

**COMMON COUNCIL
FINANCE COMMITTEE
JANUARY 7, 2021**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 at City Hall on Thursday, January 7, 2021. The meeting was called to order at 8:19 a.m. with Mike Davis, Greg O'Connor, Megan Wiles, and Wil Hampton present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Operations Manager Kevin Sears, Economic Development Director Andrew Murray, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, Administrative Assistant Jacqueline Thompson, and HNTB consultants Chris Schultz and Joe Guerre. Assistant City Engineer Jim Hellmann arrived at 8:27 a.m.

Development Agreement – JC Hart/Republic (aka East Bank) Project

Mr. Murray stated the Economic Development agreement for the East Bank project was discussed in Executive Session in November 2020. He stated there have only been minor changes since then. He distributed a packet of information on the project to the committee. He reviewed the City's commitment to the project, which includes transferring right-of-way to the developer for the project. He stated the project will cost nearly \$48 million. He stated the City's incentive includes issuing a TIF bond of approximately \$9.9 million that will be purchased by the developer, so the City will bear no risk for repayment. He stated issuance costs and interest will be capitalized, so net proceeds of the bond will be approximately \$8.8 million. He stated the developer will give \$250,000.00 to the City at the bond closing, which will be used to pay 15 percent of road, sewer, and park impact fees for the project. He stated the City will give 100 percent of the TIF revenue to the developer for the first seven years, after which the City will receive \$50,000.00 of the TIF revenue per year. He stated any excess TIF revenue will be shared between the City and developer at a 70/30 annual split. He stated closing on the bond is expected before September 1, and the project is expected to be complete by September 30, 2023. He noted the developer must have secured financing before closing on the bond. Ms. Wiles asked if the developer plans to break ground this year. Mr. Murray replied yes, in the fall. Mr. O'Connor asked if the agreement has a prohibition on selling the completed project to another operator. Mr. Murray replied yes, the project may not be sold for at least three years after completion, and the purchaser must prove their financial position is as strong as the seller's. He stated the City also must approve the sale.

Mr. O'Connor stated it is a good project. Mr. Davis asked if public parking is included. Mr. Murray replied no, there are 20 parking spaces reserved for the retail portion of the project and there is on street parking, but the rest is for residents of the apartments. Mr. Hampton asked if the project's amenities will be private. Mr. Murray replied they will be. Ms. Lees asked if consideration has been given to screening for Riverside Cemetery. Mr. Murray replied it has not been addressed but could be as the agreement is refined. Mr. O'Connor commended Mr. Murray and his team. The committee recommended approval of Resolution RC-1-21, which approves the development agreement.

Results of Capital Projects Short-term GO Bond of 2020 (aka 2021 One Year Bond) Sale

Mr. Spalding reviewed the sources and uses of the bond, which was issued on December 28, 2020. He stated \$4.6 million in bond proceeds will be available for capital projects, plus \$89,400.00 in contingency funds. He reviewed the amortization schedule, which shows the bond will be repaid in two payments due by June 30, 2021 and December 31, 2021. He stated approximately \$4.4 million of the payments will be paid from property tax revenue, with the remainder paid from other tax levies. He stated PNC Bank purchased the bond, which is the same bank that purchased the 2019 bond. He stated because legal fees were rolled into the 2019 bond, PNC automatically did the same for the 2020 bond. He noted that they were still the lowest bidder. Mr. O'Connor stated the interest rate for the bond is reasonable, and the issuance costs are very attractive. He commended Mr. Spalding for his work on the bond. Mr. Spalding stated as a growing community, it is necessary to issue these bonds to keep the City's tax rate at \$1.10.

Mr. Murray left the meeting.

Nickel Plate Express Assistance Plan Update

Mr. Light stated aiding the Nickel Plate Express relates to a bigger picture. He stated as the City cleans up the rail yard and adds a station near the entrance of the park, it will need a successful rail operator. He stated the Nickel Plate Express was extremely successful in 2019 and was expected to continue that success when the pandemic began. He stated the Nickel Plate Express received a short term start-up loan that was due to be paid in 2020. He stated the lender has understood the challenge of the pandemic and has worked with them, but they must find a longer term solution. He stated Hamilton County Tourism is trying to help and is in the process of working out the details. He stated the Administration is working with the Indiana Bond Bank for financing with Hamilton County Tourism and the City as guarantors. He stated other stakeholders will be approached to join as guarantors. He stated the City would issue a ten year bond to pay off the loan, and the Nickel Plate Express would repay the City. He stated the Nickel Plate Express would take over the semi-annual payments in 2022. Mr. Spalding clarified that the City would be the borrower, and the Nickel Plate Express would repay the City. He noted the City would be liable for the bonds. Mr. Light stated the City will have an interlocal agreement with the Hamilton County Tourism Commission to spell out their role as a co-guarantor. Mr. Hampton asked what would happen to the bond if the Nickel Plate Express fails. Mr. Light replied there is rail equipment that will be used as surety. Mr. O'Connor observed if the City is liable for the bonds, it is an obligor, not a guarantor. Ms. Wiles observed the Nickel Plate Express was very successful before the pandemic and should be successful again. Mr. Hampton agreed. Mr. Spalding stated details of the agreement have not been finalized yet.

10 Year Capital Improvement Plan Status Update

Mr. Light introduced Mr. Guerre and Mr. Schultz from HNTB, who have aided the Administration and Engineering Department in developing the plan. Mr. Guerre and Mr. Shultz displayed a PowerPoint presentation. Mr. Guerre stated all departments were asked for a wish list of capital improvements of at least \$150,000.00 that address a fixed asset of the City. He stated

equipment was not included and was addressed elsewhere. He stated the plan is not set in stone and will be updated every year. He noted projects for 2021 and 2022 are more definitive. Mr. Guerre and Mr. Schultz reviewed their process in compiling the plan. They reviewed how projects were prioritized and how funding was identified. They noted that not all available funding sources were included in the plan. Mr. Light stated Parks projects were not included because an update to the Parks Master Plan is in progress. He stated the prioritization tool will be used to integrate with budget features in OpenGov. Mr. O'Connor asked what funding was not included in the plan. Mr. Light replied in addition to seeking state and federal funding, restricted use funds such as Wastewater Utility funds, the Cumulative Capital Improvement fund, the Cumulative Capital Development fund, the Cumulative Fire fund, and TIF funds were not included but could be used for eligible projects. He stated the City will need to pursue outside funding for some projects. Mr. O'Connor asked if economic development benefits could be factored into the plan so the City could get the most value for investment. Mr. Spalding replied the plan will improve over time, and such considerations could be added. Mr. O'Connor asked when the plan will be presented to the full Council. Mr. Light replied the plan is still being edited, but it will be available soon. Mr. O'Connor suggested a retreat to present the plan. Mr. Spalding noted the plan is a fluid document. He stated it should be viewed as a planning tool, not a funding tool.

Mr. Hellmann, Mr. Guerre, and Mr. Schultz left the meeting.

Small Business Resilience Grants, Round 2

Mr. Light stated the same amount of funding for grants will be available as in the spring, which was \$250,000.00. He stated the Administration feels this is the right time to offer the grants again. He stated there have been fewer applications so far, but he noted there may be last-minute applications received before the deadline at close of business on January 8.

Mr. Spalding stated as with the first round of grants, an additional appropriation is needed to fund them. He stated the first round of grants came from the Rainy Day Fund, but this round will be funded from the General Fund. He stated when the City received its CARES Act reimbursement, the money was returned to the budgets that incurred the original expenses. He stated the money then reverted to the General Fund at the end of the year, making approximately \$2 million available. He stated the grant funds will be appropriated to the Economic Development Projects and Programs budget.

Unbudgeted Reporting Costs for Pre-1977 Pension Funds Redux

Mr. Spalding stated additional appropriations are needed for the 2021 budget, just as was done in December for the 2020 budget for the pre-1977 Police and Fire Pension funds. He stated there is no net fiscal impact. Mr. Beres stated the appropriations will be included in future budgets beginning in 2022.

The committee recommended approval of the additional appropriations.

Authorization for Routine Budget Adjustments

Mr. Beres stated Resolution RC-2-21 will be presented to the Council much the same as Resolution RC-3-20, granting authority to OFA to make minor technical appropriation transfers. He stated one difference will be making pay changes for employees. He stated this year a personal services contingency was added to department budgets for employees that are not paid the maximum amount budgeted for their position. He added this change prevents personal services budgets from being overstated. He stated the quarterly total threshold has been raised from \$100,000.00 to \$125,000.00 to account for these employee pay adjustments.

Claims Docket Review

The committee recommended approval of the claims.

Mr. Hampton and Ms. Wiles left the meeting.

Authorization to Appropriate Grant Proceeds

Mr. Spalding stated Resolution RC-3-21 will formalize existing practice in order to be more transparent. He stated most grant awards are restricted as to their use. He stated the Council still appropriates the funds, but there is not much choice in the matter. He stated this resolution would authorize OFA to appropriate grants and reimbursements such as the CARES Act funding. He stated it is best to have the Council take action on this authorization each year, but in the future he will include language in the budget ordinance. Mr. O'Connor asked for the Council to receive a quarterly report as with the appropriation transfers. Mr. Spalding replied that is possible, but there will be no change to current practices.

Fiscal (and Related) Actions on Council Meeting Agenda – January 12

- *Ordinance #05-01-21 – Additional Appropriation to provide funding for annual reporting requirements (Fire Pension Fund)*
- *Ordinance #06-01-21 – Additional Appropriation to provide funding for annual reporting requirements (Police Pension Fund)*
- *Ordinance #07-01-21 – Additional Appropriation for 2nd Round of Small Business Resilience Grants (General Fund)*
- *Resolution RC-2-21 – Routine Budget Adjustment Authority for 2021*
- *Resolution RC-3-21 – Authorization to Appropriate Grant Proceeds for 2021*

These items were discussed earlier in the meeting.

Review of Agenda Addendum

Mr. Spalding stated the grant reimbursement resolution has been removed because action is being taken.

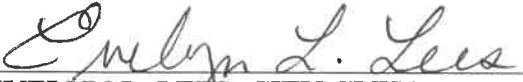
Other Business at Discretion of Chairman

There was no other business.

The meeting adjourned at 10:03 a.m.



MIKE DAVIS, COMMITTEE CHAIR



EVELYN L. LEES, CITY CLERK