



GOODHUE COUNTY BUDGET COMMITTEE
MINUTES
Administration Conference Room
March 25, 2008
3:30 p.m.

Present: Commissioner Dan Rechtzigel, Commissioner Ronald Allen, County Administrator Scott Arneson, Finance Director Carolyn Holmsten, Chief Deputy Amy Hove, and Administrative Assistant Andrea Benck.

C/Rechtzigel called the meeting to order at 3:24 pm

South Eastern Minnesota Multi County Housing and Redevelopment Authority (SEMMCHRA). Joe Wheeler representing SEMMCHRA presented information regarding private activity bonds and requested that the county board approve a resolution in support. The state of MN is allowed to issue up to a certain amount in bonding authority based on demographics. The amount of funds has grown over the years. These funds are only for first time home buyers so they are not able to be used for refinancing. SEMMCHRA was requesting county board support by approving the proposed resolution. These bonds are bought in the private industry and the risk is to the bond holder so there is no risk to the county. SEMMCHRA allocation is approximately \$350,000 because they can only receive up to what was committed.

C/Allen asked where the money comes from. Mr. Wheeler said the state issues bonds which are bought up by the private sector so there is no risk to the county or to the Housing Authority.

C/Rechtzigel clarified that by approving the proposed resolution the county is stating that SEMMCHRA is capable of handling something like this. Mr. Wheeler agreed.

C. Holmsten questioned why the resolution stated \$2,000,000 when SEMMCHRA can only receive up to what was committed and that according to Mr. Wheeler was \$350,000. She also questioned if it was \$350,000 or \$321,000 like Mr. Wheeler had told her earlier in an email.

S. Arneson was concerned with the language on the resolution stating that the county is the “applicable elected representative” and if that is the case then it could affect the county’s bond rating. Joe Wheeler stated that there was no risk to the county.

J. Wheeler stated that the 2 million was the amount used in the resolution in the event that there would be additional funds made available.

C/Rechtzigel asked if this has been done in the past. Mr. Wheeler stated that the county board has approved this every year since he has been involved.

C. Holmsten asked if the \$321,000 was the total allocation for all three counties. Mr. Wheeler agreed. The money would be given out on a first come first serve basis. Of the five loans last year, three were in Goodhue County.

C. Holmsten asked if the other counties are signing the same resolution. Mr. Wheeler agreed and stated again that there is absolutely no risk and if the county contacts their financial advisor they would say the same. Mr. Wheeler requested that this issue be addressed at the April 1 County Board meeting.

C. Holmsten stated again that she was not comfortable with the \$2 million figure included in the resolution. She understands there is no liability, but if tax payers see the \$2 million figure she could see how it would raise questions especially if there is absolutely no plan on using that amount.

C/Rechtzigel suggested that C. Holmsten talk with the county's financial advisory to verify that this issue will have no impact on the county bond rating. If there is absolutely no risk for the county, then he would agree to go ahead and try and get as much money as possible.

C/Allen asked why SEMMCHRA needed the county board to sign off on it. Mr. Wheeler stated that it was a federal guideline.

The committee agreed that Finance Director, Carolyn Holmsten would check with the county's financial advisory to be sure that this would not affect the county's bond rating and that the board address the resolution at the April 1, county board meeting.

Investments.

C. Holmsten noted that staff is monitoring the county's investments closely. In the past the county has received up to 4% and currently the rates are around 2 ½ %. They are monitoring the situation closely and will be updating the committee periodically.