

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

August 30, 2010

MEMBERS PRESENT: Briane House
Sahara Williams
Jim Carr
Justin Christian
MEMBERS ABSENT: Fred Miller

BOND BANK PRESENT:

Deron Kintner	Kyle Willis
Jacqui Fitzgerald	Dario Requiz
Laurie Canatsey	Brad Busse
Monica Durrett	Isaiah Kuch

OTHERS PRESENT:

David Brint, Brinshore	Jay Augustus, Ice Miller
Kim Wilson, UMB Bank	Katie Aeschliman, Harris Bank
Greg Reynolds, Blaylock, Robert Van	Curt Fritch, CRF Group
Dennis Golem, Wells Fargo	Molly Williams, IDI
Ann Forey, US Bank	Jim Merten, City Securities
Sharon Karst, Bank NY Mellon	Sue Beesley, Bingham McHale
Eric Green, Backstrom, McCarley	Tamara Zahn, IDI
Bob Kocher, BNY Mellon	Nancy Dorsa, JP Morgan Chase
Angie Steeno, Crowe Chizek	Dennis Otten, Bose McKinney
Diana Hamilton, Sycamore Advisors	Steve Meno, Fifth-Third
David Girton, Andes Capital Group	Joe Britt, Wells Fargo
Jay Ryals, Fifth-Third	Tom Guevara, Crowe Chizek
Kurtis Holle, KeyBank	Bud Meyers, IHA
Doug Heath, BCForward	Bruce Baird, IHA
Wendy Cooper, DMD	Maury Plambeck, DMD
Dawn Tabler, KeyBank	Jamie Rachlin, BMO Capital Mkts.
Jean Landy, U.S. Bank	Chris Carrera, Wells Fargo

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:00 noon, Monday, August 30, 2010 in the City-County Building, 200 East Washington Street, Suite 107, Indianapolis, Indiana, pursuant to notice given in accordance with IC 5-14-1.5. Mr. House called the meeting to order after determining that a quorum was present.

Mr. House asked for the approval of the minutes from July 19, 2010. Ms. Williams made the motion to approve, seconded by Mr. Christian. All voted in favor and the motion passed.

The first item to be considered was Resolution No. 11- Amendment of Sanitary District Trust Indenture. Mr. Kintner stated that the resolution was an amendment to the Sanitary District trust indenture at the request of the ratings agency, Standard & Poor's, to keep the strong credit rating for the Sanitary District. He then explained that Standard & Poor's requires replenishment of any expenditure from a reserve fund within 12-months. In 2007, an indenture had a 24-month provision and the oversight was recently noticed, and as a result, the amendment was requested to reflect the 12-month requirement. According to Standard & Poor's, if the amendment does not occur, the rating will be downgraded in order to be consistent with their criteria. Mr. Kintner then stated that the change is good for bondholders because the money in the reserve fund will be replenished a year earlier than was previously thought.

There were no questions. Mr. House asked for a motion to approve the resolution. Mr. Christian made the motion, seconded by Ms. Williams. All voted in favor and the motion passed.

The next item to be discussed was previous and upcoming projects. Mr. Kintner stated that the Bond Bank would be working on two economic development projects on behalf of the City of Indianapolis. He stated that one of the projects will be for Clarian. Mr. Kintner then stated that the PILOT bond financing closed on August 12, 2010. He stated that the pricing was good with an interest rate of 4.60%, and thanked the underwriting team, lead by Citigroup. He also stated that due to the strong credit rating of the City, the Bond Bank was able to structure the bonds to obtain an additional \$13.8 million from the amount originally anticipated. Mr. Kintner then stated that the Fall Creek project closed on August 10 with an interest rate of 3.75%, and that the Brokenburr/Barrington financing closed on August 1 at an interest rate of 3.92%.

Next, Mr. Kintner introduced Ms. Wendy Cooper from DMD to discuss the Fall Creek project. Ms. Cooper was present in order to address some questions and concerns the Board expressed at the previous meeting. Ms. Cooper gave the Board a quick overview of Fall Creek Place and stated that Phase IV of the project is continuing to move forward, although much slower than Phases I-III. She then stated that DMD had recently appraised all of the 64 properties remaining in Fall Creek Place. She stated that DMD was re-examining their agreements with King Park Development Corporation and the builders. DMD has been in contact with the builder's community and MIBOR so that they are aware that the project is still ongoing. She stated that the City's part in the agreement has been completed. She then stated that 14 sales for Phase 4 have been concluded and Oaks Academy has purchased land and is interested in purchasing additional lots. Finally, she stated that DMD is still looking at different ways to market the community.

Ms. Williams stated that her concern was that the revenue expected from the TIF is not being realized due to the declining values of the properties. She wanted to know how the City will address the issue. Mr. Maury Plambeck, Director DMD, explained that

the revenue in Fall Creek Place is not related to a lowering of property value, more so that the lot did not sell as quickly as the first three phases. He stated that the 64 lots are currently owned by the City and are a part of the entire project. Therefore, there is no tax revenue, so when the properties sale that is when the revenue will start to generate.

Mr. House pointed out that although there are some concerns and he understands them, looking at the transformation and the fact that Phases I-III has generated \$1.2 million for the local tax base, he feels that it is an important project. Mr. Kintner stated that Phase IV should be considered along with Phases I-III as a combined project. The revenues are there, not only for Phase IV, but also for the previously issued bonds for Phases I-III. He then stated that it is not a problem from a financial standpoint.

Next, Mr. Bruce Baird, Executive Director of the IHA, introduced Mr. Bud Meyers and Mr. David Brint, Brinshore Development, who were a part of the Brokenburr/Barrington development. He stated that Brinshore is a Chicago-based company and partner with IHA who developed the entire site. Mr. Baird gave a brief overview stating that the public housing site was formerly known as Brokenburr Trails and in 2003 the agency was awarded a \$16.8 million Hope 6 Redevelopment Grant for the site. IHA demolished the previous site and procured Brinshore to completely develop the site with IHA. There were four major development phases that included a commercial strip along Raymond St, two rental phases and a 52-unit home ownership phase. The rentals have been completely built-out with ownership and management through Brinshore. Mr. Baird stated that the home ownership phase is going much slower than expected. There were 52 lots and 13 have been sold. IHA is working with Indianapolis Neighborhood Housing Partnership and other lenders to provide mortgages to homebuyers. He stated that IHA can provide a significant amount of development subsidy to assist in making the mortgages more affordable to the buyers. He stated that IHA is still working on the retail phase with Brinshore and expects the retail phase to happen in the next few years.

Ms. Williams asked what the revenue sources are that IHA is looking at and how they will address the financial issue of the investment. Mr. Baird stated that IHA is required by the 2006 grant made by the federal government to finish the home ownership phase. The federal government has given IHA the additional time to complete the project. He is confident that they can sell the homes. Ms. Williams asked what will happen in five years. Mr. Kintner stated that in five years the City is not expecting to be in a position to pay off the bonds. He then stated that the City should be in a position at that time to finance the bonds with a long-term takeout. Therefore, when the additional homes are built revenue will be generated and the annual revenue over a 20-25 year period will be enough to pay back the debt.

There were no other questions. Mr. House asked for a motion to adjourn. Mr. Carr made the motion, seconded by Mr. Christian. All voted in favor and the meeting was adjourned at 12:25 p.m.