

MINUTES OF  
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

July 19, 2010

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

**BOND BANK PRESENT:**

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

**OTHERS PRESENT:**

David Nie, Ice Miller	Kim Wilson, UMB 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	Clayton Graham, Graham & Assoc.
Bob Kocher, BNY Mellon	Nancy Dorsa, JP Morgan Chase
Angie Steeno, Crowe Chizek	Taylor Larimore, Sycamore Advisors
Diana Hamilton, Sycamore Advisors	Emily Loehr, Sycamore Advisors
David Girton, Andes Capital Group	Joe Britt, Wells Fargo
James Ridley, Andes Capital Group	

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:00 noon, Monday, July 19, 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 June 21, 2010. Mr. Miller made the motion to approve, seconded by Ms. Williams. All voted in favor and the motion passed.

The first item to be considered was the acceptance of the Indianapolis Bond Bank’s 2009 Audited Financials. Mr. Kintner stated that no materials had changed and it is an audit that the Bond Bank is proud of, with the exception of a few in-house items that need to be addressed. Ms. Williams asked how soon the items would be addressed. Mr.

Kintner stated that the agreements with the City would be looked into immediately. He then stated that the other issue is a matter of staffing, which can be discussed with the Board, as it would be a matter of bringing on more staff for monitoring purposes. The Bond Bank and Board could then look at the cost-benefit analysis. Mr. House stated that he feels substantial progress has been made and thanked the staff. Mr. Busse stated that with regards the monitoring issue in the management letter, he was in talks with Katz, Sapper & Miller to review his trust accounting work on a quarterly basis.

Mr. Carr made a motion to accept the 2009 Audited Financials, seconded by Ms. Williams. All voted in favor and the motion passed.

Mr. Kintner gave a brief update on Resolution No. 9 – Fall Creek HoTIF Financing. He stated that the resolution authorizes the issuance of \$3.2 million. The financing is for Phase IV of the Fall Creek redevelopment project. The revenues from Phases I – III are pledged if necessary to support Phase IV. The Bond Bank is continuing with a short-term financing structure in hopes that the housing market comes back. KeyBank has expressed interest in continuing as the lender on the project, but has asked the Bond Bank to pay-off the taxable portion of the original issuance. The term is 20 years with a 5-year put option, with an interest rate under 4%. The Bond Bank is looking to close by the first week of August 2010.

Mr. Miller asked what would happen if the Bond Bank chose not to do the loan. Mr. Kintner stated that instead of paying the taxable portion of the \$2.75 million, the Bond Bank would have to pay the entire \$5.94 million by August 10, 2010. He then stated that the revenues are not available to do that at this time. Ms. Williams asked that if the housing revenues continue to go down, how the note would be paid. Mr. Kintner stated that if the City did not have enough revenue from the TIF, it would have to look elsewhere and that would be the City's decision. Mr. Carr asked about the source of revenue to refund the taxable portion. Mr. Kintner stated that it would be from Phases I-III. Ms. Williams then asked about the Department of Metropolitan Development (DMD) and if they had any thoughts or comments regarding the Near-Eastside HoTIF. Mr. Kintner stated that the Near-Eastside HoTIF was already in existence and that is a more developed area. He then stated that DMD is confident in the development as it is a part of the Super Bowl Legacy project.

Mr. Kintner explained the current status of the development, stating that there are 99 lots still available. The annual TIF increment in 2010 is approximately \$316,000 and the amount outstanding is \$5.94 million as of April 12, 2010.

Mr. House stated that he is in favor of both projects on today's agenda and if what the Bond Bank is about is local public improvement, the projects before the Board advance that objective. He stated that the project improves and stabilizes a key classic neighborhood and feels the proposal is sound.

Mr. House asked for a motion to approve Resolution No. 9. Mr. Miller made the motion to approve, seconded by Mr. Christian. All voted in favor and the motion passed.

Next to be discussed was Resolution No. 10 Barrington/Brokenburr HoTIF. Mr. Kintner stated that the borrowing was quite similar to the previous discussion with the one difference is that the Barrington/Brokenburr TIF does not have a larger sister development that it can call upon in a time of need as Fall Creek Phase IV has. He stated that he believes that the Bond Bank has found a good short-term fix. He then stated that the original issuance amount in September 2005 was \$2.5 million. He explained the project, noting that the bank involved is Regions Bank and the notes mature on August 1. He provided a map of the district stating its location. He then gave an update on the project stating that 165 apartments were complete and that due to the current housing market, the single family homes have not sold as quickly. The annual increment generated in 2010 is \$147,000 and the current outstanding amount is \$2.5 million.

He then stated that Regions Bank intends to continue as the lender on the project. He proposes that the entire \$2.5 million will be rolled-over for a five-year term, with a balloon maturity at the end, at an interest rate not to exceed 4%. The repayment source is the Barrington Housing TIF revenues.

The Board had several questions regarding the financing. Mr. Kintner stated that there will likely be a refinancing for this particular project at the end of the 5-year term. Mr. Miller asked about the number of homes that have been built. Mr. Kintner stated that the number had not been confirmed, but he believes it to be 8 out of the 52 possible homes. Ms. Williams stated that it appears that it would be difficult to pay back the loan. Mr. Kintner stated that it would be, but in five-years his hope is that there can be a long-term solution. Ms. Williams then stated that she would have liked to see some representation from DMD at the meeting in order to have some questions answered. Mr. Christian stated that he would like to see the current strategy and he feels that the longer the properties sit vacant, the less likely they will sell. Mr. Kintner stated that he can assure the Board that DMD is addressing the issues. There were other concerns that the Board expressed regarding the project and would have liked to hear how they are being addressed. Mr. Kintner stated that the City is aware of the issues and is doing all they can to improve the development in the area.

Mr. House stated that he understands the concerns over the project the board members have expressed. He then stated to the members of the Board to consider that the lots are being maintained, which there is a chance that they would not be if a private entity had them.

Mr. House asked for a motion to approve resolution No. 10, with the understanding that the Board would like Mr. Kintner to contact DMD to address the Board regarding the project at the next meeting. Mr. House made the motion, seconded by Mr. Carr. All voted in favor and the motion passed.

Mr. Kintner then updated the Board on upcoming bond issues. He stated that in August the Bond Bank would bring an amendment before the Board for the Sanitary District Trust Indenture at the request of the ratings agencies. He then stated that there may be a refunding of the Harding Street TIF in August. He informed the Board that the Dow AgroSciences project financing was closed in early July 2010 at an interest rate of 3.96%. The Pilot bond issue will be sold at market the first week of August.

Mr. Christian asked the amount of the Harding Street refunding. Mr. Kintner stated that the refunding should not exceed \$33 million. He then stated that it is not new money, the Bond Bank is refinancing current debt, including debt owed to Eli Lilly & Company, and taking advantage of a lower interest rate. The rate on the debt owed to Lilly is 7%, and the refinancing will likely have an interest rate of less than 5%.

There were no other questions. Mr. House asked for a motion to adjourn. Mr. Miller made the motion, seconded by Mr. Carr. All voted in favor and the meeting was adjourned at 12:35 p.m.