$18	0.8%	\$3,749	\$3,749

Per \$100 Million, Assuming 30-Year, 5%



Goal for October

Adopt Methodology on Zero Value Records

Zero Value Records

- ✓ County Data Includes ~3600 Parcels with zero value
- ✓ Methodology Needed to Supplement County Database

Every \$100 Million in Value Added Reduces Average Assessment by ~1%

#	Category	# of Parcels	# of Acres
1.	CEMETERY	9	106
2.	FEDERAL	12	61
3.	STATE	282	2,269
4.	MUNICIPAL	1,179	6,232
5.	PARK	402	2,236
6.	CHURCH	180	460
7.	SCHOOL	60	538
8.	RAILROAD	338	4,840
9.	NON-DEEDED ROW	N/A	N/A
10.	INDIVIDUAL OWNED	298	721
11.	NON-PROFIT / BUSINESS	879	1,728
	Total	3,639	19,195

Methodology to Assign Value

Methodology Options

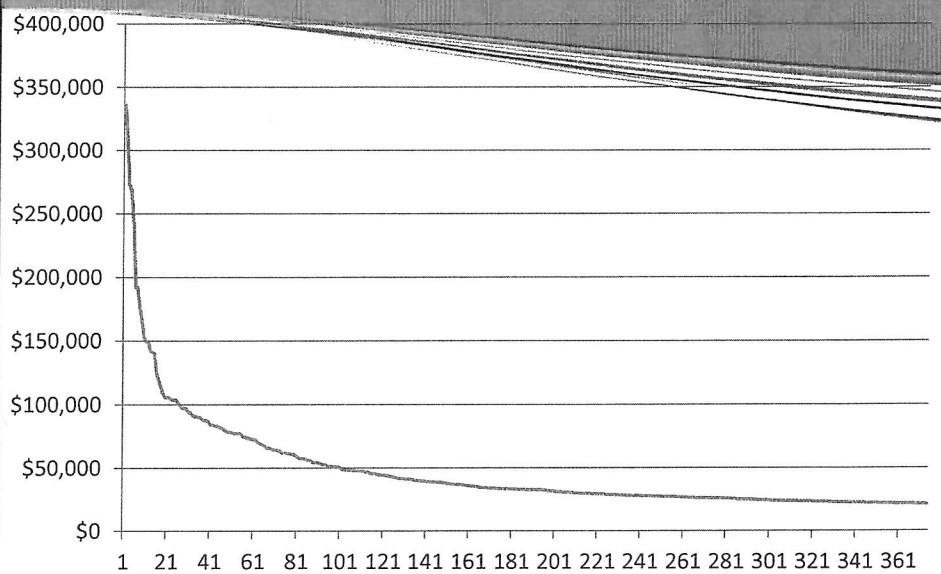
- 1) Non-Assessable, i.e. Leave as Zero Value
- 2) Use Other Databases
 - a) State Fire & Tornado Insurance Fund
 - b) City Data
- 3) Develop Methodology for Remaining Zero Value Records
 - a) Treat as Ag-Land
 - b) Hire Assessor
 - c) Insured Value
 - d) Other

Category	# of Parcels	After Fargo Data Applied	Recommended Method
FEDERAL, STATE, & CEMETERY	301	15	Not Assessable
MUNICIPAL	1179	531	State Fire & Tornado Fund
PARK	402	88	Treat as Ag-land
CHURCH	180	39	Use City Data
SCHOOL	60	25	State Fire & Tornado Fund
RAILROAD & DEEDED ROW	338	194	Treat as Ag-land
NON-DEEDED ROW	N/A	N/A	Treat as Indirect
INDIVIDUAL OWNED	298	191	Need Add'l Input
NON-PROFIT / BUSINESS	879	213	Use City Data

Next Steps

- ✓ Finalize Methodology on Zero Value Records
- ✓ Discuss Possible Value Caps
- ✓ ROW Vote Finalization
- ✓ Reengage in Discussions on Indirect

Highest Assessments per \$100 M





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From: Eric Dodds [mailto:Eric.Dodds@AE2S.com]
Sent: Monday, March 18, 2013 4:32 PM
To: Sean M. Fredricks; Shawn Gaddie; Jacob Strombeck
Subject: RE: Indirects

Thanks Sean.

From: Sean M. Fredricks [mailto:SFredricks@OhnstadLaw.com]
Sent: Monday, March 18, 2013 4:10 PM
To: Eric Dodds; Shawn Gaddie; Jacob Strombeck
Subject: Indirects

Gentlemen, I am putting together a more succinct explanation to respond to the question regarding indirect benefits assessed to properties for future growth potential, but in short the answer is the statute doesn't allow it:

61-16.1-21. Assessment of cost of project. Whenever the water resource board proposes to make any special assessment under the provisions of this chapter, the board, prior to the hearing required under section 61-16.1-18, shall inspect any and all lots and parcels of land, which may be subject to assessment and shall determine from the inspection the particular lots and parcels of lands which, in the opinion of the board, will be especially benefited by the construction of the work for which the assessment is made and shall assess the proportion of the total cost of acquiring right of way and constructing and maintaining such improvement in accordance with benefits received but not exceeding such benefits, against:

1. Any county, township, or city, in its corporate capacity, which may be *benefited directly or indirectly* thereby.
2. Any lot, piece, or parcel of land which is *directly benefited* by such improvement.

In determining benefits the board shall consider, among other factors, property values, degree of improvement of properties, productivity, and the water management policy as expressed in section 61-16.1-15. . . .

As you can see, 61-16.1-21 allows WRDs to assess properties only for direct benefits (we can't assess properties for indirect benefits; in other words, we can't specifically identify indirect benefits for a property and assess a governing entity for those benefits, to "hold" for assessment against the property later). We can only assess governing entities for indirect benefits. The plain language of the statute answers that question. But I'll provide some more detailed analysis, hopefully in a memo tomorrow.

Regards,

Sean M. Fredricks

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