

MINUTES OF  
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

June 21, 2010

MEMBERS PRESENT: Fred Miller  
Sahara Williams  
Jim Carr

MEMBERS ABSENT: Briane House  
Justin Christian

**BOND BANK PRESENT:**

Deron Kintner	Kyle Willis
Jacqui Fitzgerald	Dario Requiz
Laurie Canatsey	Brad Busse

OTHERS PRESENT:

Ben Kimmerling, Somerset	Kim Wilson, UMB Bank
Ken Stalcup, Somerset	Curt Fritch, CRF Group
Tamara Zahn, IDI	Tom Guevara, Crowe Horwath
Molly Williams, IDI	Ann Forey, US Bank
Sharon Karst, Bank NY Mellon	Sue Beesley, Bingham McHale
Sarah Fish, Hilliard Lyons	Sandra Mowell, Citizen
Eric Green, Backstrom, McCarley	Joe Britt, Wells Fargo
Jay Ryals, Fifth Third	Steve Meno, Fifth Third
Dave Arrensen, Baker & Daniels	Bob Kocher, BNY Mellon
Terry Leffew, Raymond James	Nancy Dorsa, JP Morgan Chase
Katie Aeschliman, KeyBank	Angie Steeno, Crowe Chizek
Diana Hamilton, Sycamore Advisors	Cory Schouten, IBJ
Nancy Langdon, Develop Indy	Jim Merten, City Securities

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:00 noon, Monday, June 21, 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. Ms. Williams called the meeting to order after determining that a quorum was present.

Ms. Williams asked for the approval of the minutes from May 17, 2010. Mr. Miller made the motion to approve, seconded by Mr. Carr. All voted in favor and the motion passed.

Mr. Kintner gave a brief update on Resolution No. 7 – PILOT Bond Financing. He stated that the resolution will authorize the issuance of \$170 million by the City of

Indianapolis to fund infrastructure improvements to bridges, streets, sidewalks, etc. The financing will be secured by payments in lieu of taxes (PILOTs) on the assets of the sanitary system. Currently, there is a PILOT payment equal to \$9 million per year that funds projects for public safety. Mr. Kintner then stated that the assets of the sanitary system will increase in value due to the projects required by the consent decree with the EPA, and as a result, the PILOT payment will increase. The \$9 million will continue to go to public safety and any amount above the \$9 million will be applied to pay back this debt. There will also be other PILOT money available to be applied towards other projects.

Mr. Kintner stated that the PILOT financing is independent of the potential utilities transfer to Citizen's Energy Group. Citizen's has been apprised of the schedule of the increased PILOT payments, therefore, if a sale of the utilities occurs, it will not impact the financing.

Ms. Williams asked that since the MOU was not related to the utility transfer, would Citizen's still be required to make PILOT payments if the deal goes through. Mr. Kintner stated they would because it would be the obligation of the owner of the sanitary district assets. There will be an agreement with Citizen's setting the rate for future PILOT payments now, which will give Citizen's certainty that future payments will be locked in.

Ms. Williams asked for a motion to approve Resolution No. 7. Mr. Carr made the motion, seconded by Mr. Miller. All voted in favor and the motion passed.

The next item to be discussed was Resolution No. 8 – RBC Line-of-Credit. Mr. Kintner stated that the Sanitary District issues many of its bonds through the State of Indiana using the State Revolving Fund, which allows a lower interest rate on the debt. This borrowing is a line-of-credit, which would only be utilized in the event there is a need to draw on the debt service reserve fund. The bond insurer, due to the exposure to sub-prime mortgages, has been downgraded, and the SRF has asked the Bond Bank to back-stop the insurer's surety bond with an entity that would have a higher credit rating as a reserve fund provider. RBC was willing to provide the back-stop as a line-of-credit. However, the line-of-credit is not expected to be drawn upon, but is there to provide comfort to the State and the holders of the State's bonds. The borrowing of \$38 million is the maximum amount needed.

Ms. Williams asked for a motion to approve Resolution No. 8. Mr. Miller made the motion, seconded by Mr. Carr. All voted in favor and the motion passed.

The next item discussed was the Indianapolis Bond Bank's 2009 audit. Mr. Ben Kimmerling, Somerset, introduced his colleague Mr. Ken Stalcup, and they gave a brief presentation of the audit, stating that the firm's opinion was standard and clean. He gave an overview of the summary of the financial statements, and stated that the total assets were \$4.5 billion and the net assets were \$3.8 million. He then stated that the operating revenues were at \$209 million and operating expenses at \$206 million.

Mr. Kintner stated that the reason for the increase in net assets was due to some bad debt write-offs in 2008 and a reduction in professional services for 2009. Ms.

Williams asked if that would likely be a trend. Mr. Kintner stated that the net assets would be evaluated each year.

Mr. Kimmerling continued the overview of the audit report. He covered the statement of revenue expenses, fees of the Bond Bank, operating interest expense, amortization of debt issuance costs, administrative costs, and statement of cash flows. He then stated that there were no changes in disclosure or accounting policies. He discussed the management letter. There were no contingencies or material alternative accounting treatments.

Mr. Kintner stated that from a staff viewpoint the audit appears strong and each year it has improved. He feels the Bond Bank is very near where it would like to be. He thanked the staff for all of their effort in making the process go as smoothly as possible.

Mr. Kintner then addressed upcoming projects. He stated that the audit will be presented for approval at the next meeting. Mr. Kintner introduced Mr. Isaiah Kuch as the newest Bond Bank staff member and welcomed him. Mr. Kintner then stated that the Bond Bank would be pricing the Dow AgroSciences bonds the next day. He will report on the pricing at the next meeting.

There were no other questions. Ms. Williams 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 12:23 p.m.