

**COMMON COUNCIL  
FINANCE COMMITTEE  
OCTOBER 21, 2021**

The City of Noblesville Council Finance Committee met pursuant to public notice in room A213 at City Hall on Thursday, October 21, 2021. The meeting was called to order at 8:18 a.m. with Darren Peterson and Megan Wiles present. Greg O'Connor participated via Microsoft Teams. Mike Davis was absent.

Also present were City Clerk Evelyn Lees, Community Development Director Sarah Reed, Attorney Michael Howard, Economic Development Director Andrew Murray, Chief Financial Officer and Controller Jeff Spalding, Budget/Finance Analyst Sam Beres, and Administrative Assistant Jacqueline Thompson. Deputy Mayor Matt Light arrived at 8:56 a.m.

**Claims Docket Review**

The committee recommended approval of the claims.

**Bond Authorization – Redevelopment Authority Lease Rental Refunding Bonds of 2021**

Mr. Howard stated with the help of Mr. Spalding and accountant Jim Treat, they propose refunding bonds from four road projects. He provided a summary of the proposed bonds with total net savings of \$2.6 million. He stated Resolution RC-58-21 authorizes issuance of the bonds by the Redevelopment Authority. He stated the goal is to close on the bonds in early December. He reviewed tables showing individual and aggregate savings on the bonds. Ms. Wiles stated one table shows \$1.3 million in net savings, not \$2.6 million. Mr. Spalding replied it can be confusing, but the bonds will be funded in part by cash on hand held by the trustee. Mr. Howard explained when the bonds were issued, a debt service reserve fund was required to be held by the trustee. He explained that a debt service reserve fund is no longer required, so those funds can be used to pay off the bonds as part of the refunding. He stated using those funds results in savings, since the City won't need to borrow as much for the refunded bonds. He noted the terms and maturity dates of the original bonds will not change. Mr. Spalding stated most of the bonds are paid from TIFs, and since the debt service payments on the bonds will be lower, more cash will be available in those TIFs. He stated one bond is paid from property taxes, so the tax rate will drop by a small amount, which will result in next year's one year bond being slightly higher. He stated this bond is very complex, because there is one refunding, but there will still be four lease rental payments. Mr. Peterson asked if new bonds for projects can be issued from the TIFs once these bonds expire. Mr. Howard replied since 2014, there is a statutory limit of 25 years for TIFs, and most cannot be renewed. He stated once a TIF expires, the Assessed Value that was captured returns to the tax base, and the City's tax rate drops by a very small amount. He noted one bond's debt service is partially funded by the seat tax at the Music Center. He stated the seat tax revenue may only be used for debt service on road projects that benefit the music center, such as the recent improvements to Olio Road and 146<sup>th</sup> Street. Ms. Wiles asked if the seat tax could be used for improvements to Boden Road. Mr. Murray replied that might be possible. Mr. Spalding expressed a desire to specifically clarify seat tax use in bond documents. Ms. Reed stated she has a letter stating the seat tax will end in 2028. She stated the City has a good partnership with Live

Nation, which owns the Music Center, and now is the time to have a discussion regarding the seat tax. Mr. O'Connor discussed interest costs on the refunding. He stated the refunding will be inexpensive, and there will be no change to the bonds other than saving money.

Mr. Spalding asked Mr. Howard why some bonds are approved by ordinance and some are approved by resolution. Mr. Howard replied statute requires an ordinance for approval of new debt, but resolutions are allowed for refunding. He noted resolutions are approved on one reading, which can help simplify a complex process. Mr. Spalding stated he would like to build structure and consistency into the process where possible. He stated it is logical to use ordinances for new debt and resolutions for refunding existing debt. The committee recommended approval of the resolution.

Mr. Howard stated two other resolutions are included on the Council agenda concerning consolidation of the Federal Hill East and Federal Hill West Allocation Areas into one TIF district. He stated originally the Village at Federal Hill was to be built in phases, but now it will be built all at once, so the allocation areas need to be combined.

Ms. Reed, Mr. Howard, and Mr. Murray left the meeting.

### **Quarterly Financial Reports – 3<sup>rd</sup> Quarter**

Mr. Beres stated he and Mr. Spalding have been working to provide consistent, logical revenue forecasts. He stated the forecast used for the third quarter will also be used for the fourth quarter, then a different forecast will be used for the first two quarters. Mr. Beres stated actual revenue was barely higher than what was forecasted. Mr. Spalding added he expected the forecast to be very close to actual revenue because the forecast had recently been updated. Mr. Beres noted Food & Beverage tax revenues remain strong.

Mr. Light joined the meeting.

Mr. Beres stated year end reversions are difficult to predict, especially given the number of mid-year adjustments approved in 2021. He reviewed the Maximum Levy plus Local Income Tax Funds revenue and Expenditures by Department. He noted the mid-year additional appropriations had a significant effect compared to past years. Mr. Spalding explained only actual expenditures rather than encumbrances are included in the report. He stated some budgets may be almost entirely encumbered through contracts at the beginning of the year, but there are no actual expenditures until much later. Mr. Beres stated he is working with departments to see if any budget modifications will be needed before the end of the year. He stated he hopes to execute the budget modifications in early December.

There was a discussion about Local Income Tax (LIT) distributions for 2022, which will be slightly less than expected for Hamilton County as well as Noblesville. Mr. Beres and Mr. Spalding explained that they researched the issue thoroughly with financial advisor Michael Reuter and concluded that the shortfall was most likely due to the timing of tax return processing and not an error. Mr. Beres stated he believes the revenue will be made up in the future. He

stated they have not revised the long term forecast. Mr. Light stated the Mayor's philosophy was to pull back slightly on spending in light of the lower revenue, but he was still confident enough in the City's financial position to support the strategic spend-down of excess cash reserves. Mr. Beres stated their underlying assumptions are conservative given Hamilton County's growth and resilience. Mr. Spalding stated Mr. Reuter is asking the Department of Revenue to track tax return processing and issue reports, which could help alleviate some of the uncertainty. Mr. Spalding stated even a few very large tax returns processed late can have a significant effect on the City's distribution.

#### **Fiscal and Debt Actions on Council Meeting Agenda – October 26**

- *Resolution RC-58-21 – Bond Authorization for Redevelopment Authority Lease Rental Refunding Bonds of 2021*

This item was discussed earlier in the meeting.

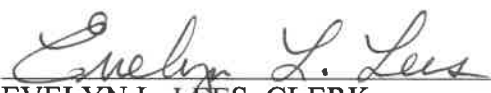
#### **Review of Agenda Addendum**

There were no changes since the last meeting. Mr. Spalding stated the Parks Department will come to a meeting in the near future to discuss updating the Park Programs Fund and eliminating the Parks Capital Fund.

#### **Other Business at Discretion of Chairman**

Mr. Light stated the employee salary ordinance with a two percent cost of living increase only will be on the Council agenda. He stated passage on first reading will be requested in order to meet the statutory November 1 deadline for passage. He stated the ordinance will then be amended as soon as possible with the results of the compensation study. Mr. Peterson asked if First Person could be retained for a few more years to help with salaries. Mr. Light replied they could, but it is not in the scope of their current contract. Mr. O'Connor asked for the status of the golf pro contract. Mr. Light replied the status is still in process and planned to be presented at the second Council meeting in November. He stated the process is on track to move the golf pro to employee status.

The meeting adjourned at 9:30 a.m.

  
MIKE DAVIS, COMMITTEE CHAIR  
EVELYN L. LEES, CLERK  
CITY OF NOBLESVILLE