

July 7, 2003

The Ellettsville, Indiana, Town Council met in special session at 4:00 PM, Monday, July 7, 2003 at the Town Hall with Ice Miller Bond Council representatives Lisa Lee and Rhonda Cook. H. J. Umbaugh representatives Katherine Raver and Mike Kelly were also present along with Council Members David Sorokoty, President; Geraldine McIntyre, Ray Freetage and Lisa Combs-Creech and Clerk-Treasurer Sandra Hash. David Drake, Vice-President was absent.

Supervisor(s) Present: Ron McGlocklin.

Topic of Discussion: New Fire and Police Stations Lease Financing Timetable

Kathy Raver explained the purpose of the meeting today was to go over the proposed timetable so we can start moving forward.

Lisa Lee explained the constitutional debt limit for the Town isn't very high (\$832,000). The Council should not issue bonds because that would count against the Town's debt limit. She suggested Lease Financing for each project. Lease Finances are an exception to the debt limit so long as they are properly structured they do not count against the 2% debt limit. She passed out the proposed timetable that explains the legal steps needed to do a Lease Financing. According to Indiana Code 36-1-10 both the Fire and Police Departments each need to circulate a petition and have at least 50 taxpayer signatures who own property within the Town limits. The petition is then submitted to the County Auditor for certification then the Council receives the petition and adopts a resolution verifying the need for the buildings. Because this is payable from property taxes the petition must be approved by the Department of Local Government Finance. If we consider the fire and police stations as one project which is over 2 million dollars it would be considered a controlled project and we would be subject to the petition remonstrance process which can be complicated. Therefore, she said it is important to consider them as two separate projects both being under 2 million dollars.

The other procedures listed on the timetable such as finalize the budget, etc. can't be done until we receive the construction bids because you don't want to finalize the budget and sell the bonds based on estimates, those steps should be based on hard construction bids.

In the beginning, before you receive construction bids the Council has to approve a form of lease agreement and approve the issuance of bonds. The numbers in those documents will show a maximum annual lease rental amount for approval which are based on estimates. The figures are based on an estimated interest rate which is currently at 4.5% so possibly 5.5%. It is best to work with and approve the maximum lease rental amount figures first because they can always be lowered when it comes time to issue bonds but they can't be raised without going through the approval process again. After we receive the construction bids the bonds can be sold. Once they are sold the lease rental payment is lowered to match the debt service payment on the bond, this way you are not paying more to lease it than it actually cost.

In a lease financing project a Building Corporation needs to be established with three members who will actually own the building while the bonds are outstanding and once the bonds are paid off the buildings are deeded over to the Town. The Building Corporation can be selected by the Town Council, one can be a Council Member but they do not recommend it. We can designate the same Building Corporation for both projects. The entire process takes approximately 6 months.

Comments:

David Sorokoty suggested having one central maintenance garage for the Town vehicles as part of the projects or in addition to the projects.

Ron McGlocklin said the Police Department is currently dealing with Sanders Contracting Architectural Firm located in Mooresville; Phillip Sanders is the contact name and they are favorable to design the new police station.

Sandra Hash said Bynum Fanyo and Associates is the firm Fire Chief Jim Davis has hired to design the new fire station. Sherman Bynum is the contact name.

Kathy Raver requested the Council have the hard and soft costs of each project and decide the financing structure option by the July 28th meeting.

Adjournment:

The meeting adjourned approximately at 4:45 P.M.

David Sorokoty, President

David Drake, Vice President

Lisa Creech-Combs

Ray Freetage

Geraldine McIntyre

Sandra C. Hash, Clerk-Treasurer