

MINUTES OF  
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

November 24, 2015

MEMBERS PRESENT:      John F. Williams III  
                                 Mel Raines  
                                 Sarah Rubin  
                                 Bryan Moll

BOND BANK PRESENT:

Gregory Clark	Brad Busse
Monica Durrett	Isaiah Kuch
Laurie Canatsey	

OTHERS PRESENT:

Brad Bingham, Barnes & Thornburg	Sue Beesley, Bingham Greenbaum Doll
Katie Aeschliman, BMO Harris Bank	Diana Hamilton, Sycamore
Xiao Ou Yuan, Fifth-Third	Angie Steeno, Crowe Horwath
Sarah McFetridge, Crowe Horwath	Nancy Dorsa, JP Morgan
Kelly Mc Nairy, KeyBanc Capital	Bob Kocher, BNYM
Nathan Flynn, Fifth-Third	David Corbitt, Krieg DeVault
Mike Schumaker, City Securities	

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:33 p.m., Tuesday, November 24, 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 order of business was the approval of the minutes of August 17, 2015. Williams asked for a motion to approve. Rubin made the motion to approve, seconded by Raines. All voted in favor and the motion passed.

Next, Greg Clark stated that Resolution No. 8 - seeks the Board's approval to refund the City's Facility Revenue Bonds (2006B & 2007M). Clark then stated that the pledge on the bonds is all revenues and/or funds of the City, a general revenue pledge. Clark stated that it is a standard refunding to take advantage of current interest rates and realize economic savings. City Securities will serve as the placement agent for this transaction as it was determined this was the best method of execution because the outstanding bonds have a final maturity within 10 years. There will be no extension of the

current maturity date or the amount outstanding. Clark stated that the Bond Bank looks to close this transaction by year-end.

Williams asked for a motion to approve Resolution No. 8. Moll made the motion to approve and seconded by Raines. All voted in favor and the motion passed.

Next, Clark discussed Resolution No. 9 - 16 Tech Project. Clark stated that it is a part of the Consolidated TIF District off of the 16th Street corridor. He gave a brief overview of the area. He then stated that the City has already gone before the Economic Development Commission, Metropolitan Development Commission (MDC), and City-County Council for approval. Clark stated that the City-County Council had the resolution on their agenda for final approval at its Monday, November 24, 2015, meeting. Clark stated that it was unusual that he would bring a resolution to the Board prior to all approvals from the Qualified Entity (the City). Clark stated he was doing this because he believed the City would want to seek initial financing for the project immediately after its approval from the Council and the execution of a project agreement. Clark stated by the Board approving this resolution now, it allows the Bond Bank to assist the City in seeking funds immediately without having to wait for the December Bond Bank Board meeting. Clark then stated that the approval by the City-County Council as well as an executed Project Agreement and Financing Agreement for the project were both prerequisites to any financing issuance by the Bond Bank.

Clark stated that the bond resolution has a not-to-exceed amount of \$75 million which would be used to assist with infrastructure improvements within the Consolidated TIF District, specifically the 16 Tech area. Clark then stated that the financing would be backed by a pledge of the Consolidated TIF District with a pledge of the moral obligation on the debt service reserve fund to provide credit enhancement to achieve optimal rates. Clark stated this is standard for all the City's Consolidated TIF transactions. Rubin asked when the bond notes would be issued. Clark stated once there is a signed project agreement and financing agreement in place. Clark stated he would keep the Board apprised of developments with this project and transaction prior to any issuance taking place.

Williams asked for a motion to approve Resolution No. 9. Raines made the motion, seconded by Rubin. All voted in favor, with the abstention of Moll, and the motion passed.

Next, Clark discussed Resolution No. 10 - 2008A Debt Service Reserve Fund-Surety Policy. Clark stated this resolution seeks the Board's approval in placing a surety/insurance policy in place of the currently cash-funded debt service reserve fund on the 2008A bonds. The 2008A bonds were issued to fund the JW Marriott project. Clark stated the bonds are secured by a special benefit project tax pledge however the City has paid the debt service on these bonds by and through increment received from the Consolidated TIF District. Clark noted that the City and Metropolitan Development Commission would like to utilize the cash the 2008A reserve for other capital projects rather than having to seek additional borrowing. Clark stated the trust indenture of the 2008A bonds allow a surety in lieu of a cash funded debt service reserve fund as long as it does not have a negative impact on the outstanding rating of the bonds. Clark stated

that the Bond Bank has been working with the City, bond counsel, and the rating agencies to receive assurances from the rating agencies that this action will not have any effect on the outstanding rating. Clark also stated that the tax-exempt status of the bonds is not affected and the Bond Bank was working with the City and bond counsel to ensure the funds released from the reserve fund were tracked and documented in the event of an IRS inquiry. Approval has been received from the insurance provider.

There being no questions, Williams asked for a motion to approve Resolution No. 10. Raines made the motion, seconded by Moll. All voted in favor and the motion passed.

Next, Clark discussed Resolution No.11 - Authorization of General Revenue Notes. Clark gave a brief background regarding the Criminal Justice Center. He stated that there were consultants and advisors hired by the City to explore this project's feasibility, and as a result there are outstanding legal, financial, and real estate fees that were incurred in the amount of approximately \$11.5 million. Clark then stated that the Criminal Justice Center is currently on hold, but the City has outstanding bills to its vendors for their work on the project.. The City would like to do a short-term note to pay these vendors and should the Criminal Justice Center be revisited there would be a mechanism in place to take the note out and build it into the long-term financing of the complex. He stated that the resolution before the Board is for an approval of a short-term note backed by a general revenue pledge of the City. The City would like to satisfy the outstanding debt before year end. Moll asked Clark if the current Board were to be relieved of its duties, would the next Board carry the request forward. Clark stated that it would be a part of the Bond Bank's portfolio to ensure it is budgeted for repayment in conjunction with the City. Clark again noted that the City-County Council had not approved this financing but it was set for a final vote at the Council's November 24, 2015 meeting. Clark indicated that the reason for bringing this for the Board's approval prior to the Council's final approval was to allow the Bond Bank to secure the financing by the end of the year, as requested by the City. Clark stated that if we waited for approval by the Bond Bank board at its December meeting, closing on the transaction by year end would not be possible. Williams asked what would happen if the City-County Council did not approve the Criminal Justice Center at its meeting on November 24th. Clark stated that if the Council did not approve the financing, the Bond Bank would not have all requisite approvals to effectuate the transaction and it would not happen. Clark then stated that he would be sure to keep the Board informed and let the Board know details prior to any closing on the Note

Williams asked for a motion to approve Resolution No. 11. Rubin made the motion, seconded by Raines. All voted in favor, with the abstention of Moll, and the motion passed.

Next, Clark presented a draft of the Bond Bank's Debt Management Policy. He asked Diana Hamilton, Sycamore Advisor's, to explain the policy. Hamilton gave a brief summary of the policy. Clark stated he was not seeking the Board's approval at this meeting but wanted to have it introduced with the intent of the Board being able to provide feedback prior to the next meeting. Clark stated the intent of this policy is to have a formal set of general guidelines on debt issuance that investors, rating agencies, and regulators can see. Clark stated that because of the increased scrutiny from federal

and state regulators since the Great Recession, this was something that he felt was part of best practices to have adopted and formalized.

Next, Clark asked Laurie Canatsey to give the Board a brief overview of the Bond Bank's 2015 budget and to present a proposed 2016 Budget. Canatsey presented the 2015 3rd quarter numbers. Canatsey stated that overall the Bond Bank was in line with expenses in 2015 and that the expenses were consistent with years past. Canatsey stated that projected revenues for 2016 would be slightly lower due to the decrease in the amount of outstanding debt.

Clark stated that with the transition there may be some amendments to the 2016 Budget. He then stated that some of the outstanding issues will be addressed in the coming weeks. He stated that even with the continued reduction in the Bond Bank's revenues, he feels it is a good budget. He then stated that he was not seeking approval until the December meeting.

Clark then gave his Executive Director Report. He stated that he received a call from John Dillon and that the Mayor-Elect had selected Dillon and Tenley Drescher-Rhodes as the contacts for Mayor-Elect Hogsett's transition team for the Bond Bank. Clark stated that he felt the Bond Bank is in good shape and will be helpful with the Mayor-Elect's transition team. Clark stated that he doesn't anticipate any issues. Clark then stated that he isn't certain when the transition team will reach out to the Board. He stated would keep the Board informed of any developments.

Clark then stated that he was asked by the Mayor's office to discuss funding priorities for Develop Indy/Indy Chamber and Downtown Indy. He mentioned that there has been years of discussion that the level of commitment from the Bond Bank could not continue, especially with the Bond Bank's declining revenues. Clark stated that the City's funding source for these initiatives was insufficient to cover the promises made to the entities and the City was seeking the Bond Bank's assistance in making up their shortfall, which totals approximately \$500,000. Clark encouraged the Board to take the request under consideration. Clark stated that the Bond Bank was fiscally healthy. However, he was concerned about the optics and did not want to set a precedent where the city continued to rely on the Bond Bank to fund these initiatives at these levels going forward. Clark stated the revenues of the Bond Bank simply do not allow it to do this.

Williams asked if there were any other options to fund the City's request. Moll asked if the City would be willing to repay the Bond Bank for all or some of the funds used. Raines stated that is it unrealistic to think that they could pay back what they were already short on. Williams stated that the Board has a fiduciary responsibility to the Bond Bank. Clark stated that the Bond Bank was healthy enough to take care of a portion of the request. He stated that to the City's credit, they have been fiscally responsible with reimbursements to the Bond Bank. Rubin stated that going forward there needed to be an expectation to recoup some of the funds. Williams asked if there was authorization needed from the Board. Clark stated that he would like an appropriation from the Board to spend the funds.

Williams stated that he is inclined with reservation to propose the appropriation to assist the various agencies shortfalls with the strict stipulations requested of all Board members that the Executive Director negotiate some type of repayment from the city, for all or a portion of the funds spent. Williams moved, that the request to assist Indy Chamber, Develop Indy and Downtown Indy to cover their 2015 shortfalls in the amount of \$500,000 with the condition that the Bond Bank will negotiate some repayment from the City. Moll and Rubin seconded the motion. All voted in favor and the motion passed.

There being no further items of discussion Williams asked for a motion to adjourn. Raines made the motion, seconded by Raines, and the meeting was adjourned at 1:40 p.m.