

MINUTES OF  
THE INDIANAPOLIS LOCAL PUBLIC IMPROVEMENT BOND BANK

Minutes of the Regular Meeting of the Board of Directors

October 23, 2017

MEMBERS PRESENT: Sarah Rubin  
Terri Jett  
Michael Carter

MEMBERS ABSENT: Dennis Charles  
Bryan Moll

BOND BANK PRESENT:

Sarah S. Riordan	Brad Busse
Isaiah Kuch	Laurie Canatsey
André Zhang Sonera	Karen Strunk

OTHERS PRESENT:

Xiao Ou Youn	Fifth Third	Carl Mills	Fifth Third
Sarah McFetridge	Crowe Horwath	Angie Steeno	Crowe Horwath
Katie Aeschliman	BMO Harris	Denise Barkdull	Frost Brown Todd
Trish Whitcomb	GK Baum	Julie Bolling	Krieg DeVault
Catherine Fanello	Krieg DeVault	Bob Kocher	US Bank
Matt Nunley	PNC	Ian Nicolini	Develop Indy
Scott Krapf	Frost Brown Todd	Diana Hamilton	Sycamore Advisors

A Regular Meeting of the Indianapolis Local Public Improvement Bond Bank (“Bond Bank”) convened at 12:00 p.m., Monday, October 23, 2017, in the City-County Building, 200 East Washington Street, Suite 260, Indianapolis, Indiana. Pursuant to notice given in accordance with IC 5-14-1.5, Mrs. Sarah Rubin determined that a quorum was present and the meeting was called to order.

First, was approval of the minutes of August 21, 2017. Carter made the motion to approve, seconded by Jett. All voted in favor and the motion was passed.

Next, was the approval of Resolution No. 2 2017 - LOIT Notes. Rubin turned the floor over to Riordan to present the purpose of the resolution. Riordan explained that this was the last stop of approval before closing on the direct placement note for \$20 million. The notes have already been approved by the City-County Council. The proceeds of the notes will be used to fund payment of consulting costs for the Community Justice Center project.

Riordan defined consulting costs as design consulting, legal, financial, environmental, and XBE costs. The goal is to hand over an almost buildable project to the design-build

contractors who will be selected by public process next year. Bond Counsel for the notes is Tenley Drescher-Rhoades from Faegre Baker Daniels. Diana Hamilton of Sycamore Advisor is serving as the Financial Advisor. The term of the note will be two years and the pledge securing the notes is the LOIT (Local Option Income Tax). When the note comes due in two years, Riordan anticipates that the larger bond proceeds for the project will be available to pay off the note. Rubin asked for a motion to approve the resolution. Carter made the motion to approve, seconded by Jett. All voted in favor and the motion was passed.

Next, was the approval of Resolution No. 3 2017 - 2017C PILOT Refunding. The PILOT bond was issued in 2010 to fund infrastructure improvements. The bond was secured by the payments in lieu of taxes (PILOT) that are made to the City of Indianapolis by Citizens Energy Group (CEG) pursuant to the agreement between the City and CEG to transfer the assets of the water company to CEG in 2010 and 2011. The City transferred the assets of the water company and CEG makes a payment to the city every year based on a schedule of payments. Part of the PILOT payment is used to make debt service payment on bonds. Since Riordan joined the Bond Bank, there have been proposals based on the market environment to refinance the bonds. Refunding would achieve some savings by lowering the debt service. Riordan noted that the team for the refunding consists of Catherine Fanello and Julie Bolling at Krieg DeVault, Morgan Stanley as the bank, and Diana Hamilton of Sycamore Advisors is the Financial Advisor. The Administration and Finance Committee and the City-County Council both passed the refunding through unanimously and the board is the final step of approval.

Rubin asked about the timeline of taking the bonds to the market. Riordan explained that she anticipated going to the market the end of November or early December after completing the last of the legal work. She added that the bankers are keeping an eye on the market and will advise when the best time to go to the market is.

Rubin asked for a motion to approve Resolution No. 3- 2017. Jett made the motion to approve, seconded by Carter. All voted in favor and the motion was passed.

Last, for new business was the Develop Indy Funding Request. Riordan explained that the Bond Bank has provided some funding to Develop Indy, the economic development arm of the City which is housed at the Indianapolis Chamber of Commerce. The Bond Bank has sought to find another sustainable funding source for Develop Indy. As of the 2018 Budget, Develop Indy is now funded through the Department of Metropolitan Development. Develop Indy has done a great job in 2017 being very frugal while working on job creation efforts.

Ian Nicolini, from Develop Indy, was called up to present their request. Nicolini gave an update on Develop Indy. He explained that they use wages, new jobs, and investments as metrics to focus on growth. Their current project pipeline includes \$2.3 billion in proposed capital projects and 6,000 new jobs. Year to date Develop Indy has added 3,200 new jobs and has had \$325 million in capital expenditures approved by the City-County Council. Nicolini added that the average wage of \$28.75 per hour on projects is a record high. He attributes the large growth of tech jobs in Indianapolis. Nicolini noted that Develop Indy has been involved in a number of Develop-Backed Bonds, which have helped to shift more of the risk of projects to the developers

and away from taxpayers which have yielded about \$100 million in investments. Develop Indy worked with the Indianapolis Airport Authority on flight development and were able to add a transatlantic direct flight to Paris. Nicolini explained that Develop Indy has kept positions open this year in an effort to save money. He then asked the Board for questions.

Riordan asked Nicolini to quantify the request. Nicolini responded that Develop Indy is seeking \$275,000. Riordan added that the Mayor's Office supports the request and that the Bond Bank has the money. She recommended that the Board approve the request and explains that the motion would be to amend the budget to provide \$275,000 to Develop Indy. Jett said that the request was less than she expected and asked Nicolini what neighborhoods would be impacted. Nicolini explained that Develop Indy has been working with the Brookings Institute to create a strategy of inclusive growth. He explained that they are focusing on the impact of development on communities and neighborhoods. Riordan noted that some projects are ensuring workforce development like the developer backed bonds Penn Arts Hotel which will require a \$13 per hour wage level. Additionally, the Carter Jackson Development in Twin Aire neighborhood, affordable 60-120% of adjusted median income. Hiring incentive program through the city for employers who hire laid-off Carrier employees. Companies that are hiring re-entry individuals are eligible for accelerated or increased incentives. The goal for Develop Indy is to drive economic mobility. Jobs and investment numbers may not be as large as 2017, but he hopes the impact is larger.

Riordan listed some projects: Penn Arts Hotel, Bethel AME Hotel, the Ardmore, the Carter Jackson east of Fountain Square, and the development of the GM Stamping Plant. Nicolini added that there is also a Broad Ripple mixed-use project that includes river enhancements and some unit set aside for workforce housing.

Rubin commended Nicolini and Riordan for finding a public funding source and lent the support of the Board. Rubin asked for a motion to amend the budget to provide \$275,000 to Develop Indy. Jett made the motion to approve, seconded by Carter. All voted in favor and the motion was passed.

Finally, Riordan gave an update on current projects. There are two outstanding notes coming due. The first note is the Market District Garage which has a balloon payment coming due in January. She noted that the Bond Bank is in the process of starting the approval process through the Metropolitan Development Commission and the City-County Council to approve the expenditure of a funding stream to refinance the loan. The second notes coming due are the 2015B Notes which were in December of 2015 in the amount of \$12 million. The notes were issued to pay consultants for the previous criminal justice project. The Bond Bank is working on a couple of proposals to work on a refunding stream. The Community Justice Campus project has \$20 million now to pay consultants. There is a timetable for RFQs and RFPs for the project and are underway. 16Tech has a BAN due in January. Riordan is working with 16Tech to amend the project agreement to issue more debt in the first quarter of 2018 which has already been approved. The amount of debt is yet to be determined as the City will match a percentage of outside investment dollars.

Riordan noted that the Bond Bank has had a productive summer and fall. There are a few internal projects underway like cleaning up the shared drive and updating the website. The 2018 Budget will be presented by Laurie in November. Riordan added that the Bond Bank is in good shape financially and are ahead of where it needs to be.

Rubin asked if there was a motion to adjourn. Carter made the motion, seconded by Jett. All voted in favor and the meeting was adjourned at 12:29 p.m.

