



7/27/22- Jail Finance Committee – Meeting Minutes

Project: Beltrami County Jail
Date: 7/27/22
Meeting Location: County Commission Meeting Room
Start Time: 1:30 PM

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

Present	Name	Company
X	Craig Gaasvig	Beltrami County
X	Jodee Treat	Beltrami County
	Samantha Rux	Beltrami County
X	Jarrett Walton	Beltrami County
X	Tom Barry	Beltrami County
	Ryan Welle	Citizen
	Glen Lindseth	Citizen
*	Bruce Kimmel	Ehlers
X	Ben Matson	Construction Engineers
X	Kirsten Carolin	Construction Engineers
X	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 Mahnomon 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)*
- 5/18/22** – *No Updates*
- 6/29/22** – *No Updates*
- 7/27/22** – *No Updates*

3. 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.*

4. Financing Scenarios

- A. **5/18/22** – *Tom B presented a graph (attached) showing that the sales tax revenues are coming in less than anticipated in recent months and are showing somewhat of a downward trend. Tom B had mentioned this in the Steering Committee meeting a week ago, so Bruce K was informed and was able to run some new scenarios considering the lower revenues and now factoring higher interest rates. (attached). After discussion about several different scenarios and topics related to financing it was decided to have Bruce K build a model in Excel that can be shared with the Finance Committee where a variety of different inputs can be considered and analyzed. Factors to be considered are Sales tax revenues, Debt Capacity, Tax Levy, Term length and Rates. Bruce will need some time to create this form but felt it would be possible to have it completed by the next meeting in Late June.*
- B. **6/29/22** – *The scenario proposed at the 5/18 meeting was not completed. The committee discussed at length the different financing scenarios that should be run prior to the next meeting. The models should be run for \$60, \$80, and \$100 Million for 25 years. The five financing scenarios to be run prior to the next meeting will be as follows:*
- i. *Sales Tax Only – Assuming ½% generates \$4,000,000 annually*

- ii. Sales Tax and Debt Service – Debt Service at \$500,000, \$1,000,000, and \$1,500,000 annually.
- iii. New Levy only at 1% increments
- iv. New Levy (at 1% increments) and Existing Debt Service – Debt Service at \$500,000, \$1,000,000, and \$1,500,000 annually.
- v. New Levy (at 1% increments) and Sales Tax – Assuming no more than ¾% Sales Tax and no more than 10% levy increase over existing levy.

Future financing scenarios may need to consider contractual revenues for potential agreements (bed leases) but those will not be run at this time.

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).

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)

5. Ongoing Business

A. **1/19/22** - Tom B noted that a future topic that will need to be discussed will be how the financial information will be communicated to the stakeholders.

2/9/22 – Not Discussed.

5/18/22 – Not Discussed.

6/29/22 – Not Discussed.

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.

6. Open Discussions/New Business

6/29/22 – None

7. Items Closed this meeting

Next Jail Finance Committee Meeting – Next Meeting is scheduled for 8/24/22 @ 1:30PM. (County Work Room)

Attachment(s): Ehlers Presentation (0727-2022)