

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

May 17, 2010

MEMBERS PRESENT: Briane House
 Fred Miller
 Sahara Williams
 Justin Christian

MEMBERS ABSENT: Jim Carr

BOND BANK PRESENT:

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

OTHERS PRESENT:

Jean Landy, U.S. Bank	Kim Wilson, UMB Bank
Clayton Graham, Graham & Assoc.	Curt Fritch, CRF Group
Tamara Zahn, IDI	Emily Loehr, Sycamore Advisors
Molly Williams, IDI	Greg Reynolds, Blaylock Robert Van
Sharon Karst, Bank NY Mellon	Sue Beesley, Bingham McHale
Brad Bingham, Barnes & Thornburg	Sandra Mowell, Citizen
Tom Pitman, Barnes & Thornburg	Joe Britt, Wells Fargo
Dennis Otten, Bose McKinney	Bob Kocher, BNY Mellon
Terry Leffew, Raymond James	Nancy Dorsa, JP Morgan Chase
Michael Hack, Hutchinson Schockey	Angie Steeno, Crowe Chizek
Diana Hamilton, Sycamore Advisors	K. Sturbaum, Bose McKinney
Nancy Langdon, Develop Indy	Chad Sweeney, Ginovus
Jim Merten, City Securities	

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:00 noon, Monday, May 17, 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 March 15, 2010. Mr. Miller made the motion to approve, seconded by Mr. Christian. All voted in favor and the motion passed.

Mr. Kintner gave a brief update on Resolution No. 5 - Near Eastside HoTIF. He stated that the resolution authorized the issuance of \$8 million to provide infrastructure to the Near-Eastside area, specifically the St. Clair Place neighborhood. He then stated that

in 2006 the Metropolitan Development Commission created a Near-Eastside Housing Tax Increment District. At that time a \$5 million note was issued for Phase I to provide financing for infrastructure improvements in the area, including sidewalk, curb and asphalt work. In 2009, the Department of Metropolitan Development selected a team of planning development specialists to develop a revitalization plan for the St. Clair Place neighborhood, which consists of 150 acres and approximately 900 parcels, including 850 residential lots. Mr. Kintner stated that Phase II of the improvements will consist of streetscape work along 10th street, new alleys, green infrastructure, sewer lining, neighborhood lighting and maintenance.

The bonds will be secured by the revenues of the TIF District. The Phase II project is approximately \$5 million, although the projected bond issue is \$7.2 million. There is currently \$3.5 million of accumulated TIF revenues that will be applied to pay a portion of the 2006 notes, which mature this year. The remaining \$1.5 million will be financed as part of the current borrowing. The expected annual coverage on the bond is 150%, which is considered to be strong. Mr. Kintner stated that upon approval of the Bond Bank resolution and the passing of the final resolution of the Metropolitan Development Commission on Wednesday, May 19th, construction would begin on June 1, 2010. The MDC has already preliminarily approved the issuance. Mr. Kintner asked if there were any questions. Mr. Miller asked what had been accomplished since 2006. Mr. Kintner stated that the Near-Eastside is going through revitalization and the improvements were the sidewalk, curb and asphalt work. He then stated that the neighborhood is a part of the Super Bowl Legacy Project and this financing is specifically included in those discussions. Ms. Williams asked if there would still be additional capacity in the TIF. Mr. Kintner stated that there would be with 150% coverage, adding that 50% of the coverage would be available for future use. Mr. House stated that it is an area of the City that is in need.

Mr. House asked for a motion to approve Resolution No. 5. 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. 6 - Dow AgroSciences Bond. Mr. Kintner explained that this project is a great opportunity for the City from a financial standpoint. He then gave a brief background on the company. He explained that the project is an expansion of Dow AgroSciences existing company headquarters and research development campus on the northwest side of the city. The purpose of the expansion is for support and expansion of the company's world-wide research and development activities. There will be two phases to the project, Phase I will allow the construction of 175,000 sq. ft. research and development building and the construction of a 14,000 sq. ft. greenhouse. Mr. Kintner then stated that future phases would include three to five additional research buildings and greenhouses.

Mr. Kintner stated that the project will allow the retention of 1,031 jobs, and 677 new jobs would be created. The average hourly wage of existing jobs is \$46.53 hour and the average hourly wage for new jobs will be \$38.74. The project is a \$340 million capital investment over the next seven years. The City of Indianapolis has agreed to provide \$20 million in support. The total benefit to the City over the course of the bond issue will be approximately \$79.8 million, which will come mainly from the increase in

real and property tax revenues, along with COIT revenues and food and beverage sales tax.

Mr. Kintner stated that the maximum issuance amount is \$25 million, but the actual issue should be closer to \$21-\$22 million. The term is 15 years and the bonds will be paid back from the new tax increment that is generated from the project. The existing TIF revenues will not be impacted. The projected interest rate is 4.27%. The average annual TIF revenues from the new project will be \$4 million and the average debt service \$2.25 million, resulting in \$1.75 million a year going through the TIF to the taxing districts. He also stated that a similar bond issue for DOW in 1990 has been repaid, resulting in \$6 million annually that is returned to the municipalities and political subdivisions in the county. Mr. House stated that the numbers were strong. Mr. Kintner stated that the total revenue generated from the project will exceed overall costs of the debt by year 8. He then said that the State has also provided incentives. Ms. Williams asked how much the State offered. Mr. Chad Sweeney stated that the State offered tax credits and incentives toward infrastructure.

Mr. House asked for a motion to approve Resolution No. 6. Ms. Williams made the motion to approve, seconded by Mr. Miller. All voted in favor and the motion passed.

Next, Mr. Kintner asked Mr. Brad Busse, Bond Bank Trust Account Manager, to give a brief update on the Bond Bank's budget and audit. Mr. Busse stated that the audit went well. He explained the 1st quarter 2010 profit/loss statement and balance sheet. He stated that all of the accounting is up-to-date. Mr. Kintner stated that the audit would be presented to the Board at the June meeting. Mr. House asked about the operating loss reflected in the profit/loss statement. Mr. Busse explained that the reason for the loss was due to a tax warrant issuance that was completed at the end of 2009, but was recorded on the books in January 2010.

Mr. Kintner informed the Board about some upcoming economic development projects. He also informed the Board about a financing for the Sanitary District, which will involve a line-of-credit to back-up the surety bonds on the outstanding SRF bonds. Mr. House asked if the Bond Bank has a handle on the cost of the line-of-credit. Mr. Kintner stated that it is 100 basis points.

Mr. House stated that he is happy with the transition with Mr. Kintner taking over as Director of the Bond Bank. He felt the transition was seamless.

There were no other questions. Mr. House asked for a motion to adjourn. Ms. Williams made the motion, seconded by Mr. Christian. All voted in favor and the meeting was adjourned at 12:23 p.m.