



Beltrami County Jail Bond Scenarios

Presentation to Beltrami County Board

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Bond Scenarios

- Bond scenarios to fund Jail costing \$60M, \$80M, and \$100M
 - ✓ 25-year level debt service with payments in 2026 – 2050
 - ✓ Current market bond interest rates plus 50 basis points
 - ✓ Opted not to run wrapped scenarios because County has only \$440,000 of existing debt service due in Fiscal 2026 (final payment 2/1/27), the first year of Jail bond debt service
- Estimated average annual debt service in 2026 – 2050
 - ✓ \$60M Scenario: \$4.1M per year
 - ✓ \$80M Scenario: \$5.4M per year
 - ✓ \$100M Scenario: \$6.8M per year

Potential Repayment Revenues

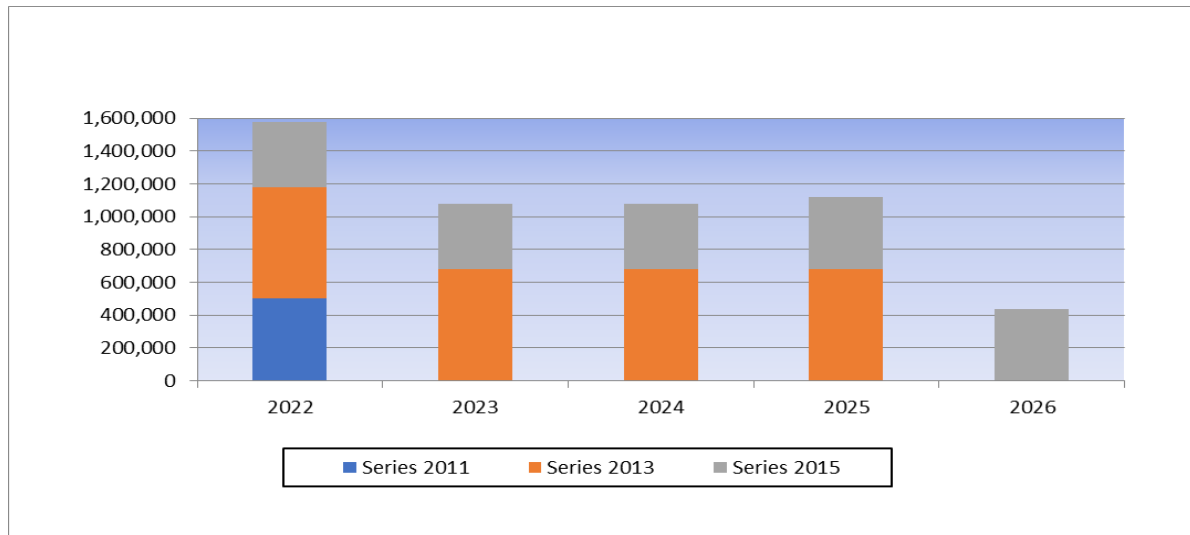
- New Local Option Sales Tax for Jail Project
 - ✓ 0.50% Tax = \$4M per year (conservative estimate, no inflation)
- Portion of County's Existing \$1.6M Debt Levy
 - ✓ Roughly \$500K available in 2023 – 2025 (\$1.5M total)
 - ✓ \$1.1M available in 2026
 - ✓ \$1.6M available in 2027 and after
- New County Debt Levy – in addition to Existing Debt Levy
 - ✓ 1% Increase in County's NTC Rate = \$450K new levy revenue

More on LOST Sales Tax

- \$4M revenue from 0.50% LOST is conservative estimate, based on current taxable sales volumes
 - ✓ Scenarios assume LOST collections start 2026 (with debt service)
 - ✓ If Legislature and Voters approve in 2023, County could collect approximately \$7M in April 2024 through December 2025
 - ✓ County could apply these revenues toward Jail project cost and/or Jail bond debt service starting in 2026
 - ✓ Scenarios don't assume any use of accumulated LOST revenues
- ✓ Baseline scenarios assume no LOST inflation through 2050
- ✓ Alternative scenarios assume 2% LOST inflation starting 2027
 - In reality, inflation would likely start with first collection in 2024

More on Existing and New Debt Levies

- Existing County Debt Service – by Fiscal Year



- Fiscal 2022: $\text{NTC } (\$41,240,515) \times \text{NTC Rate } (63.669\%) = \text{Total County Levy of } \$26,257,423$
 - ✓ Increasing NTC rate to 64.669% would add \$412K to Pay 2022 levy and an estimated \$450K to Pay 2026 levy

\$60M Scenario: \$4.1M Annual Debt Service

\$60,600,000 General Obligation Jail Bonds, Series 2025A

Assumes Current Market Non-BQ AAA Rates plus 50bps

Sources & Uses

Dated 06/01/2025 | Delivered 06/01/2025

Sources Of Funds

Par Amount of Bonds	\$60,600,000.00
Total Sources	\$60,600,000.00

Uses Of Funds

Total Underwriter's Discount (0.700%)	424,200.00
Costs of Issuance	172,000.00
Deposit to Project Construction Fund	60,000,000.00
Rounding	3,800.00
Total Uses	\$60,600,000.00

\$60M Scenario: \$4.1M Annual Debt Service

Date	Principal	Coupon	Interest	Total P+	Fiscal Total
06/01/2025	-	-	-	-	-
06/01/2026	-	-	2,443,780.00	2,443,780.00	-
12/01/2026	405,000.00	2.300%	1,221,890.00	1,626,890.00	4,070,670.00
06/01/2027	-	-	1,217,232.50	1,217,232.50	-
12/01/2027	1,635,000.00	2.550%	1,217,232.50	2,852,232.50	4,069,465.00
06/01/2028	-	-	1,196,386.25	1,196,386.25	-
12/01/2028	1,680,000.00	2.650%	1,196,386.25	2,876,386.25	4,072,772.50
06/01/2029	-	-	1,174,126.25	1,174,126.25	-
12/01/2029	1,725,000.00	2.850%	1,174,126.25	2,899,126.25	4,073,252.50
06/01/2030	-	-	1,149,545.00	1,149,545.00	-
12/01/2030	1,775,000.00	2.950%	1,149,545.00	2,924,545.00	4,074,090.00
06/01/2031	-	-	1,123,363.75	1,123,363.75	-
12/01/2031	1,825,000.00	3.150%	1,123,363.75	2,948,363.75	4,071,727.50
06/01/2032	-	-	1,094,620.00	1,094,620.00	-
12/01/2032	1,885,000.00	3.250%	1,094,620.00	2,979,620.00	4,074,240.00
06/01/2033	-	-	1,063,988.75	1,063,988.75	-
12/01/2033	1,945,000.00	3.350%	1,063,988.75	3,008,988.75	4,072,977.50
06/01/2034	-	-	1,031,410.00	1,031,410.00	-
12/01/2034	2,010,000.00	3.450%	1,031,410.00	3,041,410.00	4,072,820.00
06/01/2035	-	-	996,737.50	996,737.50	-
12/01/2035	2,080,000.00	3.550%	996,737.50	3,076,737.50	4,073,475.00
06/01/2036	-	-	959,817.50	959,817.50	-
12/01/2036	2,150,000.00	3.700%	959,817.50	3,109,817.50	4,069,635.00
06/01/2037	-	-	920,042.50	920,042.50	-
12/01/2037	2,230,000.00	3.750%	920,042.50	3,150,042.50	4,070,085.00
06/01/2038	-	-	878,230.00	878,230.00	-
12/01/2038	2,315,000.00	3.950%	878,230.00	3,193,230.00	4,071,460.00
06/01/2039	-	-	832,508.75	832,508.75	-
12/01/2039	2,405,000.00	4.050%	832,508.75	3,237,508.75	4,070,017.50
06/01/2040	-	-	783,807.50	783,807.50	-
12/01/2040	2,505,000.00	4.200%	783,807.50	3,288,807.50	4,072,615.00

\$60M Scenario: \$4.1M Annual Debt Service

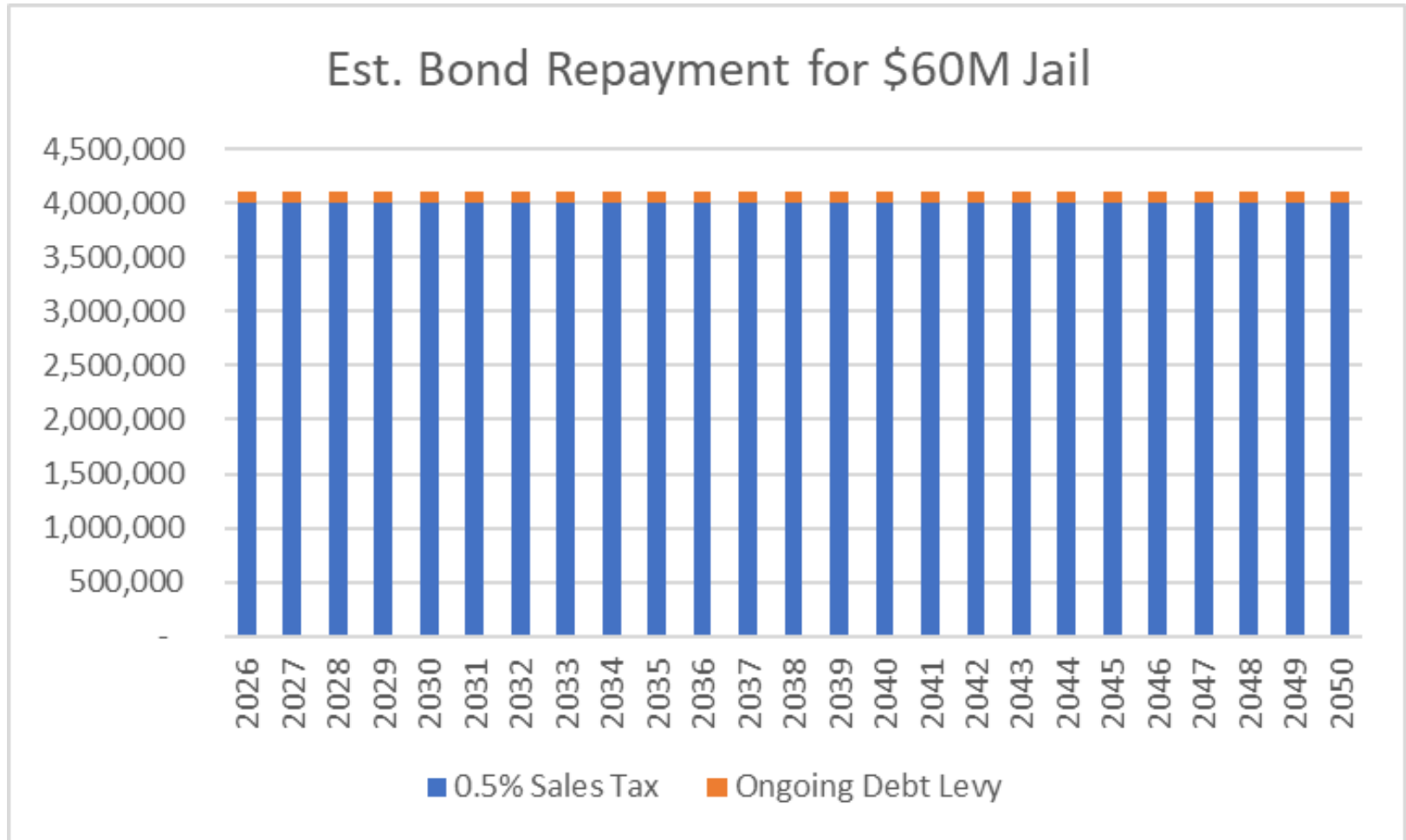
06/01/2041	-	-	731,202.50	731,202.50	-
12/01/2041	2,610,000.00	4.300%	731,202.50	3,341,202.50	4,072,405.00
06/01/2042	-	-	675,087.50	675,087.50	-
12/01/2042	2,720,000.00	4.400%	675,087.50	3,395,087.50	4,070,175.00
06/01/2043	-	-	615,247.50	615,247.50	-
12/01/2043	2,840,000.00	4.450%	615,247.50	3,455,247.50	4,070,495.00
06/01/2044	-	-	552,057.50	552,057.50	-
12/01/2044	2,970,000.00	4.500%	552,057.50	3,522,057.50	4,074,115.00
06/01/2045	-	-	485,232.50	485,232.50	-
12/01/2045	3,100,000.00	4.550%	485,232.50	3,585,232.50	4,070,465.00
06/01/2046	-	-	414,707.50	414,707.50	-
12/01/2046	3,245,000.00	4.600%	414,707.50	3,659,707.50	4,074,415.00
06/01/2047	-	-	340,072.50	340,072.50	-
12/01/2047	3,390,000.00	4.650%	340,072.50	3,730,072.50	4,070,145.00
06/01/2048	-	-	261,255.00	261,255.00	-
12/01/2048	3,550,000.00	4.650%	261,255.00	3,811,255.00	4,072,510.00
06/01/2049	-	-	178,717.50	178,717.50	-
12/01/2049	3,715,000.00	4.700%	178,717.50	3,893,717.50	4,072,435.00
06/01/2050	-	-	91,415.00	91,415.00	-
12/01/2050	3,890,000.00	4.700%	91,415.00	3,981,415.00	4,072,830.00
Total	\$60,600,000.00	-	\$41,199,292.50	\$101,799,292.50	-

Bond Year Dollars	\$953,470.00
Average Life	15.734 Years
Average Coupon	4.3209847%
Net Interest Cost (NIC)	4.3654748%
True Interest Cost (TIC)	4.3287299%

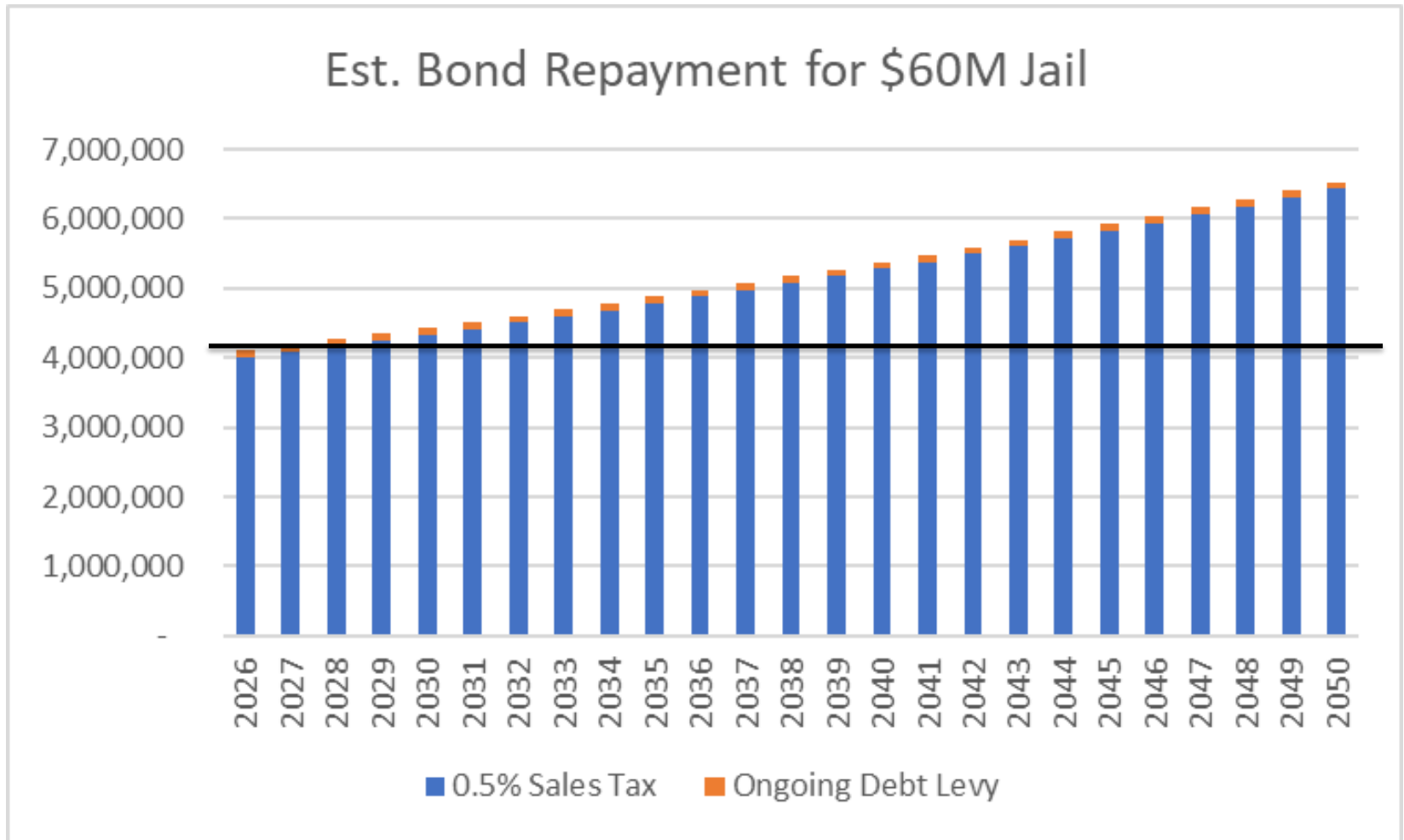
\$60M Scenario: \$4.1M Annual Debt Service

- Recommended Repayment Revenues
 - ✓ \$4M per year from 0.50% Sales Tax
 - ✓ Retain \$100K of freed-up levy capacity in 2026 and after
 - \$1M available for other purposes in 2026
 - \$1.5M available for other purposes in 2027
 - ✓ No need for 2023 – 2025 freed-up levy capacity
 - ✓ No need for new debt levy

\$60M Scenario: Repayment Sources



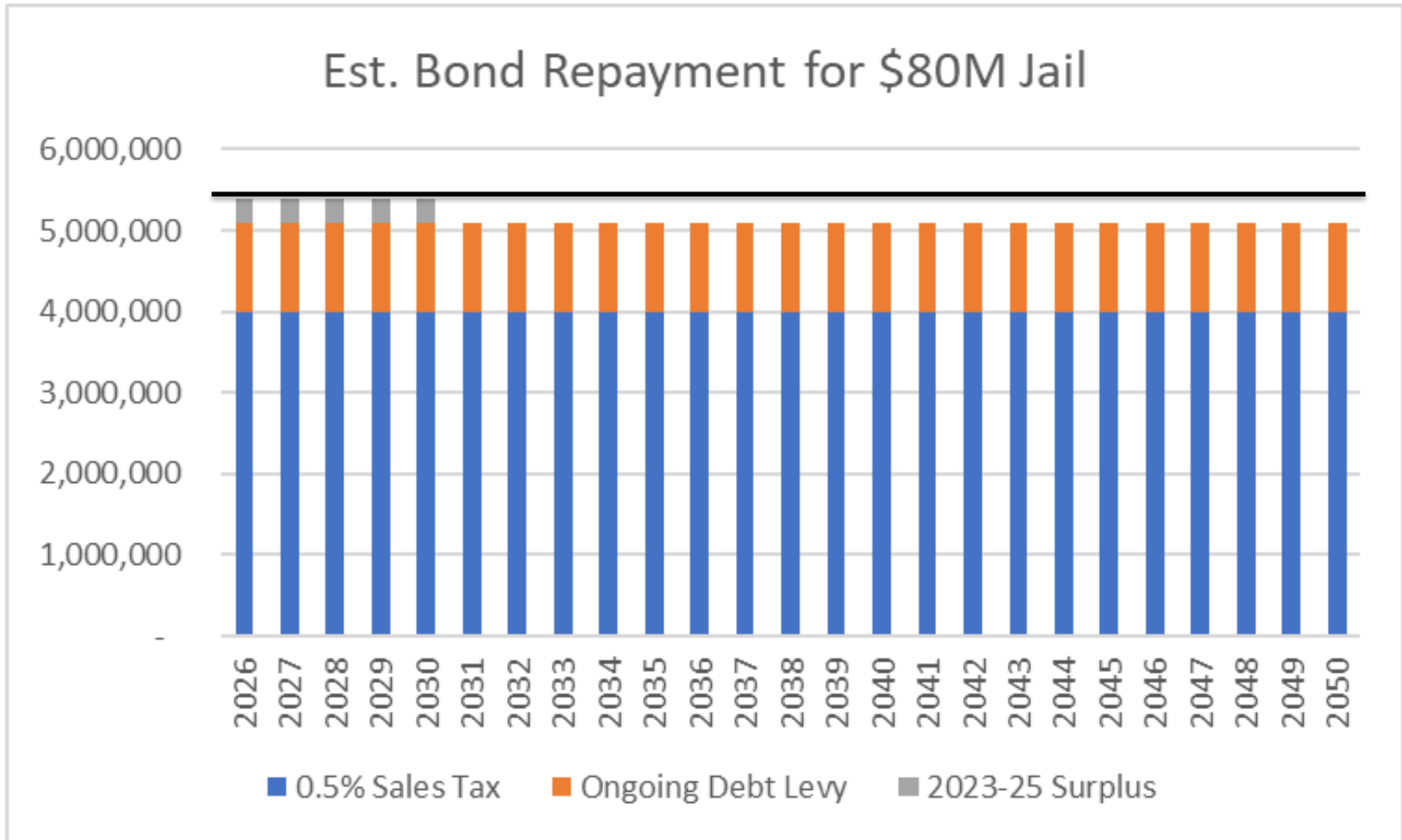
\$60M Scenario: With 2% LOST Inflation



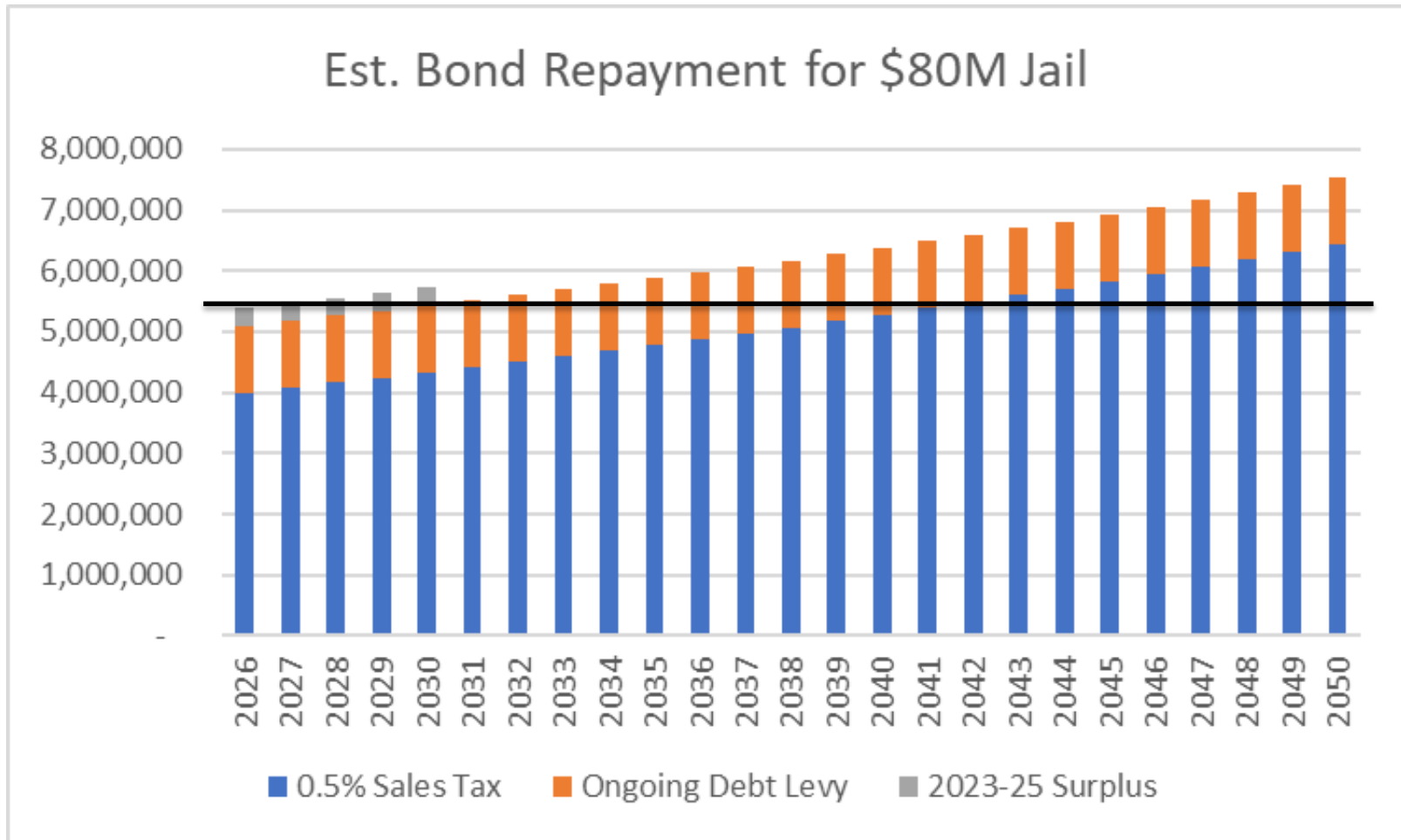
\$80M Scenario: \$5.4M Annual Debt Service

- Recommended Repayment Revenues
 - ✓ \$4M per year from 0.50% Sales Tax (\$100M total w/o inflation)
 - ✓ “Bank” 2023 – 2025 freed-up levy capacity, use in 2026 – 2030
 - ✓ Use \$1.1K of freed-up levy capacity in 2026 and after
 - \$0 available for other purposes in 2026
 - \$500K available for other purposes in 2027 and after
 - Over time, LOST inflation may allow County to reallocate some / all of \$1.1M retained levy to other purposes
 - ✓ No need for new debt levy

\$80M Scenario: Repayment Sources



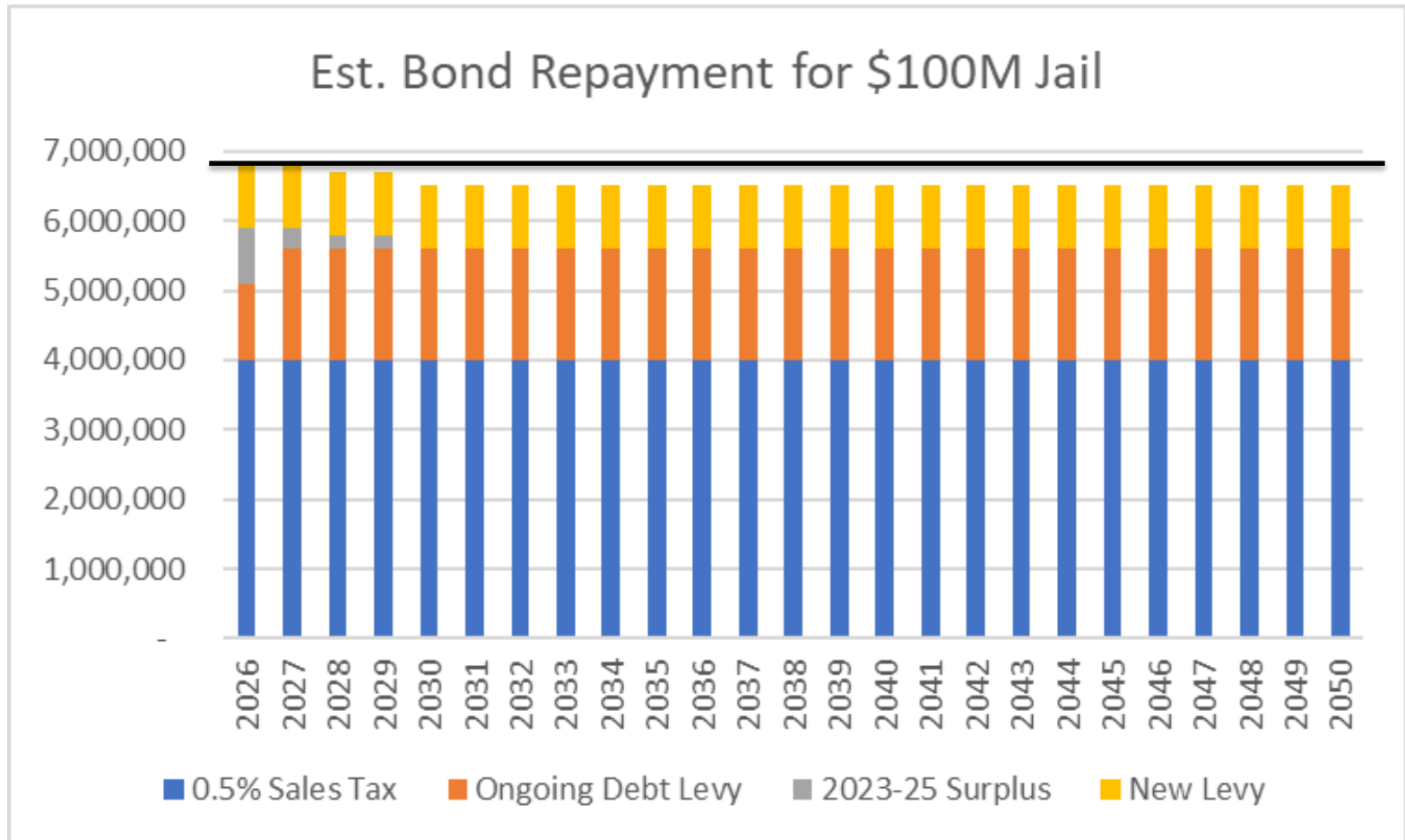
\$80M Scenario: With 2% LOST Inflation



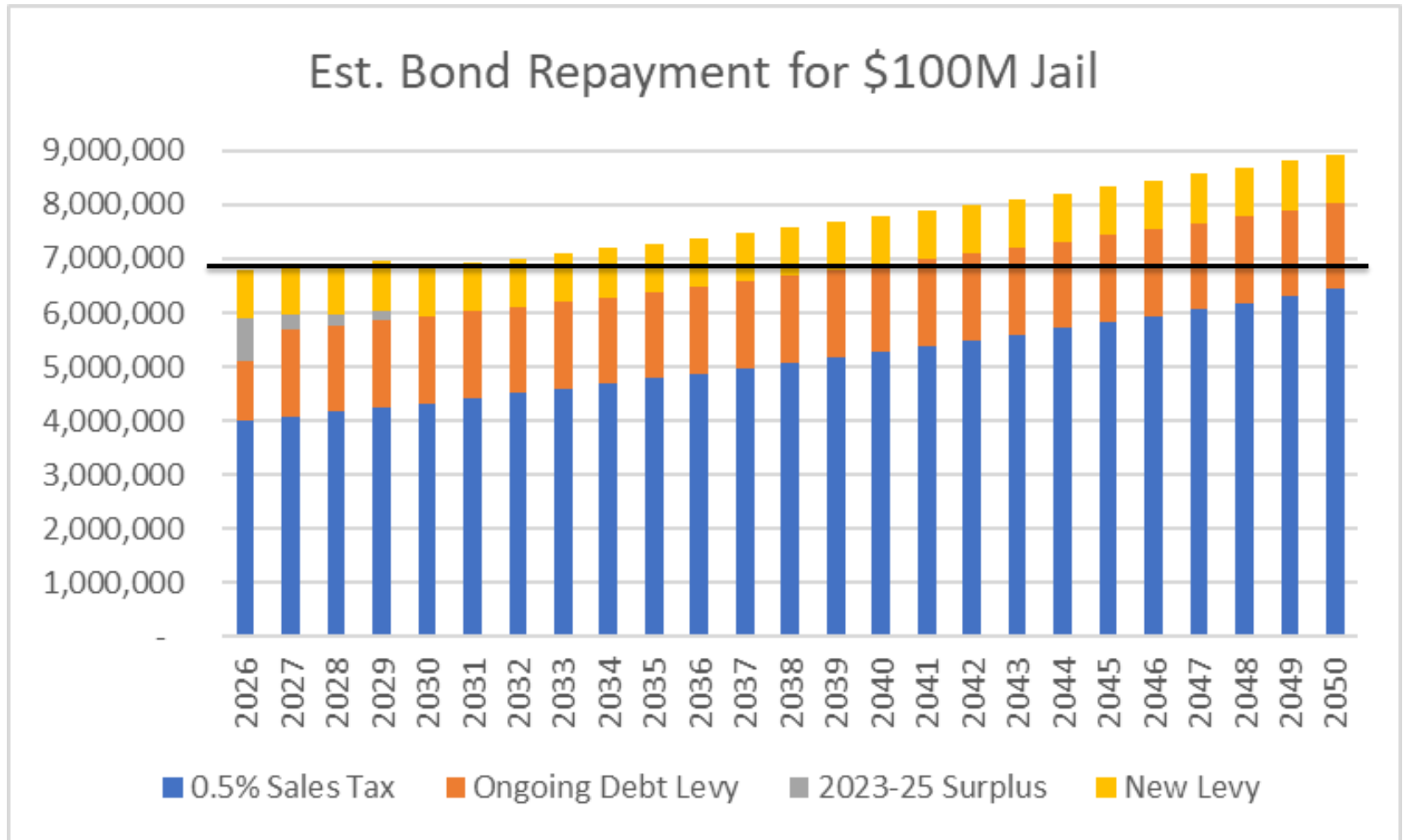
\$100M Scenario: \$6.8M Annual Debt Service

- Recommended Repayment Revenues
 - ✓ \$4M per year from 0.50% Sales Tax (\$100M total w/o inflation)
 - ✓ “Bank” 2023 – 2025 freed-up levy capacity, use in 2026 - 2029
 - ✓ Use all freed-up levy capacity in 2026 and after
 - \$1.1M in 2026, \$1.6M in 2027 and after
 - ✓ Add \$900K new debt levy in 2026 and after (or phase in earlier)
 - Est. addition of 2% to County’s NTC rate (increase from 64% to 66%)
 - Tax base growth will dictate actual NTC rate in 2026 through 2050
 - Over time, LOST inflation may allow County to reduce / eliminate new levy and reallocate some of \$1.6M retained levy to other purposes

\$100M Scenario: Repayment Sources



\$100M Scenario: With 2% LOST Inflation



Levy Impact Summary

	All-In Cost of New County Jail		
	<u>\$60 Million</u>	<u>\$80 Million</u>	<u>\$100 Million</u>
<i>Est. Debt Service:</i>	4,000,000	5,400,000	6,800,000
<i>Est. LOST Revenue:</i>	4,000,000	with 0.50% Rate	
<i>Pay 2022 Property Tax Levy:</i>	26,257,423		
	All-In Cost of New County Jail		
	<u>\$60 Million</u>	<u>\$80 Million</u>	<u>\$100 Million</u>
<i>Required New LOST Rate (Stand-Alone):</i>	0.500%	0.675%	0.850%
		(MN would require an 0.750% rate)	(MN would require an 0.875% rate)
<i>Required County Levy Increase (Stand-Alone):</i>	15.23%	20.57%	25.90%
	(Dollar increase above 2022 Levy)	(Dollar increase above 2022 Levy)	(Dollar increase above 2022 Levy)
<i>Combination of 0.50% LOST Rate and Levy Increase of:</i>	0.00%	5.33%	10.66%
		(Dollar increase above 2022 Levy)	(Dollar increase above 2022 Levy)

Conclusions

- LOST projections and actual performance will determine how much existing / new debt levy is required for debt service
 - ✓ Ability to collect roughly \$7M in April 2024 – December 2025
 - ✓ Likelihood that annual revenues will exceed \$4M in 2026 and after
 - ✓ Increased LOST collections would allow County to reduce levy requirements – and/or save toward early bond redemption
- In isolation, all three scenarios appear viable – but we know County will have competing demands for levy revenues in its capital and operating budgets
 - ✓ No new debt levy and reallocating some existing levy is preferred
 - ✓ Will likely need to increase levy and NTC rate for non-Jail needs