

**COMMON COUNCIL
FINANCE COMMITTEE
NOVEMBER 5, 2020**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 at City Hall on Thursday, November 5, 2020. The meeting was called to order at 8:18 a.m. with Greg O'Connor, Mike Davis, and Darren Peterson present. Megan Wiles participated by telephone.

Also present were City Clerk Evelyn Lees and Attorney Michael Howard. Deputy Mayor Matt Light participated by telephone. Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson arrived at 8:30 a.m. Controller Jeff Spalding arrived at 8:35 a.m.

Refinancing of Bonds for Guerin Catholic High School

Mr. Howard stated Ordinance #42-11-20 was requested by Guerin Catholic High School so that they can refund their bonds. He stated the City was used as a conduit for Guerin to issue tax exempt bonds, which carry a lower interest rate. He stated the first bonds were issued in 2004 and refinanced in 2009 and 2016. He stated the bonds will require a public hearing by the Economic Development Commission. He stated Guerin will be completely responsible for payment with no recourse to the City. He stated their gross savings from this refinancing will be approximately \$1 million over the life of the bond. He stated the best finance team in the Midwest is working on the bonds: Ice Miller, Baker Tilly, and Stifel. He stated Guerin will pay all the costs of the bonds, and the City will not be under any obligation. He stated public schools have tax exempt status and can issue their own bonds, but private schools must work with a municipality to issue tax exempt bonds. He stated the debt will not be listed as the City's or included in the City's audit by the State Board of Accounts. He stated the City will only approve ordinances and resolutions; all other documents will be executed and held by Guerin. Mr. O'Connor agreed the bonds will have no effect on the City. He stated in the 1980s, municipalities would issue tax exempt bonds even for private businesses, but the laws were changed later. The committee recommended approval of the ordinance.

Mr. Howard left the meeting.

2021 Wastewater Utility Budget

Mr. Thompson reviewed the 2021 Wastewater Utility Budget. He stated the budget was straightforward this year. He stated wages and salaries will not be increased, and other increases were kept to the minimum necessary. He stated cuts were made where possible.

Mr. Spalding, Mr. Beres, Ms. Trexler, and Ms. Thompson joined the meeting.

Mr. Thompson stated projected revenue will be approximately \$13,860,000.00. He stated the budget is intentionally below that amount to provide a buffer. He stated the budget will increase significantly next year because payments on the recently issued bonds will begin. The committee

asked questions about operations at the plant. Mr. O'Connor asked if any new projects mandated by the state or federal government are on the horizon. Mr. Thompson replied there has been some talk about nitrogen removal, but no action has been taken yet. He stated the Utility already removes a significant amount of nitrogen. He stated the Utility processes approximately 6 million gallons per day with capacity for 10 million gallons per day. He stated when processing reaches 8 to 8.5 million gallons per day, a design plan will be initiated to increase capacity to 15 million gallons per day. Mr. Peterson asked when an expansion will be needed. Mr. Thompson replied there are too many variables to be able to make a prediction. He stated they monitor usage and have a plan for when the need arises. Mr. O'Connor commended Mr. Thompson for doing a great job. There was a brief discussion concerning types of customer payments. Mr. Davis stated constituents ask him why payments are sent to Detroit. Mr. Thompson replied their service is much less expensive. Mr. Spalding noted that the Wastewater Utility is a separate legal entity from the City, so the Council does not have oversight authority and does not approve its budget. The committee thanked Mr. Thompson for the information.

Mr. Thompson left the meeting.

Review of Meet & Confer Negotiations

Mr. Light provided an update on negotiations with the police and firefighter unions. He stated most of the negotiations were completed in August, but a few matters required legal review. He stated both agreements will be on Tuesday's Board of Public Works and Safety and Council agendas. He expressed appreciation for the communication and candor of the union representatives during the process. He stated the unions understood that the fiscal environment is different this year. He reviewed changes to the firefighters agreement. Mr. O'Connor asked if there have been recruiting challenges. Mr. Light replied recruiting is competitive, but the Fire Department is pleased with the results. He reviewed changes to the police agreement. He noted any fiscal changes were included in the budget and salary ordinances when they were approved in September. Mr. Spalding stated some items were budgeted as lump sums because the agreements were not finalized, but they will be budgeted more specifically in the future. The committee recommended approval of the agreements.

Cash Transfers for Contingent Liabilities

Mr. Spalding distributed lists of dormant funds that are obsolete but still maintain a balance. He also distributed a list of internal service funds to which he plans to transfer money from most of the obsolete funds. He explained the obsolete funds were not created through Council action, so the money in them is not restricted in any way. He stated the purpose of these transfers is to clean up the Chart of Accounts. He stated the obsolete funds are also not listed in the Fiscal Plan. He stated adding them to the Fiscal Plan would be very complicated, so it is simpler to dissolve them. He reviewed the transfers on the Council agenda and explained the purpose of each internal services fund. He noted the uses for the internal services funds are very specific. He stated several of the funds will be self-funding through budget mechanisms in the future. He stated these cash transfers will help capitalize the funds until the budget mechanisms are in full force. He reviewed the specific purpose for each transfer. Mr. Spalding stated the main purpose

for funding the internal service funds is to provide a truer picture of General Fund and Rainy Day Fund balances. He explained if the internal services funds do not have adequate balances to pay obligations, the shortfalls would be met from the General Fund or the Rainy Day Fund. He stated if the internal services funds have sufficient balances, then the balances shown in the Fiscal Plan for the General Fund and the Rainy Day Fund truly will be available. He stated then the Fiscal Plan will be more reliable to use for decision-making. Mr. Davis asked if the funding mechanism is charged to each department according to projected needs of that department. Mr. Spalding replied it may be in the future, but for now the same amount is charged for each employee. Mr. Davis asked if the employees are aware the City is funding accounts to pay benefits. Mr. Spalding replied the amount per employee is listed on each employee's pay statement, even though it is not deducted from their pay. Mr. Davis was pleased. He stated the employees need to see how much the City contributes for their benefits. Mr. Spalding stated in the future he hopes to establish a fund for payment of insurance benefits to retirees. He stated at this time payments are made from the General Fund, but they are increasing each year. He stated it would be good to define the costs and set up a funding mechanism. Mr. O'Connor expressed approval.

Ms. Trexler stated currently internal services payments are not included on a claims docket for the Council to approve, but the State Board of Accounts auditors have said all payments should be on a docket. She stated she will present one very large docket of these charges to the Council near the end of the year for approval. She stated in 2021, the docket will be presented quarterly. Mr. Spalding stated he had tried to simplify the dockets to make them easier for the Council to review, but some payments did not appear that should have. The committee agreed that a quarterly docket would be more manageable. The committee recommended approval of the transfers.

Fiscal (and Related) Actions on Council Meeting Agenda – November 10

- *Ordinance #42-11-20 – Authorization to Refund the Economic Development Refunding Revenue Bonds of 2016, Series A (Guerin HS Project)*
- *Cash Transfer TC-04-20 – 146th Street Reimbursement Fund to Severance Payout Reserve Fund*
- *Cash Transfer TC-05-20 – 146th Street Reimbursement Fund to Unemployment Self-Insurance Fund*
- *Cash Transfer TC-06-20 – School Sale Proceeds Fund to Unemployment Self-Insurance Fund*
- *Cash Transfer TC-07-20 – Multiple Funds to Property and Casualty Self-Insurance Loss Fund*

These items were discussed earlier in the meeting.

Claims Docket Review

The committee commended the large claim summaries and agreed they were very helpful. The committee recommended approval of the claims.

Review of Agenda Addendum

Mr. Spalding stated two items have been added to the addendum that will be executed by the end of the year. He stated one item is a resolution authorizing him to make transfers of less than \$50,000.00 in order to balance budgets at year end, which is required by law. He stated a similar resolution was approved last year and worked well. He stated there will also be an appropriation transfer to move \$10,000.00 to the Police Department budget to pay an insurance deductible on a legal settlement for a parking enforcement lawsuit.

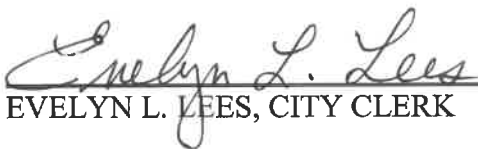
Other Business at Discretion of the Chair

There was no other business.

The meeting adjourned at 10:10 a.m.



GREG O'CONNOR, COMMITTEE CHAIR



EVELYN L. LEES, CITY CLERK