

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

June 22, 2015

MEMBERS PRESENT: John Williams III
 Sarah Rubin
 Mel Raines

BOND BANK PRESENT:

Gregory Clark	Brad Busse
Monica Durrett	Kyle Willis
Isaiah Kuch	Laurie Canatsey
Calix Sholander	Isaac Trolinder

OTHERS PRESENT:

Diana Hamilton, Sycamore Advisors	Angie Steeno, Crowe Horwath
Scott Schuster, Katz Sapper Miller	Pete Buck, Katz Sapper Miller
Pam Cole, U.S. Bank	David Corbitt, Kreig DeVault
Mike Schumaker, City Securities	Sue Beesley, Bingham Greenebaum Doll, LLP
Nathan Flynn, Fifth Third	Xiao Yuon, Fifth Third
Sarah McFetridge, Crowe Horwath	Sharon Karst, Bank NY Mellon
Bruce Donaldson, Barnes & Thornburg	Heidi Babkowski, IAA
Robert Thompson, IAA	

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:02 p.m., Monday, June 22, 2015 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. John Williams III determined that a quorum was present and the meeting was called to order.

First, Williams welcomed and introduced the Board's newest member, Mel Raines. Williams gave a brief background of Ms. Raines including her past and present places of employment. Raines thanked Williams and stated that she looks forward to learning more and contributing to the work of the City of Indianapolis.

Next was approval of the minutes of the May 18, 2015. Raines made the motion to approve, seconded by Rubin with the necessary corrections. All voted in favor and the motion passed.

Greg Clark then discussed Resolution No. 4 - 2015H Stormwater Refunding Bonds. Clark stated that the resolution authorizes the refunding of the 2011H Stormwater Revenue bonds currently placed with J.P. Morgan Bank. The reason for the refunding is that the bond has a term that would change to a variable rate in 2020, and there is an option to call every August 10 annually without penalty. Clark then stated that there is an option to take the bonds out and lock them into the same term at a fixed interest rate. This will protect the bonds from exposure from an interest rate hike. The Stormwater District received a rate increase from the City County Council in December 2014. Clark stated that the Bond Bank will go before the Ratings Agency in a few weeks with the mindset that the District will experience a hike in its rating. The bonds will stay the same on the QE level and on the Bond Bank level it will be refunded due to timing.

Clark then named the team working on the refunding, Bond Counsel is Bingham Greenbaum Doll, Sycamore Advisors will serve as the Financial Advisor, Barnes and Thornburg as Underwriter's Counsel, and Stifel Nicolaus will serve as the lead underwriter. The amount to be refunded is approximately \$16.5 million in principal. There is some anticipated savings in the refunding, however, than main purpose of the refunding is to lock-in a long-term fixed-rate. There is no plan to extend the maturity structure of the transaction.

Williams asked for a motion to approve Resolution No. 4. Rubin made the motion, seconded by Raines. All voted in favor and the motion passed.

Next, Diana Hamilton, Sycamore Advisors, discussed Resolution No. 5 - Indianapolis Airport Authority/ILPIBB Swap Novation. Hamilton stated that the resolution allows the Bond Bank to transfer their risk from one party to another. There is currently a swap with UBS, and since UBS is in the process of exiting the municipal market it will be necessary to seek a counterparty that would like to do business with the City of Indianapolis. The counterparty that was settled on is Wells Fargo, they have a longstanding banking and investment banking relationship with the City. Hamilton then stated that the Bond Bank is asking for approval to move the swap to Wells Fargo. Clark stated that Heidi Babkowski with the Airport Authority was present and thanked her along with the Airport team for their assistance in this matter..

Clark explained the Swap further. He stated that IAA has already gone through their finance committee and their full board for approval.

Williams asked for a motion to approve Resolution No. 5. Raines made a motion to approve, seconded by Rubins, all voted in favor and the motion passed.

Next, Clark explained Resolution No. 6 - Barrington HoTIF. Clark stated that it is a \$2.5 million facility that was placed with Regions bank and has been refunded once before. The TIF District is a little different as it has not produced what was initially thought. The facility at its current place is interest only with a balloon payment that is due at the end of July 2015. Clark then stated that there are some cash reserves available that TIF District can utilize towards paying down the outstanding principle, however it is insufficient to pay down the total of the \$2.5 million. Therefore, it leaves the City with a

small issue of how to pay it off. The plan is to have a resolution that develops more of an amortization of the debt rather than just paying off interest. Clark then stated that it needs a solution to have a paid principle and interest. He stated that he has been in discussions with the Controller's Office and a plan is being formulated. There has been a term sheet with Regions, but the Bond Bank is collectively looking at options with the team to see what will be substantively beneficial. Clark then deferred to Willis.

Willis stated that the Bond Bank has been in talks with Regions Bank. The plan in place is that the Bond Bank is looking to pay down \$1 million in principle so that the outstanding balance will be decreased significantly. He stated that the outstanding balance would be amortized over a 10-year term. The TIF is set to expire in 2025 if revenues are sufficient to be paid off in that timeframe, if not, the Bond Bank will work with the Controller's office and look at floating a short-term note. This will give additional time to repay the outstanding debt in the district. Clark then stated that the resolution gives the administration of the Bond Bank to move forward with Regions. If Regions is not able to fulfill the idea of how the Bond Bank would like to proceed the Bond Bank will go to another bank. Williams asked Clark if he was trying to propagate this transaction by year-end. Clark stated that the facility is due by July 30, 2015. He stated that he would keep the Board up-to-date as to what is going on.

Williams asked for a motion to approve Resolution No. 6. Rubin made the motion to approve, seconded by Raines. All voted in favor and the motion passed.

Next discussed was the presentation of the Indianapolis Bond Banks 2014 Audit. Brad Busse, Controller, Indianapolis Bond Bank began with introducing Katz, Sapper & Miller audit team, Scott Schuster and Pete Buck. Schuster highlighted the audit and stated that the audit was conducted by generally accepted auditing standards and governmental auditing standards. Schuster stated there were two letters issued, a letter of opinion on the financial statements and a letter on internal controls and compliance which is related to the governmental audit procedures. There were no material adjustments, however, there were audit adjustments done. Schuster then discussed the scope and timing of the audit, and significant accounting policies. There were no changes to the Bond Bank's accounting policies. He stated that there will be a new GASB68 out next year, which will require government agencies to report pensions. He then stated that there were no disagreements with management and no consultations with other accounts. Schuster highlighted the financial statement with total assets for the Bond Bank being \$4.63 billion for 2013 and \$4.38 billion for 2014. He explained the reason for the difference. He then covered the net position and statement of revenues.

Clark informed the Board that it is the first year that Katz Sapper & Miller had been a participant in the Bond Bank's best practices of auditor rotations. He stated that he has been impressed with their thoroughness. He then stated that Katz Sapper & Miller along with members of the Bond Bank staff have done a great job with the Bond Bank's books. He encouraged the Board to review the audit and he and the finance team would be more than happy to facilitate answering any questions. Clark then stated that the audit will come before the Board at the July meeting for approval.

Next discussed was the 2015 B&C Fort Harrison Reuse Authority ("Authority") pricing. Isaiah Kuch, Sr. Project Manager, Indianapolis Bond Bank explained that the bonds had been priced. The bonds are in the amount of \$18.59 million and will carry the City's moral obligation, \$6 million allotted for the infrastructure improvements and \$4.7 million is being refunded. The final maturity is scheduled for 2035 with \$7.695 million due at final maturity in 2028. There is an anticipated NPV savings of \$231,000 with the deal. Clark added that the "Authority" was pleased with the transaction and he thanked City Securities for the great job done. He then stated that a formal write-up will be done for the "Authority." He thanked Kuch for the great job he had done as well.

Next, Willis, discussed the 2015D Health & Hospital Corporation ("HHC") Refunding G.O. Bonds. He stated that the bonds were priced the prior Wednesday in the amount of \$17.915 million. There was an all in true interest cost of 2.5% with a NPV at approximately \$2 million. The way the deal has been structured the costs that "HHC" will incur upfront is approximately \$1 million over the next two payments. Most of their savings will be realized over the term of the bond. Willis thanked Ramirez for their hard work. Clark thanked Willis and the Ramirez team. He also thanked Angie Steeno with Crowe Horwath and Dan Sellers with HHC.

Next discussed was new business. Clark introduced the Bond Bank's two interns Issac Trolinder is an intern the previous year and is interning again; he will be a 1st year law student in the fall of 2015 at IUPUI. Calix Sholander was a student in the SPEA program at I.U. Bloomington. He stated that he is happy to have both onboard.

Clark also shared with the Board that he was invited to be a speaker at the Midwest Municipal Markets Conference in Chicago. He was selected sit on the panel of Securities & Exchange Commission.

Clark informed the Board that the SEC's MCDC initiative recently came out with their first wave of findings against underwriter's that is required to self-report. He stated that he anticipates that issuers will possibly be the next to have to comply. He then stated that he does not suspect any issues on the Bond Bank side. He stated that the Bond Bank has had a pretty good reputation and track record with the disclosures, but there is always room for improvement. Clark then stated that the Bond Bank is currently working on implementing a new software program to perform even better. He stated that Willis has been working well with submitting the disclosures and in the next few months there will be a new continuing disclosure policy presented to the Board for approval.

There being no further topics of discussion, Williams asked a motion to adjourn. S. Rubin made the motion, seconded by Raines. All voted in favor and the meeting was adjourned at 12:41 p.m.