

MINUTES OF
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

November 15, 2010

MEMBERS PRESENT: Sahara Williams
Jim Carr (via: phone)
Fred Miller
Milton Thompson

MEMBERS ABSENT: Briane House

BOND BANK PRESENT:

Deron Kintner	Monica Durrett
Kyle Willis	Dario Requiz
Laurie Canatsey	Isaiah Kuch
Brad Busse	Kurt Fullbeck

OTHERS PRESENT:

Clayton Graham, Graham & Assoc.	Dennis Golem, Wells Fargo
Mary Hauser, Browning	Molly Williams, IDI
Jim Merten, City Securities	Sharon Karst, Bank NY Mellon
Ann Forey, U.S. Bank	Diana Hamilton, Sycamore Advisors
Kurtis Holle, KeyBanc Capital Mrkts.	Bob Kocher, BNY Mellon
Curt Fritch, CRF Group	Terry Leffew, Raymond James
Angie Steeno, Crowe Chizek	
Dennis Otten, Bose McKinney	

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:05 p.m., Monday, November 15, 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 after determining that a quorum was present called the meeting to order and informed the Board members and audience present that Mr. Jim Carr was joining the meeting by phone.

Mr. Kintner welcomed Mr. Milton Thompson, the newest member of the Bond Bank Board of Directors. Ms. Williams asked Mr. Thompson to give a brief background. Mr. Thompson stated that he is an attorney with SweetinBleeke and belongs to several civic and government boards. He is also President of his own sports, entertainment and special events business.

Ms. Williams then asked for the approval of the minutes from October 18, 2010. Mr. Miller made the motion to approve, seconded by Mr. Carr. All voted in favor and the motion passed.

The first item's to be considered was Resolution No. 14 - Indianapolis Airport Authority (IAA) Fixed Rate Bonds & Resolution No. 15 - IAA Variable Rate Bonds. Mr. Kintner stated that the resolutions authorize a financing related to the refunding of the Indianapolis Airport Authority ("IAA"). The bonds were originally issued to fund the Midfield Terminal. He stated that due to favorable opportunities provided by the 2009 Federal stimulus bill there are significant savings opportunity for IAA to refinance the debt. The favorable provisions expire at the end of 2010, and IAA is seeking the Bond Bank's services to assist them with the refinancing. Mr. Kintner then stated that Mr. Jerry Wise from IAA was present to answer any questions.

Mr. Wise stated that Resolution 14 refinances the outstanding fixed-rate bonds, while Resolution 15 refinances the variable-rate bonds. He then stated that the variable-rate bonds will be purchased by a syndicate of banks led by Wells Fargo, while the refunding of the fixed-rate bonds will include a tender-option component since the bonds are not pre-payable. The bondholders will be sought directly. Mr. Miller asked Mr. Wise what favorable conditions have led IAA to seek refunding at this time. Mr. Wise stated that the ARRA Legislation provides an Alternative Minimum Tax (AMT) holiday which allows private activity bonds to be refunded on a non-AMT basis. IAA also has a credit facility that is set to expire in 2011. IAA has found conditions to be favorable to get ahead of the big push of credit renewals that is expected to come in 2011. Mr. Thompson asked about the projected savings. Mr. Wise stated that it would all depend upon how many bondholders would be willing to sell the bonds back. He then stated that there are approximately \$750 million in bonds that are eligible to be refunded. IAA has determined that \$150 million is an achievable amount of bonds to purchase back. They are looking at 2% - 3% present value savings which could reflect a sum of \$3-4 million. Mr. Wise then stated that the variable-rate funding IAA will permit the release of reserve funds and defease the bonds, which will provide more than \$1.5 million in savings per year in addition to a reduction of debt of approximately \$36 million. This allows IAA to come in below their forecast by approximately 50 basis points. Ms. Williams asked about any losses with the variable-rate bonds that could pose a problem. Mr. Wise stated that IAA had hedged their variable-rate exposure and IAA has the fixed-rate swaps over all the bonds that will support the costs at approximately 4.5% with the variable-rates plus swaps exposure, versus 5% on fixed-rate bonds. Mr. Kintner stated that IAA's variable-rate exposure is closer to what is recommended. There were additional questions regarding the variable-rate bonds. Mr. Kintner and Mr. Wise answered the remaining questions to the satisfaction of the board. Mr. Miller then asked about the cost of issuance. Mr. Wise stated that the financial advisory side of the deal will be approximately \$300,000 and the legal side should be about the same for both transactions. However, the underwriter's fees depend upon the number of bonds that come back in.

Ms. Williams asked for a motion to approve Resolution No. 14. Mr. Miller made the motion, seconded by Mr. Carr. All voted in favor and the motion. She then asked for

a motion to approve Resolution No. 15. Mr. Miller made the motion, seconded by Mr. Thompson. All voted in favor and the motion passed.

Next, Mr. Kintner presented the Board with the Bond Bank's 2011 budget for review. He stated that there have not been any significant changes. He made reference to the Union Station fees as being under-estimated, and how they now reflect an increase for 2011. He stated that property insurance and commission fees had not been included in the past and moving forward those items would be included. He then stated that in regards to increase in wages, that there is an unfilled position for a deputy director. However, he does not anticipate hiring one at this at this time. He discussed the net income profit for operations of \$400,000, which he feels is reasonable since the Bond Bank has decreased the fees that were normally charged to the qualified entities. Ms. Canatsey reminded Mr. Kintner about the loss revenue sources due to the possible transferring of the water and wastewater utilities to Citizen's Energy Group. The Board took a moment to review the budget. Mr. Thompson asked about the community support and how that is determined. Mr. Kintner stated that, typically, a request is brought to the Bond Bank's attention.

Next, Ms. Mary Hauser, Browning Investments, gave a brief update on Union Station's budget for 2011. She stated that Browning is looking at some reductions as well as increases at the Union Station property. Currently, Browning is negotiating with the Indianapolis Metropolitan Police Department (IMPD) regarding their interest in securing the former 21st Century Charter School space. Mr. Kintner stated that with IMPD moving into that location, the City feels it will be good for the downtown area. He then stated that the Bond Bank will work with IMPD and the Public Safety Department to meet their needs for the space. Ms. Hauser then stated that there will be increases due to necessary repairs and upkeep of the elevators and escalators. Ms. Williams asked a question regarding the property management fees. Mr. Kintner stated that the contract was negotiated some years ago and the Bond Bank retains Browning at the request of the City. The City looks into entering into a new Property Management Agreement when it comes to re-negotiating the contract. Mr. Kintner then stated that the Bond Bank is happy with the services Browning provides. Mr. Miller asked if there has been any interest in the purchase of Union Station. Ms. Hauser stated not at this time. Mr. Thompson asked what items had been replaced. Ms. Hauser stated that the HVAC system had been replaced a few years ago. She then mentioned that other items that needed to be addressed were the Greyhound-CSX facilities.

Next, Mr. Kintner discussed upcoming projects. He stated that the refunding of the Harding Street TIF bond and the North of South Project would come before the Board at the December meeting. Mr. Thompson asked about the scope of the project. Mr. Kintner stated that total project is approximately \$155 million. The amount that the City is financing on behalf of the developer is \$86 million for the project.

Mr. Kintner informed the Board that The Bond Buyer had selected the Indianapolis Bond Bank's PILOT Bond issue as the Midwest Bond Issue of the Year and is a finalist for the National award.

There were no other questions. Ms. Williams asked for a motion to adjourn. Mr. Carr made the motion, seconded by Mr. Thompson. All voted in favor and the meeting was adjourned at 12:35 p.m.