

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

June 20, 2016

MEMBERS PRESENT: Sarah Rubin
Michael Carter
Terri Jett

MEMBERS ABSENT: Dennis Charles
Bryan Moll

BOND BANK PRESENT:

Sarah Riordan
Kyle Willis
Monica Durrett
Laurie Canatsey
Isaiah Kuch

Jacqui Fitzgerald
Brad Busse
William Holland
David Golder

OTHERS PRESENT:

Nancy Dorsa, JP Morgan
Catherine Fanello, Bose McKinney
Dennis Otten, Bose McKinney
Sarah McFetridge, Crowe Horwath
Diana Hamilton, Sycamore Advisors
Mike Schumaker, Citi Securities
Scott Schuster, Katz, Sapper & Miller

Hans Steck, Baker Greenbaum Doll
Nathan Flynn, Fifth Third
Xiao Yuan, Fifth Third
Sharon Karst, BNY Mellon
Carl Rochelle III, Reuben Engagement
Center

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:02 p.m., Monday, June 20, 2016 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, Ms. Sarah Rubin determined that a quorum was present and the meeting was called to order.

First order of business was the approval of the minutes of April 18, 2016. Carter made the motion to approve, seconded by Jett. All voted in favor and the motion passed.

Next, Ms. Riordan discussed Resolution No. 4- Stormwater. She stated that it is a long-term capital plan of work needing done. After a detailed analysis it has been determined that a \$320 million issuance is needed in order to fund the projects. The City County Council has approved a debt issuance of \$50 million for a new revenue stream. The Department of Waterworks has identified \$100 million in projects that need to be addressed over the next 3-years. An RFP was fielded to underwriter's and banks to help structure a program. Out of all of the responses, Wells Fargo was selected to assist in those efforts.

Riordan then stated that the Bond Bank is asking the Board to authorize the BAN and enter into an agreement of a Direct Placement. Diana Hamilton stated that \$50 - \$320 million is the capital plan with a cash fund of 40%, and a bond fund of 60%. The new rate was determined in July 2015, with an annual escalating clause. The ratings are based on usage. She then went on to say that in order to meet the construction schedule there was a need for a direct placement on an unrated basis. As the rate history is realized there will only be a need to pay on what is drawn down. She then stated that all in, the cost of funding is less than 80 basis points. They anticipate a closing July 6, 2016.

Sarah asked, that once the rates kick-in, what will determine how the funding for the capital project will be established. Diana answered stating that if the rates are not favorable the deal will be cancelled. She then stated that the City County Council has reviewed the project list prior to their approval.

Rubin asked for a motion to approve Resolution No. 4 – Stormwater. Jett made the motion to approve, seconded by Carter. They all voted in favor and the motion passed.

Next, Riordan introduced Scott Schuster, Katz Sapper & Miller to discuss the Bond Bank's 2015 audit review. Schuster gave a brief presentation. He went over their findings and stated that the audit was conducted with GASB, and that there were no findings. It was a clean opinion, no changes. He stated that the only change is GASB 68 and went on to explain what it entails. He stated that accounting estimates were inline, and that there were no discrepancies during the audit. Schuster then went over the financial statements. He stated that the bringing in the receivables is lowering the debt. He discussed the bonds and notes and stated that the Bond Banks net position is \$6 million. Rubin asked about allowances for the City and other city agencies, and if any of the allowances would show up on the Bond Banks operations side. Schuster stated that the Bond Bank could advance or do it as a receivable, as it could be collected later. There were no further questions.

Next, Riordan discussed upcoming Bond bank projects. She stated that the Bond Bank receives proposals weekly. She is meetings with the City Controller and advisors at Crowe Horwath to look at some savings as well. There have been detailed discussions about the needs from each of the City's departments. She then stated that regarding the Criminal Justice Facility she has been in talks with Bart Brown. The Bond Bank will work with the task force to see where it can support. She stated that many Qualified Entities are asking about borrowing, she has heard from Parks, and Charter Schools regarding capital projects with all being preliminary.

Riordan then stated that there is some left over unfunded debt from the prior administration, and there will be a need to bridge the gap.

Next, Carl Rochelle, Acting Executive Director Reuben Engagement Center, was introduced. He addressed the Board regarding an initiative of the Reuben Engagement Center coming close to completion, however, all bids have come back too high and there is a need to bridge the construction gap. He stated that it is supported by the current administration and the City County Council. He then explained the functions of the center; one which is to provide a safe haven for the homeless. The administration has approached the Bond Bank with a request to aid in bridging the gap. There is other funding being sought, but it may not be accomplished in time to get the construction underway. Rochelle then stated that the project is being primarily funded by the Reuben Family Trust and some funding from Lilly. There is approximately a \$250,000 gap that needs to be addressed. Rochelle then explained what the engagement would provide. Rubin asked based on past experience do they feel that they will get to capacity fairly quickly. Rochelle stated that they would and they will look to expand in the future. Carter asked about the timing of the project, and if they have spoken to the City County Council. Riordan stated that a meeting was held with several city entities. Rubin asked if the request would come before the Board as a resolution. Riordan stated that it would most likely. Rubin commended Rochelle.

Next, Riordan presented a Bond Bank resolution for former Executive Director Robert "Bob" Clifford who passed away recently. She stated that the Bond Bank would like to as a Board pass a special resolution to honor Bob and a request to authorize Sarah Riordan to make it officially recognized by the Board.

Rubin asked for a motion. Carter made the motion to approve, seconded by Jett. All voted in favor and the motion passed.

Next, Riordan introduced the Bond Bank's summer interns. David Golder, I.U. Kelley School and Dash Holland, who is entering his Senior year at Notre Dame.

There being no further questions. Rubin asked for a motion to adjourn. Jett made the motion, seconded by Carter. All voted in favor and the motion passed.