



## 10/19/22- Jail Finance Committee – Meeting Minutes

**Project:** Beltrami County Jail  
**Date:** 10/19/22  
**Meeting Location:** County Work Room  
**Start Time:** 2:00 PM

**MEETING ATTENDEES:** \* (Indicates attended remotely via conference call)

<u>Present</u>	<u>Name</u>	<u>Company</u>
X	Craig Gaasvig	Beltrami County
	Jodee Treat	Beltrami County
X	Samantha Rux	Beltrami County
X	Jarrett Walton	Beltrami County
X	Tom Barry	Beltrami County
X	Ryan Welle	Citizen
X	Glen Lindseth	Citizen
*	Bruce Kimmel	Ehlers
X	Ben Matson	Construction Engineers
	Kirsten Carolin	Construction Engineers
	Donny Wilcox	Construction Engineers
	James Hand	Construction Engineers

### 1. Philosophies of the Finance Committee

- A. **1/19/22** - *The committee decided that that a role of this committee should be to help the budget drive the project strategy, instead of having the project strategy drive the budget*
- B. *Don't use levy money and/or existing debt service to fund the project*
- C. *Use sales tax only to finance construction*
- D. *Utilize contracts to fund any added operational costs*

### 2. Financing Options

- A. **1/19/22** - *The committee discussed the variety of Financing Options to help fund a potential project including but not limited to Grants, Regional Contracts, Existing Revenue and Future Revenue. It was noted that the Finance Committee should have a role in determining other financial options.*
- B. **2/9/22** – *Jarrett W ran through the following list of options that was assembled since the last meeting:*
  - *Leasing 20 Beds to Cass County*
  - *Leasing 50 Beds to Mahnomen County (Possible 10-15 Yr. Agreement)*
  - *DOC Furlough Program (Possibly up to 40 beds at \$60/Day)*
  - *Beds for US Marshalls (currently done with Douglas County and pays \$65/Day)*
  - *Stauber Grant*
  - *USDA Grant or Loan*

- *State Level Funding*
- *Tribal funds (Carlton County has done something which will be investigated)*

**10/5/22** – *It was discussed that the LOST may ultimately be the sole source of funding for the construction of a facility. Tom B noted that engaging a lobbyist might be an option but considering the history of success in getting state financing for other county jails the likelihood of success is small and the Commission may not want to spend money in this area. It was noted that there may be a new funding specialist that could assist. Other sources of information at a federal level may be NACO or NIC. The biggest source of funding for the operations will likely be bed rentals. Modeling should be run to determine potential additional revenue and expense from bed rentals.*

**10/19/22** – Tom B confirmed that based on discussions with neighboring county administrators and NACO that pursuing financing at the State level is a dead end. Justice Planners should still be followed up with to see if they have any resources at NIC.

### **3. Financing Scenarios**

**10/5/22** – *Based on the recommendation from Justice Planners and the feedback at the 9/22/22 Commission meeting it is believed that there will be support for a new facility, but not a regional facility or an addition to the existing facility. Based on the anticipated Square Foot needs and other potential project costs (i.e., land acquisition, demolition) the logical next step to take is to put together the necessary paperwork to allow the Commission to pass a resolution requesting the State approve a LOST ballot measure. Bruce K indicated that in all cases the Maximum numbers being considered should be utilized and language with “up to” be written into the documents as figures can be reduced later, but they can’t go over without financing through the General Fund. With a site undetermined and other factors such as inflation in play there needs to be some cushion in the figures that are run. The committee ultimately determined that Bruce K should run numbers for the LOST application requesting \$80 Million to be paid back over 30 Years at an assumed 0.75% tax increase. (The state will only allow sales taxes in 1/8 cent increments so if .0625% works that figure could also be utilized.)*

**10/19/22** – Bruce K ran through the LOST financing scenario that were requested at the previous meeting. (Attached). The committee discussed the amount of contingency built into these figures and ultimately decided that the values as decided at the previous meeting are sufficient. Jarrett W will create a financial model of the potential revenue/expenses that can be assumed by bed rentals in a new facility. If passed at the 0.625% increase calculated in the scenario the new tax rate would total 8.5%.

#### 4. Communications

**7/27/22** – James Hand and Kirsten Carolin from Construction Engineers attended the meeting to observe and gather information to help them formulate a Communications Plan for the Jail Project.

**8/24/22** – The committee focused on how to format the financial information from the Feasibility Study into presentable items that will be on the County website and available to the public. The Survey questions and project fact sheets need express the figures that can be financed with LOST and those which will be fully financed through Levy dollars for each of the 7 options. Ben M will take the chart from Page 82 of the Feasibility Study and will add a couple of columns to split costs between Capital Improvements and Levy funded items to provide information for the presentable items. James H will then get these items finalized for the Survey to go live by the end of the day tomorrow (8/25/22).

**10/5/22** – CEI has begun working on draft documents for the LOST resolution. They discussed some assignments with the Steering Committee at their meeting earlier today. The Finance Committee needs to work with Ehlers to finalize portions pertaining to the Financing Options and Bond Pricing/Debt Service. Bruce K indicated that he could have the scenario outlined above completed prior to the next meeting on 10/19.

**10/19/22** – Ahead of the November 15<sup>th</sup> County Commission Meeting the group needs to develop a 1-page summary sheet regarding the LOST to give to the Commissioners as a Finance Committee recommendation. Bruce K will develop this document. In addition to the LOST Financing there should also be a fact sheet developed indicating a few additional positives not currently calculated into the LOST model. Items include: Interest income; reduction in County Costs related to transportation/bed rental (\$1 Million/yr.); income due to potential bed rental. Negatives needing to be addressed include potential property taxes coming off the books for any newly purchased county property.

#### 5. Previous Discussions

**10/5/22** – Timing of the sales tax vote was discussed. There are multiple state statutes regarding elections and the approval of a LOST by the voters. Jodee T had discussed Statute 375.25 with the County Attorney. Statute 297A.99 addresses specifics of Local Taxes and states that a vote must take place at a “general election.” Bruce K will ask experts in bond council about the definition of “general election” and will get back to the committee.

**10/29/22** – Bruce K reported that he had independently spoken to two different bond councils, and they had both separately concluded that November 2023 will be a “General Election” and a sales tax question can be the only thing on the ballot at that time. –

**CLOSED**

#### 6. Open Discussions/New Business

- A. **10/19/22** - Tom B noted that he had looked at the allocation from a LOST by in-county residents vs. out-of-county residents. He is going to take a training course that will educate him in how to get the data from the State.
- B. **10/19/22** – Ben M reviewed some of the survey data that was presented to the Commission at their 10/18 meeting. The results to date show a favorable response to the sales tax question and much lower support for a property tax increase.
- C. **10/19/22** – Glen L inquired what the back-up plan will be if a vote doesn't pass. There is no easy answer, but once the state approves the question can be asked multiple times.
- D. **10/19/22** – It was decided that the Finance Committee should meet again in 2 weeks to firm up what should be presented to the Commission at their 11/15 meeting. 11/2 at 2:00 will be the next meeting.

## **7. Items Closed this meeting**

### **Financial Overview**

A. **1/19/22** - *County Fiscal Policy Excursions.* Tom B noted that the County Policy is to keep 6 months of reserves. He suggested that this could be changed to a 4-month reserve. It was agreed to present this change to the County Commission for their approval at an upcoming Commission meeting.

**2/9/22** – Tom B reported that the review of the change from a 6-month reserve to a 4-month reserve would be discussed at a board meeting in July. Additionally at the previous board meeting the Commission approved the Reimbursement Resolution so they have declared their intent and can reimburse any upfront money spent through bonds sold at a later time.

**5/18/22** - Tom B reported that a change to the reserve would likely be considered at a little later date (likely August) after their Auditor's Report has been presented.

**6/29/22** – No Updates

**7/27/22** – Changing the reserve will be discussed at the County Commission meeting on 8/2/22.

**8/24/22** – Changing the reserve was discussed at a Commission Meeting earlier in the month, but a change was not made at that time. This topic will likely be revisited at a future meeting.

**10/5/22** – Tom B & Craig G reported that the Commission had approved the recommended change to the reserve at their last meeting. **CLOSED**

**7/27/22** – Bruce K ran through the financing scenarios that were requested at the previous meeting. (Attached). Tom B noted early in his presentation that very recently the County has committed half of their existing debt service elsewhere going forward. Additionally, half of the roughly \$500K that it noted to come available in 2023-2025 is a payment from the city that isn't available either. After discussing the presentation in detail it was determined that Bruce could summarize the models into nine scenarios based on the \$60,

*\$80 and \$100 Million each being calculated for All Debt, All Sales Tax and a Combination of both Debt and Sales Tax. Bruce K was able to summarize this into a 3 x 3 matrix later the same afternoon (7/27) and this information was forward to the Finance Committee (see below).*

	<b>All-In Cost of New County Jail</b>		
	<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		
	<b>All-In Cost of New County Jail</b>		
	<u>\$60 Million</u>	<u>\$80 Million</u>	<u>\$100 Million</u>
<i>Required New LOST Rate (Stand-Alone):</i>	<b>0.500%</b>	<b>0.675%</b>	<b>0.850%</b>
		(MN would require an 0.750% rate)	(MN would require an 0.875% rate)
<i>Required County Levy Increase (Stand-Alone):</i>	<b>15.23%</b>	<b>20.57%</b>	<b>25.90%</b>
	(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>	<b>0.00%</b>	<b>5.33%</b>	<b>10.66%</b>
		(Dollar increase above 2022 Levy)	(Dollar increase above 2022 Levy)

**8/24/22** – Earlier today Justice Planners made their presentation and presented figures responding to the different Alternatives in the Needs Assessment. Each Alternate demonstrates a large increase in costs related to the Jail across the next 10 to 30 years. In the Finance Committee the focus of the report was to look not only at the total costs across the 30 years, but to separate out Capital Improvement costs from the totals in the report to determine which portions would be strictly levy dollars and which portions could be bonded for and then paid back with the LOST. Options presented in the report for an addition to the facility would be in the \$30 million range, for a new facility in the \$75 million range and a regional facility in the \$93 million range. Assumed debt repayment of these options was \$2.5 million per year for the addition, \$5 million per year for a new facility, and \$6 million per year for a regional facility.

**Next Jail Finance Committee Meeting – Next Meeting is 11/2/22 at 2:00 PM. (County Work Room)**

Attachment(s): Ehlers Sources & Uses GO Jail Bonds