

**COMMON COUNCIL
FINANCE COMMITTEE
JUNE 10, 2021**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 at City Hall on Thursday, June 10, 2021. The meeting was called to order at 8:16 a.m. with Mike Davis, Wil Hampton, Greg O'Connor, and Megan Wiles present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Street Commissioner Patty Johnson, Economic Development Director Andrew Murray, Workforce Development Manager Chuck Haberman, Economic Development Specialist Amy Smith, Attorney Michael Howard, Controller Jeff Spalding, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson. City Engineer Alison Krupski arrived at 8:29 a.m. Budget/Financial Analyst Sam Beres was absent.

Claims Docket Review

After discussion, the committee recommended approval of the claims.

Additional Appropriation – Road Salt Encumbrance

Ms. Johnson stated each year in the spring, a purchase of road salt for the following winter is purchased through a cooperative of agencies within the county, including Hamilton County, Noblesville, Westfield, Carmel, Fishers, and Cicero. She stated bidding as a group results in better pricing. She stated for many years she has executed a contract, then budgeted the amount for the next year, when it is paid. She stated recently Mr. Spalding and Mr. Beres recommended Council fiscal action. Mr. Spalding explained there will be no change to spending, but Indiana code requires encumbering funds with a purchase order when a contract is executed. He stated the budget adjustment needed this year will result in a one year increase in the Street Department budget. He stated the cycle will be adjusted going forward, and the budget will return to normal. The committee recommended approval.

Ms. Johnson left the meeting.

Bond Authorization – Pleasant Street Bond Anticipation Note #1

Mr. Howard stated this item is another part of the financing for the Pleasant Street project. He stated the bonds for the project will be lease rental bonds, but lease rental bonds cannot be issued until construction bids have been received. He stated a Bond Anticipation Note (BAN) will provide short term financing for preliminary work such as design, right-of-way acquisition, and utility relocation before the project can bid. He stated the BAN will be issued for \$18,585,000.00 and will be paid back from the lease rental bonds issued when the project bids, which is expected in approximately 13 months. He stated an extra year will be added to the term of the BAN as a safeguard against unforeseen delays. He stated a BAN counts against the constitutional debt limit, and in this case the Redevelopment Commission's debt limit will be used. Mr. Spalding noted lease rental bonds do not count against the constitutional debt limit, which is one reason

the BAN is only used for a short term. Mr. O'Connor asked Ms. Krupski when the BAN proceeds will be needed. Ms. Krupski replied within a few months. Mr. Spalding advised there are still some small uncertainties, so a few details of the issuance may be adjusted slightly, but there should not be any substantial changes. The committee recommended approval.

Bond Authorization – Federal Hill Parking Garage

Mr. Howard stated lease rental bonds also will be issued to construct the Federal Hill parking garage. He stated the land transaction has been completed to remove the property from the Downtown TIF and the 2015 lease, so this item is the next step in the process. He stated the Community Development Corporation will be the lessor, and the Redevelopment Commission will be the lessee. He stated in the development agreement approved last year, the bonds were not to exceed \$9 million, but the amount has been increased to \$10 million due to increasing construction costs. He stated the Administration consents to the change. He stated payment on the bonds will come from a property tax levy, and annual debt service payments are not to exceed \$700,000.00. He stated this ordinance allows the bond issuance to move forward. He stated the bonds will be taxable, because they are connected to private activity. He stated the taxable interest rates are slightly higher than non-taxable rates. Mr. O'Connor asked if the bonds for the Levinson were taxable. Mr. Spalding replied yes, they were. Mr. Howard stated this process is the same that was used for the Levinson. He stated he will be absent for the second reading of the ordinance and asked if he could address questions at the next Finance Committee meeting. He stated if not, he could ask the bond attorney to attend the Council meeting. The committee agreed any questions could be addressed at their next meeting. The committee recommended approval.

Ms. Krupski left the meeting.

Economic Development Agreement – Curium US, LLC

Mr. Haberman stated Curium is a nuclear medicine biopharmaceutical company that plans to expand their manufacturing operations in the Corporate Campus by adding two new therapeutic radiopharmaceuticals. He stated the project will result in \$3.5 million in real property investment and \$9.3 million in personal property investment. He stated they expect to add 34 jobs with an average wage of \$103,000.00 annually. He stated the agreement proposes a seven year declining personal property tax abatement and a three year declining real property tax abatement. He stated the abatements will save the company approximately \$700,000.00, and the City is estimated to collect approximately \$1.2 million in tax revenue. He stated a representative from Curium will be present at the Council meeting to answer questions. He stated this expansion will use the current building footprint, but they are exploring options to expand further. Mr. Murray stated an Economic Revitalization Area already exists, so an agreement is all that is needed to establish the abatement. He stated the agreement also contains a five percent tax abatement fee on annual tax savings. The committee recommended approval.

Economic Development Agreement & Designate Economic Revitalization Area – Applied Intelligence Corporation

Ms. Smith stated Resolutions RC-24-21 and RC-25-21 are related to this item. She stated Effing Properties applied for and received a tax abatement in 2018. She stated they encountered drainage issues at the construction site, and by the time the issues were resolved the terms of the Economic Revitalization Area and abatement had expired. She stated now the process is starting over. She stated Effing Properties plans to make a \$1.3 million investment in real property improvements. She stated they will retain ten full time employees and plan to hire three more. She stated there is a three year declining real property tax abatement. She stated Effing Properties agrees to engage with the community and pay a five percent tax abatement fee on annual tax savings, similar to the agreement with Curium. She stated the property is north of Metro Park Court, on the north side of east Pleasant Street. She stated the agreement requires investment by June 30, 2022, but the applicant has indicated that they are ready to apply for a building permit immediately. Mr. O'Connor and Ms. Wiles were concerned about the building's aesthetics, since it is in a highly visible, almost gateway location. Ms. Smith replied she would get the information. The committee recommended approval.

Economic Development Agreement & Designate Economic Revitalization Area – Patch Development (Washington Business Park)

Ms. Smith stated Resolutions RC-26-21 and RC-27-21 concern Patch Development and the Washington Business Park. She stated Patch Development has committed to invest not less than \$15 million in real property improvements. She stated they plan to build a 162,000 square foot industrial building at 15193 Cumberland Road, and Morrell Group plans to lease approximately 24,000 square feet within the building. She stated they are asking for a five year declining real property tax abatement. She stated engagement with the community and payment of a five percent tax abatement fee on annual tax savings are included in the agreement. She stated the designation of an Economic Development Revitalization Area will apply to the entire business park. Mr. Murray added the agreement will apply to future tenants as well. Mr. Davis asked if the City receives any tangible proof that the incentives will be spent as intended. Mr. Murray replied they must submit an annual compliance form. He stated the City has a good relationship with the applicants, and full compliance is expected. The committee recommended approval.

Mr. Howard left the meeting.

RDC Activity Update

Mr. Murray stated the Redevelopment Commission met three times in the last 30 days. He stated they have approved actions for the Village at Federal Hill, acquired property on Chestnut Street, and disposed of property on Howe Road. He stated they also acquired property on John Street, and the Engineering Department is assisting with demolition of a building on the property so that it can be a gravel parking lot during construction of the Federal Hill parking garage. Mr. Davis wondered if the building could be used for Fire Department training before demolition. Mr. Haberman thanked Mr. Davis for the suggestion and stated he would investigate the option.

Mr. Murray stated the Redevelopment Commission also was required to decide if they would pass through any Assessed Value to the overlapping taxing districts. He stated staff recommended against pass through, and the Commission agreed. Mr. Spalding stated in time, as the proformas for the TIFs are completed, they can be used to measure performance of the TIF districts. He stated if a district greatly outperforms expectations, some Assessed Value could be passed through to the overlapping taxing districts as a good will gesture.

Mr. Davis stated the Economic Development Department recently reported on their successes in the past year. He asked if there have been problems. Mr. Murray stated there have been a few losses, but they have learned from them. He stated his greatest need is for more staff, which will be included in the 2022 budget request.

Ms. Smith left the meeting.

Fiscal and Debt Actions on Council Meeting Agenda – June 15

- *Ordinance #44-06-21 – Authorization to issue lease rental bonds for the Federal Hill Parking Garage*
- *Ordinance #45-06-21 – Additional appropriation to realign funding for annual road salt purchase (Motor Vehicle Highway Fund)*
- *Ordinance #41-05-21 – Authorization of Developer-purchased bonds for Federal Hill Mixed Use Project*
- *Resolution RC-23-21 – Authorization for the RDC to issue a BAN for Pleasant Street Phase I*

These items were discussed earlier in the meeting. Mr. Spalding stated the title of this section was changed to limit the scope of the items listed. He asked the committee for feedback on the change.

Mr. Murray and Mr. Haberman left the meeting.

Review of Agenda Addendum

Mr. Spalding stated two items have been removed, and one has been added. He stated the City has been approached by its insurance broker to consider renegotiating the City's property and casualty self-insurance package. He explained the uncertainty of last year led to unreasonably high rates for universal stop loss coverage, and the broker advised against adding it. He stated now prices have stabilized, and the broker has suggested adding the coverage again. He stated if the decision is made to add the universal stop loss coverage, a budget modification may be necessary.

Mr. O'Connor expressed a desire for a presentation from the broker explaining the City's coverage, since it is such a large annual expense. Mr. Spalding stated the City's growth may soon justify staff dedicated to risk management. He stated that person would work directly with

the broker concerning the City's insurance needs. Mr. O'Connor agreed. Mr. Spalding suggested an insurance presentation during consideration of the Board of Works budget, and possibly a report in February summarizing activity in the previous year. He stated he would speak to the broker to see if they had suggestions.

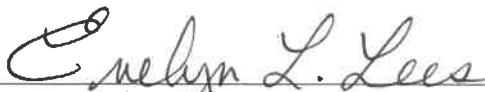
Other Business at Discretion of Chairman

Ms. Wiles stated the Council agenda for next Tuesday will include a resolution for the City to opt out of the State's opioid lawsuit against manufacturers. She stated in light of recent legislation and the Indiana Attorney General's position, the city attorney has advised that the City opt out of the lawsuit. She stated the city attorney has advised that the City can opt back in later in the year if it is determined to be in the City's best interests. Mr. Light stated distribution of the State's settlement would not include reimbursement of costs or attorney fees, and units who have done nothing would be treated the same as those who have actively litigated. He stated most municipalities who have litigated are opting out. He stated approximately \$14 million has been awarded to the state, but it will be paid out over time. Mr. Light stated Indiana is the only state with this type of settlement structure. Ms. Wiles stated the City has spent between \$18,000.00 and \$41,000.00 on the litigation so far.

The meeting adjourned at 9:47 a.m.



MIKE DAVIS, COMMITTEE CHAIR



EVELYN L. LEES, CLERK
CITY OF NOBLESVILLE