MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

January 24, 2011

MEMBERS PRESENT:
Briane House
Sahara Williams
Jim Carr
Fred Miller
Milton Thompson

BOND BANK PRESENT:

Deron Kintner
Kurt Fullbeck
Laurie Canatsey
Brad Busse
Jacqui Fitzgerald
Dario Requiz
Isaiah Kuch
Kyle Willis

OTHERS PRESENT:

John Kirkwood, Krieg DeVault LLP
Sue Beesley, Bingham McHale
Pam Cole, U.S. Bank
Sharon Karst, Bank NY Mellon
Molly Williams, IDI
Bob Kocher, BNY Mellon
Jennifer Hudson, Crowe Horwath
Kim Wilson, UMB
Kurtis Holle, KeyBanc Capital
Steve Vansolelen, Eli Lilly
Courtney Bennett, Crowe Horwath
Dennis Otten, Bose McKinney
Bruce Donaldson, Barnes & Thornburg
Eric Green, Backstrom McCarley
Kelly McNairy, City Securities
Terry Leffew, Raymond James
Katie Aeschliman, Harris Bank
Tom Coverick, KeyBanc Capital
Zeff Weiss, Eli Lilly
Brad Chambers, Buckingham

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank ("Bond Bank") convened at 12:05 p.m., Monday, January 24, 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 the approval of the minutes from December 13, 2010. Ms. Williams made the motion to approve, seconded by Mr. Carr. All voted in favor and the motion passed.

The first item to be considered was Resolution No.1 - Harding Street TIF Refunding. Mr. Kintner gave a brief overview and background of the original issuance. He stated that in 1991 the TIF was formed in the Harding Street Allocation Area, which was for improvements that included infrastructure, street and sewers in connection with the construction of the Eli Lilly Technology Center. As part of the financing there was also a taxpayer agreement with Eli Lilly and Co., whereby, Lilly would make up any shortfall of TIF revenue needed to make the debt payments. Since that time, Lilly has provided payments of approximately $11.5 million, with an accrued interest of approximately $3 million. He then stated that the approximate average interest rate of the obligation is 6.3%. The current debt structure reflects another payment from Lilly in 2011 in the amount of $1,384,439. Mr. Kintner then reviewed the TIF performance from 1995-2010. Mr. Kintner explained why there may have been shortfalls, these included abatements and the changes in the property tax legislation. Mr. House asked about future trends. Mr. Kintner explained that there were appeals settled in the summer of 2010, however, it is anticipated that the TIF revenue will increase over time. Mr. Kintner then stated that the Bond Bank's proposal is to refund all outstanding debt and payments of the TIF District, including those owed to Lilly under the taxpayer agreement.

Mr. Kintner explained the par amount of the bonds will be $41.5 million, for a term of 13 years. There is a current projected interest rate of 3.95%.

Mr. Kintner stated the key benefits of the refunding, including an approximate savings of $14.7 million to the City due to the current low interest rates. This would also include a repayment plan for Lilly obligations. It will also maintain debt service coverage at an average of 135% and provide a positive cash flow in the Harding Street TIF District.

Mr. Thompson asked a question about the reinvestment of the $15 million. Mr. Kintner stated that it could not be done until the North of South project has been approved by the City-County Council. Ms. Williams asked if the reinvestment reduces the $86 million credit enhancement for the North of South project. Mr. Kintner stated that it would not.

Mr. House asked for a motion to approve Resolution No. 1, 2011. Mr. Thompson made the motion, seconded by Ms. Williams. All voted in favor and the motion passed.

Next, Mr. Kintner gave a brief background on Resolution No. 2 - The North of South Project. He stated that Lilly had done an assessment of their real estate holdings 3 years ago and realized that the space they currently have is sufficient for the next several decades. There is approximately 11 acres that is currently being used as parking lots that Lilly would like to find a better use for.

Mr. Brad Chambers of Buckingham explained the dynamics of the project. He stated that Lilly is in transition and looking to retain and attract new talent. He explained Lilly's idea of a campus for their interns and staff from all over the world. Lilly would like for the interns to have a more connected experience in Indianapolis. He stated that the ancillary real estate can be used to help with Lilly's mission. Buckingham has been working with various stakeholders to address the needs of Lilly. He then stated that

Buckingham has been working with a team from the Mayor's office and the Bond Bank since January 2010 to get the $155 million mixed-use project off the ground. The project will include 320 apartments, 2 parking garages, 30,000 ft of retail and restaurants, 150 room business-focused corporate meeting planning hotel, 75,000 foot YMCA and green space.

The project is projected to generate 2,800 jobs and have a $350 million overall economic impact. The project will transform an undeveloped parcel which has the potential to integrate the life sciences industry, while connecting near-south side residents and businesses to downtown amenities. The project will also have significant improvements to public infrastructure, including streets, sidewalks and green space.

The development's key benefits will help sustain the Eli Lilly downtown headquarters operations, as well as attract and retain top talent. The development will also help meet previous commitments to WellPoint and Farm Bureau in their current locations.

The team then discussed the financing components and details. It was stated that the City of Indianapolis will invest $9 million for public improvements, provide credit enhancement to secure the $86 million project financing, with an option to call the loan after 10 years. The project will be primarily paid by project revenue and the project tax increment. In the event of a shortfall, the sources used would be (1) $6.9 million Developer Shortfall Guarantee, (2) Traditional Bond Reserve Fund and (3) Consolidated TIF revenues.

There was discussion of the comparison of economic development incentives, risk mitigation, TIF detail and letters of support.

Mr. House asked for a motion to approve Resolution No. 2. Mr. Miller made the motion, seconded by Mr. Carr. All voted in favor and the motion passed.

Next, Mr. Kintner stated that one other item that could possibly be included on the board meeting agenda for February is the issuance of a Capital Improvement Board refunding.

There were no other questions. Mr. House asked for a motion to adjourn. Mr. Carr made the motion, seconded by Mr. Thompson. All voted in favor and the meeting was adjourned at 12:55 p.m.