

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

December 5, 2011

MEMBERS PRESENT: Briane House
Sahara Williams
Fred Miller
Claudia Cummings
Jim Carr

BOND BANK PRESENT:

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| Deron Kintner | Laurie Canatsey |
| Brad Busse | Kyle Willis |
| Monica Durrett | Isaiah Kuch |
| Kurt Fullbeck | |

OTHERS PRESENT:

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|---------------------------|---------------------------------------|
| Greg Reynolds, Castle Oak | Mike Gilmore, Huntington Bank |
| Kelly McNairy KeyBank | Eric Green, Backstrom, McCarley Berry |
| Nancy Dorsa, JPMC | David Girton, PiperJaffray |
| Tamara Zahn, IDI | Molly Williams, IDI |
| Diana Hamilton, Sycamore | Bob Kocher, BNY Mellon |

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:05 p.m., Monday, December 5, 2011 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 after determining that a quorum was present called the meeting to order.

Mr. House first asked for approval of the October 17, 2011 minutes. Ms. Williams made the motion to approve the minutes, seconded by Mr. Carr. All voted in favor and the motion passed.

Mr. House asked Mr. Kintner to give a brief overview of the Bond Bank's 2011 actual budget and proposed 2012 budget. Mr. Kintner stated that there were two items in the budget that were over the budgeted amount for 2011, but both were due to unique circumstances. The Bond Bank was over budget in the amount of \$400K for Professional Services and approximately \$450K for City Market. Professional Services budget was exceeded due in large part to City Market expenses. However, going forward it is expected that City Market will be self-sufficient. In addition, Union Station was over budget resulting from fees incurred in extending RW Armstrong's lease at Union Station for 10-years. These fees included rent abatement and brokerage commissions. The lease

renewal is a positive occurrence for Union Station overall. Mr. Miller asked what the City's long-term plans were for Union Station. Mr. Kintner stated that the City has no immediate plans to sell Union Station at this time. Mr. Willis briefed the Board on the status of Union Station. He stated that Union Station was at near capacity of approximately 95% and that there is a possibility of one new tenant in the early part of 2012. The management of Union Station (Browning) is looking at some energy reducing measures to cut costs. He also stated that some space would be used for the Super Bowl™.

Ms. Cummings asked where the increase in Bond Bank revenues for 2012 would be coming from. Mr. Kintner stated that it would depend upon how much debt would be issued in 2012 by the Qualified Entities. Ms. Cummings then asked if the Bond Bank generally carries forward a balance. Mr. Kintner stated that the Bond Bank has its own operations account of approximately \$3-4 million in gross revenue. Mr. House then stated that much of that money is the funding for Develop Indy. He then stated that he had spoken with Deputy Mayor Michael Huber and a resolution for Develop Indy has been formulated and special appropriations from the Bond Bank's revenue stream would be utilized.

Next to be discussed was Indianapolis Downtown Inc's (IDI) contract agreement. The 2012 budget would increase their 2012 service fee from \$600K to \$750K. This increase is due mainly to their increase in oversight of different projects throughout the downtown area, primarily management of Georgia Street.

Ms. Cummings asked if IDI would be responsible for the oversight of Georgia Street. Ms. Tamara Zahn, Executive Director for IDI, commented, stating how Georgia Street would be managed. She then stated that a finalized lease agreement would be presented to the City-County Council that evening that referred to IDI partnering with the City as the manager of Georgia Street along with the Department of Public Works. Ms. Cummings asked if the additional funds were for the management of Georgia Street. Ms. Zahn stated that the partnership is just a continuance of the public/private partnership with the City for all of downtown. She stated that IDI works hard to make sure that the investments for the City are protected and successful. Ms. Zahn then stated that there are other new projects coming to the city that IDI will oversee. Mr. House stated that the additional \$150K was not specifically tied to the management of Georgia Street. He then gave further explanation of IDI's work for the City. Mr. House added that he and Deputy Mayor Michael Huber, as the city's representative, sit on IDI's board. Mr. Kintner explained the Bond Bank's relationship to IDI and stated that the Bond Bank has approximately \$750 million debt in the Downtown TIF District and it is important that the downtown thrives and that property values continue to increase. He then stated that to have an entity such as IDI helps to protect that debt. Ms. Williams inquired about the justification for the additional funding if the current allotted amount had not been utilized. Mr. Kintner explained that the 4th quarter payment to IDI would not be paid until the middle of December and that was the reason it looked as though the funds for 2011 had not been utilized. He then explained that the Bond Bank submits IDI's payments quarterly. Ms. Williams had additional questions and Mr. Kintner and Mr. House answered them. Ms. Zahn informed the Board that she could supply them with IDI's activity report to track their efforts.

Ms. Williams asked if the amount of money in the Bond Bank's reserves was necessary and if the Bond Bank's basis points should be lowered. Mr. Kintner stated that he did not feel that would be necessary since the fees have already been lowered twice, however, he was not opposed to revisiting the idea. He also stated that approximately \$750,000 would be paid out to Develop Indy, thereby reducing the funds in the Bond Bank's reserves because the figures do not take into account the Develop Indy funding for 2012. Mr. House added that the fees are on the low end of what has been charged historically and is in-line with other similar agencies around the area. Ms. Laurie Canatsey stated that it is necessary to take into account that the current years increase in revenue was due to the collections of account receivables. Therefore, it was not Bond Bank fees that caused the increase.

Mr. House asked for a motion to approve the Bond Bank's 2012 budget. Ms. Williams made the motion to approve, seconded by Mr. Carr. All voted in favor and the motion passed.

Next, Mr. Kintner discussed briefly the funding for Develop Indy. Mr. Kintner gave a brief background stating that in early 2011 the Mayor's office asked if the Bond Bank could assume some of the costs for Develop Indy for a few months while they try to figure out a long-term source of funding. Mr. Kintner then stated that after consulting with Mr. House, an agreement was made to fund Develop Indy until the end of 2011. He then stated that a request was made by the Mayor's office to see if the Bond Bank could help fund Develop Indy until the end of 2012. Mr. Kintner stated that 2011 was one of the best years the City has had with job commitments and Develop Indy has worked diligently in attracting jobs to the area and retain businesses in the City. Ms. Cummings asked how Develop Indy was being funded prior to the assistance of the Bond Bank and if there is a plan for 2013. Mr. Kintner stated that in 2011 the Bond Bank funded approximately \$900K - \$1million. He then stated that in 2012 the funding will be no more than \$1.5 million. He then informed the board of the different projects Develop Indy was involved in, including City Way and the IU Health expansion. He stated that a portion of their fees were paid out of the cost of issuance (COI) of the bonds from these projects.

Mr. Kintner then stated that he does not know where funding will come from for 2013. Mr. House stated that he drafted the resolution for the agreement following a request from Deputy Mayor Michael Huber. He stated that the resolution was drafted to reflect expenditures from the Bond Bank's general operating fund. It was also indicated in the resolution that there is no further commitment or expectation that the Bond Bank will continue such funding in the year 2013. Mr. House then stated that no one is certain where the future source of funding will come from. Mr. Miller asked for a brief summary of Develop Indy. Mr. Kintner explained who and what the agency does. Ms. Diana Hamilton gave further account of what Develop Indy does, the projects they oversee and how essential they are to many of the financings. Mr. Miller and Ms. Williams asked if some of the verbiage could be restructured to reflect the limit of liability and where the proceeds would go. Mr. House stated that he would work on the context of the resolution and resubmit it to the Board for review.

There being no further questions, Mr. House asked for a motion to approve the Develop Indy resolution. Mr. Miller made the motion to approve, seconded by Mr. Carr. All voted in favor and the motion passed.

Next to be discussed was upcoming projects. Mr. Kintner stated that he had no projects scheduled currently. He mentioned his trip to Tulsa, Oklahoma where he visited with community leaders. He discussed the structure of the Bond Bank and how Indianapolis undertakes certain types of projects.

Mr. Kintner briefly covered the 2012 meeting dates and stated that he make look at postponing the January board meeting.

There were no other questions. Mr. House asked for a motion to adjourn. Ms. Cummings made the motion, seconded by Mr. Miller. All voted in favor and the meeting was adjourned at 1:05 p.m.