

**COMMON COUNCIL  
FINANCE COMMITTEE  
APRIL 9, 2020**

The City of Noblesville Council Finance Committee met on Thursday, April 9, 2020 via telephone conference pursuant to Governor Holcomb's executive order 20-09. Greg O'Connor called the meeting to order at 8:17 a.m. with Mike Davis, Darren Peterson, and Megan Wiles present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Community and Economic Development Director Sarah Reed, Economic Development Assistant Director Andrew Murray, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, and Administrative Assistant Jacqueline Thompson. Mayor Chris Jensen joined the meeting at 9:00 a.m.

**Lofts on 10<sup>th</sup> Street Project**

Mr. Murray stated the project has been discussed for some time; it was presented to the Council in early 2018, then it was presented to the Finance Committee in October 2019. He stated a development agreement will be on the Council agenda for April 14. He reviewed the main points of the development agreement, including a \$1 million forgivable loan providing certain benchmarks are met; City-issued bonds with a pledge of TIF revenue; waiver of permit fees; and profit sharing of net income on the project. Mr. O'Connor asked what percentage of profit would be shared with the City. Mr. Murray replied the City would receive ten percent of the net operating income. He stated the City will also donate 6,000 star bricks to the project. Mr. O'Connor noted that the developer is personally guaranteeing the project, so the City will not be at risk. Mr. Murray noted the preferred source for the forgivable loan is the Downtown TIF Fund. Mr. Spalding stated that fund was designated based on pre-COVID-19 numbers, and he is still working through various aspects of funding for the project. He stated the Downtown TIF Fund is still a possibility. Ms. Wiles stated this is a good project that will spur Downtown development. Mr. Davis agreed it is a good project. Mr. Peterson stated he has been working on the project since 2015, so he will abstain. The committee agreed to recommend the project to the full Council.

**Refunding of 2014 Redevelopment Authority Refunding Bonds of 146<sup>th</sup> Street Extension**

Mr. Spalding stated this bond refinancing is an obvious choice based on current market circumstances. He stated he was approached by Stifel Financial Corporation concerning the refunding. He stated the bonds were issued first in 2006, then refunded in 2014. He stated now the bonds can be refunded again. He stated there will be no immediate relief to the City, but the refunding will lower the debt service paid by the Corporate Campus West TIF. He referred to an analysis provided by Stifel that projects a savings of \$1,054,324.00 over the remaining life of the bonds, which would provide an annual savings of approximately \$150,000.00. He stated the bonds are expected to be on the April 28 Council agenda. Mr. O'Connor agreed refunding the bonds makes sense. Mr. Light asked if all the City's bonds could be refunded. Mr. Spalding

replied that is not possible due to different circumstances with each bond; some bonds are not eligible for refunding. Mr. O'Connor agreed.

### **Small Business Resilience Grant**

Mr. Light referred to report on the program that he emailed to the committee before the meeting. He stated the grant program was launched on March 31, and the grants were awarded on April 7. He stated the Mayor appreciated input he received from the Council during that time. Mr. Light stated 209 businesses applied, but only 90 submitted a complete application. He stated after review, 11 applicants were found to be ineligible, and 46 grants were awarded. He stated those who were not awarded grants were notified on April 8.

Mr. Spalding stated up to \$250,000.00 in cash will be transferred from the Rainy Day Fund to the Economic Development Fund, from which the grants will be paid. He noted the Council will need to appropriate funding for the grants with an additional appropriation ordinance. He stated the cash transfer will be presented at the same meeting as the second reading of the ordinance. He noted the process will be the same as for the recent grant to the Friends of Central Pool. He stated the payments can be made now from the General Fund, which later can be reimbursed from the Economic Development Fund. He stated he is acting on guidance from the State Board of Accounts, which recognizes the unusual circumstances. He stated the process will be documented, and he is not concerned that the State will have any objections. Mr. Peterson commended the Administration for acting so quickly to help these businesses.

Ms. Wiles stated there were lively discussions while the applications were reviewed, but the right decisions were made. She stated there would need to be more discussions concerning whether another round of grants is needed. Mr. Davis stated this was difficult, but the right thing to do. He stated everyone is hurting during this unprecedented time. Mr. O'Connor agreed. He hoped that along with other available resources, the grants will help small businesses. He noted it took a herculean effort to process the grants so quickly. He asked how the grants will be tracked. Mr. Light replied the grant agreement has a reporting requirement for use of the funds by June 30. Mr. O'Connor commended the Administration for thinking the project through. Ms. Wiles commended the staff that reviewed the criteria and ranked the applications.

### **Mayor's Capital Project Priorities**

Mayor Jensen joined the meeting.

Mr. Light stated the Administration has been refining the 2020 list of capital projects, since some are in progress. He stated most of the projects had begun before the COVID-19 virus appeared. He noted the small business grants are a recent addition. He reviewed the list of projects. He explained the list shows the projected 2020 cost as well as the projected future costs. He stated funding is expected to come from various TIF funds, the Motor Vehicle Highway (MVH) Fund, the Local Roads and Streets (LRS) Fund, and cash reserves. He stated the cash projection pre-COVID-19 was \$27 million. He explained a cash reserves policy has been discussed for some

time; some of the cash reserves could be spent while still abiding by the “Reuter Rule” (maintaining six months of operating expenses in cash reserves).

Mayor Jensen stated the information should be helpful. He stated he has spoken to individual Councilors and knows that the Council has wanted more information, which this report tries to provide. He stated funding will come from two buckets: cash reserves, and various funds that are replenished annually from tax revenue, such as TIFs, MVH, and LRS funds. He stated funding has already been allocated to 50 percent of the projects, and most of the rest of the projects are not due in 2020. Mr. O’Connor stated it is refreshing to see a plan with the information Council needs to see. He noted the figures are based on pre-COVID-19 projections, so property tax revenue may not be what was expected. He stated the City has enough cash reserves that projects can still move forward and don’t have to stop. He was pleased to see such clear and transparent information. He commended Mayor Jensen, Mr. Light, Mr. Spalding, and Mr. Beres for providing information the Finance Committee can see and track. Mayor Jensen stated many of these projects have been announced and the public expects them, so a funding plan was needed. The committee agreed this information is a service to the Council and the public. Mr. O’Connor stated Noblesville is blessed, and when the pandemic is over, the City can forge ahead prudently.

### **Fiscal Impact of COVID-19**

Mr. Spalding presented a detailed overview of the fiscal impact of COVID-19 on the City. He stated the overview is intended as a reference document for the committee and for himself. He stated the document illustrates his thinking on the situation and groups fiscal issues concerning the pandemic. He reviewed the 60-day penalty waiver for spring 2020 property tax payments; income loss from the non-essential business shutdown; property tax effects of income loss; property tax effects of less AV growth; contingency liability exposure for TIF-supported debt; additional expense exposure; and other relevant comments. He noted he has a limited ability to model projections because COVID-19 is an unprecedented event, but Mr. Beres is developing a tracking dashboard.

### **Fiscal (and Related) Actions on Council Meeting Agenda – April 14**

- *Additional Appropriation Ordinance #10-04-20 – Small Business Resilience Grant Program (General Fund)*

This item was discussed earlier in the meeting.

### **Claims Docket Review**

The committee recommended approval of the claims.

### **Review of Agenda Addendum**

There were no updates.

**Other Business at Discretion of the Chair**


There was no other business.

The meeting adjourned at 9:52 a.m.



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GREG O'CONNOR, COMMITTEE CHAIR



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EVELYN L. LEES, CITY CLERK