

**COMMON COUNCIL
FINANCE COMMITTEE
SEPTEMBER 9, 2021**

The City of Noblesville Council Finance Committee met pursuant to public notice in the Council conference room at City Hall on Thursday, September 9, 2021. The meeting was called to order at 8:15 a.m. with Mike Davis, Greg O'Connor, and Megan Wiles present.

Also present were City Clerk Evelyn Lees, Deputy Mayor Matt Light, Community Development Director Sarah Reed, Controller Jeff Spalding, Budget/Financial Analyst Sam Beres, Chief Accountant Heather Trexler, Administrative Assistant Jacqueline Thompson, and Workforce Development Manager Chuck Haberman. City Attorney Lindsey Bennett attended virtually via Microsoft Teams. Mayor Chris Jensen arrived at 9:31 a.m.

Claims Docket Review

After discussion, the committee recommended approval of the claims.

Amendment to Employee Salary Ordinance for Paralegal Position

Ms. Bennett stated she had planned to hire a paralegal beginning in 2022, but the departure of Operations Coordinator Kevin Sears in the Mayor's office necessitates hiring a paralegal now. She stated Mr. Sears has been overseeing the City purchasing policy and reviewing potential agenda items for the Board of Public Works and Safety and Council, and she believes the paralegal should take over these duties. Ms. Bennett stated as City attorney she must review contracts, so she has worked closely with Mr. Sears. She stated the loss of Mr. Sears will free up funding in the Mayor's budget that will pay for the addition of the paralegal for the remainder of the year. Mr. Light confirmed that the Mayor's office will not fill the Operations Coordinator position until 2022. He stated duties for that position will be updated accordingly. Ms. Bennett stated she may need to hire at a slightly higher salary than was proposed in her 2022 budget. Mr. Beres stated an appropriation transfer will be needed to move the savings in the Mayor's budget to the Law Department budget. Mr. Spalding stated for now, the salary ordinance will be amended to include the paralegal position. Ms. Bennett stated she hopes to fill the position by November 1. The committee recommended approval of the amendment to the salary ordinance.

Ms. Bennett left the meeting.

Economic Development Agreement – The Farm Project

Mr. Haberman stated K&J Investments II, LLC has purchased and renovated the City's old high school at 1448 Conner Street, which was the Boys and Girls Club for many years. He stated the project is close to receiving its Certificate of Occupancy. He stated originally the owner had requested a tax abatement, but the Administration felt it was not the best option. He stated a forgivable loan of \$350,000.00 is proposed, which will result in approximately the same incentive, but through a cleaner process. He stated the investment in renovation was approximately \$2.7 million, and the applicant will move Meyer Foods Management headquarters

to the site. He stated there are currently 35 employees, with a commitment to add ten more. He stated the average salary is \$57,000.00. Ms. Reed added the renovation also includes conference space for community events. Mr. Haberman stated co-working space for entrepreneurs will be available as well. Ms. Reed stated “The Farm” will cultivate entrepreneurship and help new businesses grow. She stated a condition of the forgivable loan is correcting lighting on the exterior of the building, which is currently too bright for its residential neighbors. She stated another condition of the loan prohibits buying nearby houses to use the land for parking lots. She stated the City will not forgive the loan if either condition is not met. Mr. Spalding stated the loan will be paid from TIF funds through the Redevelopment Commission, so there is no fiscal action for the Council to undertake. Mr. Davis asked what plans the owner has for parking. Mr. Haberman replied they have been in conversations with Ivy Tech for use of the west portion of their parking lot. Ms. Wiles stated the building will be on the tax rolls for the first time. She asked how long it will take for the property taxes to reimburse the loan. Mr. Haberman replied approximately nine years. Mr. Spalding pointed out that the building is not in the TIF district from which the loan will be distributed, so the property taxes will not directly reimburse the expense. Mr. O’Connor asked if the loan could be disbursed from the General Fund. Mr. Spalding replied the City’s policy is to use the most restricted funds first. Mr. O’Connor expressed concern for the cash balance in the Downtown TIF District, but Mr. Spalding assured him the fund’s balance will be sufficient. Ms. Wiles asked if a loan would be setting a precedent. Ms. Reed replied this was a unique circumstance. Mr. Light stated the Administration views the agreement as an investment in business retention. Mr. Haberman added the owner has 700 employees in Noblesville. Ms. Wiles and Mr. Peterson commended exterior art and landscaping on and around the building. The committee recommended approval of the resolution and ordinance.

Ms. Reed and Mr. Haberman left the meeting.

2022 Civil City Budget

Mr. Beres distributed a 2022 Introduced Budget Summary. Mr. Spalding stated eventually his office will produce a “budget book” that provides a meaningful summary of the budget for the public. He stated such a book will have a consistent format from year to year, in order to make comparisons. He stated this summary is an overview; it does not advocate for the budget. Mr. Light stated when the City received news of the revenue decrease, another round of cuts was necessary to close the gap between the budget and revenue. He stated the strategic spenddown of cash reserves and the one year bond were also finalized. Mr. Beres noted \$1 million is set aside in contingency, mostly to fund temporary and seasonal employees. Mr. Light stated the budget ordinance may be amended between the first and second reading as the budget is further clarified.

Mr. Beres reviewed the budget summary. He stated he will also present a PowerPoint illustration at the Council meeting. He reviewed New Budget Features and the Introduced Budget in Perspective. He stated the introduced budget is always higher than the actual planned budget to provide flexibility. He explained the introduced budget must be reported to the Department of Local Government Finance (DLGF) and cannot be raised once it is reported. He stated the higher

amounts are reported in case the high Assessed Value levy growth appeal is denied. Mr. O'Connor agreed the 5.8 percent growth of the budget is reasonable, considering increasing inflation. Mr. Spalding added growth of the budget also should be expected because the community is growing. Mr. Beres reviewed Key Fund Balances, Budget Increases by Category, One-Time Spending Increases, and Ongoing Spending Increases. Mr. Spalding noted Mr. Beres spends much time distinguishing one-time requests from ongoing budget requests in order to insure accurate base budgeting.

Mayor Jensen joined the meeting.

Mr. Beres reviewed Other Notable Items in the budget. He reviewed Appendices A through D. He added Appendix E is the Base Budget Summary.

Mr. Spalding displayed the budget ordinance, the form of which is provided by the DLGF. He noted the ordinance includes a higher tax levy than is expected, because it cannot be raised at a later date. He stated the published tax rate is also higher than \$1.10, but the actual tax rate will be \$1.10. The committee commended Mr. Beres for his work on the summary. Mr. Beres stated a final version will be produced after the budget is adopted.

High AV Levy Growth Appeal

Mr. Spalding explained the State mandates a uniform levy growth for the entire state based on income growth, but there is an appeal process for communities whose growth is more rapid than the State rate. He displayed a spreadsheet calculating growth for Noblesville's levy. He stated he plans to appeal the state's rate to increase Noblesville's levy by \$853,887.00. He stated the resolution on the agenda authorizes him to file the appeal with the State. He noted if the appeal is successful, the extra revenue will be permanent and ongoing in perpetuity. He stated the City has successfully appealed the past two years. The committee recommended approval of the resolution.

2022 One Year Bond

Mr. Spalding stated there are two ordinances connected with the bond: one ordinance authorizes issuance of the bond, and the other appropriates the proceeds of the bond. He explained the name of the bond can be confusing, because it is issued in the current year and named for the current year, but the proceeds will be used next year to keep the tax rate at \$1.10. He displayed Exhibit A of Ordinance #64-09-21, which lists the eligible projects the bond will be used to fund. Mr. O'Connor asked if the bond will be tax exempt. Mr. Spalding replied yes, it will be. The committee recommended approval of the ordinances.

Appropriation Transfer – Financial Consulting & Audit Services

Mr. Spalding stated his office needs additional funding to pay for consulting assistance with the Comprehensive Annual Financial Report and additional audit costs. He stated the appropriation transfer will come from contingency. Mr. O'Connor asked if funding for internal controls is in

the 2022 budget. Mr. Beres replied yes, funding is in the IT budget, and internal controls will also be addressed by the new deputy controller. He stated a comprehensive review also will take place. Mr. Spalding added a new accounting system also may be needed. Mr. Light explained some strategic positions throughout the City that will require accounting experience. The committee recommended approval of the appropriation transfer.

Fiscal and Debt Actions on Council Meeting Agenda – September 14

- *Ordinance #61-09-21 – 2022 Civil City Budget*
- *Ordinance #63-09-21 – Bond Authorization for Capital Projects Short-term GO Bond of 2021*
- *Ordinance #64-09-21 – Appropriation of Debt Proceeds for Capital Projects Short-term GO Bond of 2021*
- *Resolution RC-49-21 – 2022 High AV Levy Growth Appeal*
- *Appropriation Transfer #TA-09-21 – Financial Consulting and Audit Services (General Fund)*

These items were discussed earlier in the meeting.

Review of Agenda Addendum

There were no changes to the addendum from the prior meeting.

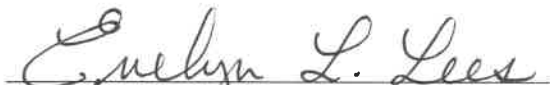
Other Business at Discretion of Chairman

Mr. Spalding stated the Pleasant Street Bond Anticipation Notes (BAN) closed on August 31. He displayed the sources and uses of the bond proceeds for the committee. He stated the BAN totaled \$18,250,000.00, with interest of less than half of one percent.

The meeting adjourned at 10:20 a.m.



MIKE DAVIS, COMMITTEE CHAIR



EVELYN L. LEES, CLERK
CITY OF NOBLESVILLE