WARRICK COUNTY COUNCIL MEETING
COMMISSIONERS MEETING ROOM
107 W. Locust Street
Boonville, Indiana
February 22, 2018
6:00 PM

The Warrick County Council met in regular session in the Warrick County Courthouse, 107 W. Locust Street, Boonville, Indiana.

Attorney Cliff Whitehead was in attendance.

County Auditor Debbie Stevens and Secretary Kristine Georges attended and recorded the minutes.

Council President, Gary Meyer, called the meeting to order at 6:00 PM

PLEDGE OF ALLEGIANCE

Gary Meyer: Roll call.

Krystal Powless: Gary Meyer?

Gary Meyer: Here.

Krystal Powless: Charlie Christmas?

Charlie Christmas: Yes.

Krystal Powless: David Hachmeister?

David Hachmeister: Here.

Krystal Powless: Ted Metzger?

Ted Metzger: Present.

Krystal Powless: Brad Overton?

Councilman Overton: Here.

Krystal Powless: Greg Richmond?

Greg Richmond: Here.

Krystal Powless: Paul Rudolph?

Paul Rudolph: Here.

Gary Meyer: Okay.

WARRICK COUNTY GENERAL OBLIGATION BONDS SERIES 2018 COUNTY FACILITY IMPROVEMENT PROJECTS ADDITIONAL APPROPRIATION

Councilman Meyer: First item on this Special Meeting agenda is a Public Hearing of Warrick County, Indiana, General Obligation Bond, Series 2018, County Facility Improvement Projects, Additional Appropriation When you come up, would you identify yourself?

Andrew Skinner: Yes, Andrew Skinner, here on behalf of Todd Glass, Fine and Hatfield, Commissioners. We have here with us today, our Bond Counsel, Brad Bingham with Barnes and Thornburg, and financial advisors we've retained with Umbaugh, Matt Eckerle. And they've put together a presentation. I believe you got some materials in advance on that. And they're going to go through that. And this is just the first step in the statutory proedure for that public notice. And so they'll go through all those materials, and then you can open it up when you're ready, for any public comment there may be. And any questions you have, we can answer as well.

Councilman Meyer: Okay. Thank you.

Andrew Skinner: Thank you, Mr. President.

Councilman Meyer: I will say, while they're coming up, that this is the first of three (3) Public Hearings. Tonight. There'll be one (1) on March 1st. And there'll be another one (1) on March the 8th for the public to have input. So, with that said, go ahead.

Brad Bingham: Good evening. My name's Brad Bingham. I'm with the firm of Barnes and Thornburg, and we've been asked to come here this evening as you start the process to look at how to finance the Energy Savings Contract with Energy Systems Group. So we, we've been asked and told that the, the intent here is you'd like to pay back this obligation from a property tax levy. And in order to do that, there's a certain statutory process you have to go through and complete. As noted earlier, there are two (2) Public Hearings you're required to do before you make any sort of preliminary determination. And then there's another Public Hearing where you have to talk about the appropriation of the bond proceeds to finance the contract. I'll let Matt Eckerle from Umbaugh talk about the various financial perimeters that are involved here. Again, there's certain information that has to be presented, which would include the maximum term of the bonds, the estimated interest costs, the tax rate levy, the tax rate, and the tax levy, as well as what the, the County's levy tax rate would look like in the next ten (10) years if you were to go forward with this type of bond. I know I've said a

lot, but I think maybe you want to hear the financial aspects of it first, and then we can field any questions you may have. And then of course it's a Public Hearing so folks can, can ask questions as well.

Councilman Meyer: Thank you.

Matt Eckerle: Brad. As Brad mentioned and Andrew mentioned, my name's Matt Eckerle and I'm with Umbaughout of Indianapolis and we're the financial advisor for the County for this transaction. Does everyone have copies of their three (3) Umbaugh documents? That should have been in your packet. There is a letterthat looks like this. It's got kind of a table in the middle with some numbers in it. There is another letter with a table and several schedules. And then there are some slides as well. Does everyone have those? Maybe my...

Krystal Powless: Not the slides.

Councilman Christmas: I don't have the slides.

Matt Eckerle: Not the slides?

Councilman Meyer: Not the slides.

Matt Eckerle: Okay. I did bring some copies. I don't know that I have enough for everyone.

Councilman Rudolph: We can probably make copies.

Matt Eckerle: Thank you. What we'll start with is this letter dated February 20th, that is titled, regarding the preliminary determination information. This is what Brad was referring to in terms of, there is certain information items that are required for the, to be available to the public and for your information for any bond that's proposed to be payable from a property tax levy. And so, this document provides that information that is required. I, I'm just going to hit the high points. I can answer any question you may have. I, I just don't want to dwell on a lot of details unnecessarily unless you really want to dive in. What's being proposed is a bond term with a maximum of ten (10) years. So the final maturity would be January of 2028. The maximum principle amount is seven point four milion dollars ($7,400,000.00). That does not mean that you have to go ten (10) years and issue seven point four million dollars ($7,400,000.00) in bonds. These are merely the maximums being authorized and then the actual issuance will be tailored to the actual project size.

Councilman Meyer: Let me ask you something.

Matt Eckerle: Sure.

Councilman Meyer: While we're on that subject for the bond principle. Let's assume this'll never happen. But I'm just asking the question. If we issue this seven point four million dollar ($7,400,000.00) bond and let's say they don't spend that much.

Matt Eckerle: Um hum.

Councilman Meyer: They spend seven million ($7,000,000.00) or six-twenty ($6,200,000.00), what happens to the rest of that money?

Matt Eckerle: You can use those funds to make bond payments.

Councilman Meyer: Oh.

Brad Bingham: It used to, it used to be that State law would say, if you have surplus bond proceeds at the completion of your project, with the Council's blessing, you can spend them for other, or similar types of projects. But in 2008 when the legislature made a lot of changes to the property tax system, including the bonds themselves, they took away that provision. So that now, to Matt's point, if you have excess proceed after the project is complete, you have to put it into your, your (inaudible) fund or your bond fund to pay debt service on the bonds. That's really the only, the only thing you can do with that.

Councilman Meyer: Okay, gotcha. Thank you.

Matt Eckerle: It's not as flexible as it used to be.

Councilman Meyer: But it won't happen, I understand that.

Matt Eckerle: You can always hope, though.

Councilman Meyer: I know. Yeah.

Matt Eckerle: As we move farther down the page, what we've done is illustrated three (3) different bond terms to give you an idea of some of the basic impacts that are required. That the maximum term is ten (10) years, but we've looked at two (2) shorter terms after talking with Andrew and Todd, getting a feeling that the County might want to explore something shorter than ten (10) years. So we've looked at a five and a half (5 ½) year bond term and a seven and a half (7 ½) year bond term in addition to the ten (10) years. You can see the estimated interest rates which range from two percent (2%) on the short end, two and a half (2 ½%), or two and three quarters percent (2 ¾%) on the long end. And I think you'll be especially interested in the estimated, total interest cost of just under six hundred thousand dollars ($600,000.00) or around eight hundred twenty thousand dollars ($820,000.00) for the seven and a half (7 1/2) year term. The debt service levy, which I know would, you had previously a debt service levy in place for the Judicial Center bonds. And that expired. And what this would do it reconstitute that levy at a level similar to what it was at previous to those outstand...those retired bonds, fully maturing. So that's what this would be paid from and the estimated increase in the tax service debt levy is included there around one point...just under one point five million dollars ($1,500,000.00) for the five and a half (5 ½) year term. Just under one point one million dollars ($1,100,000.00) for a seven and a half (7 ½) year term. And we also have the estimated increases to the debt service tax rate. Around five cents ($0.05) for the five and a half (5 ½) year term and around three point seven cents($0.037) for the seven and a half (7 ½) year term.

Councilman Rudolph: Those are annual amounts, correct?

Matt Eckerle: Correct, yes. That's an annual amount, and those are based on the maximum estimated annual payments.

Councilman Rudolph: And if I could ask one (1) more question?

Matt Eckerle: Sure.

Councilman Rudolph: So you estimate the total interest cost, but the estimated interest rates were a range.

Matt Eckerle: Yes.

Councilman Rudolph: The total interest costs were a fixed dollars amount, were they at the high end of the interest rate estimate or the low end, or?

Matt Eckerle: That's a good very good question. If you want to refer to the other February 20th presentation. I can speak to that. If you look at page three (3), that's the five and a half (5 ½) year scenario, you'll see that the interest rates are what we call in ascending coupons. That's because municipal bonds are typically, typically priced on a yield curve. The longer the maturity; the higher the rate. But these rates will all be locked in at issuance. But as a practical matter, what you typically see is interest rates lower on the short end, a little bit higher on the long end. So that's why we list the range in the preliminary determination information.

Councilman Rudolph: So the, okay, thank you.

Matt Eckerle: As we move on down the Preliminary Determination Information. The County currently has a zero dollar and zero cent ($0.00) property tax levy for debt service. You do have the outstanding Parks bonds. They're payable from a property tax levy. The Parks District has considered a special taxing district that is separate from the County's taxing district, so that's important to know if you get any questions on that matter. The other numbers are really required ratios that the State wants to see. One (1) is the, some of the County's outstanding long term debt plus outstanding long term debt of all of your other taxing units, compared to the gross assessed, or the net assessed value of taxable property in the County. With these bonds, it would be two point one percent (2.1%), which that is a low percentage, considered a low percentage. The other one (1), the percentage of the County's current annual debt service and lease payments with other units divided by the total growth assessed, or total net assessed value again of taxable property would be point zero five percent (0.05%). Again a very low ratio. Moving on to the next page, you have the total debt service levy currently and then the total debt service levy assuming the County issues these bonds. This is the five and a half (5 ½) year scenario. Again this would be reconstituting the existing levy. You see that it ranges from seven hundred thousand ($700,000.00), a little under seven hundred fifty thousand ($750,000.00) to under one point five million ($1,500,000.00) a year. And then it includes a calculation of the tax rate. One (1) thing I want to mention with the tax rate is that this calculation is based on your pay 2018 certified net assessed value, to the extent that you continue to experience assessed value growth here in Warrick County. I know you've been very successful growing your tax base over the past several years. I know other counties in the State would be envious of, of your position. But to the extent that that tax base continues to grow, these tax rates will be lower than what is estimated. Because these are based solely on 2018 assuming no growth moving forward. That's the conservative estimate. So I just wanted to make sure to point that out as you're kind of chewing through all this information. And that concludes all of the preliminary determination information that you need, the, that's required by law I should say. The other analysis provides a little bit more detail. It's got the illustrated amortizations, a breakdown of the sources and uses of funds. The seven point four million ($7,400,000.00) is arrived at to fund a seven million dollar ($7,000,000.00) project. Again if the project ends up being six and three quarter million dollars ($6,775,000.00), you don't have to issue seven point four million dollars ($7,400,000.00) in bonds. That will be pinned down before the bond is sold. We also have included in this for your information, on Page 6, and illustrative annual tax payer impact to give you an idea of what does that five cent ($0.05) tax rate or three point seven cent ($0.037) tax rate mean to the tax payers of Warrick County. Again this is based on that snapshot. If the tax rates go down, then obviously the impact would be less. But this gives you an idea and just to draw attention to the median home value for Warrick County of a hundred and fifty three thousand dollars ($153,000.00). The tax levy would result in an additional thirty-three dollars ($33.00) a year in property tax liability for the median home owner on the five and a half (5 ½) year scenario. And on the seven and a half (7 ½) year scenario it would be just under twenty-five dollars ($25.00) a year in additional property taxes to fund this. Those are the high points. There's a lot of information here, I realize. I'd be happy to answer any questions that you have. Yes?

Councilman Meyer: What is the difference between what we're doing, the General Obligation Bond and a Municipal Bond?

Matt Eckerle: There is no difference. The General Obligation Bond is simply the legal name of this municipal bond.

Councilman Meyer: But isn't a municipal bond, the guy that buys the bonds, isn't that tax free to him?

Matt Eckerle: Yes. To a, Brad has to write an opinion on that.

Brad Bingham: Yes. So, so a lot of times, folks ask about, you know, the difference between a bond and loan, and I would just ask you to not get caught up in (inaudible) because a bond is an instrument of indebtedness. If you get a loan, you have a promissory note which again is an instrument of indebtedness. Whenever Municipal entities which include the County or City or Town issue and borrow money for Governmental purposes, which is what you're doing, the interest that you pay that investor, is excludible from their gross income. So they don't, they don't pay income tax on it.

Councilman Meyer: Right.

Brad Bingham: Which translates in a, in one way of saying, to a lower interest rate to, to the Counties. That's how that would sort of work. If they were going to be taxed on that interest income, they would demand a higher interest rate to compensate for the taxes they know they're going to owe. So a Municipal Bond, you hear that term thrown around by your investment advisor, if, that encompasses the world of tax exempt obligations. So if a City issues a G-O Bond, a town issues a G-O Bond, those would fall within that. You could have tax exempt lease financings that would fall within the Municipal Bond context. It's really, think about it just more about whose borrowing the money, and then what are you using the money for. And this type of project, this is, this would be a Municipal Bond. It just happens that the County will be the issuer.

Councilman Meyer: Okay, so we're still backing both bonds, both types of bonds with property tax? Corect?

Brad Bingham: Correct. In order to do, to, to, to do a bond payable from a property tax, these are the procedures you have to go through. You could do a bond that's not payable from the property tax. You can have it payable from EDIT, an EDIT tax or EDIT revenue. You have a bond payable from TIF revenues. You're not going out and levying a specific tax every year to pay that debt service. In contrast, a GO Bond, which we're talking about, it is exactly what you're doing. You're going to go out and levy a tax each year to match up what you owe, you're going to owe on that. You only can levy what you need to pay debt service. You can't, you know, ratchet it up and over collect it.

Councilman Meyer: I gotcha.

Brad Bingham: It just doesn't work that way.

Councilman Meyer: Thank you.

Councilman Rudolph: On the interest rate subject and the demand for interest rates, interest rates are increasing right now.

Matt Eckerle: Yes.

Councilman Rudolph: What, and we have some estimated total interest costs here, how comfortable are you in the idea that those interest rates are solid and they won't be increasing?

Matt Eckerle: Well, we, when we put together this information, we took a conservative approach to the interest rate estimates. And while a lot of times you're talking about conservative on estimating on the low end, in this case we're estimating on the high end. If we went out today to sell these bonds at Warrick County's current bond rating, you would get interest rates that are lower than this. But we're not anticipating that we're selling the bonds today. We're going to be selling them perhaps in May. And who knows where the market is going to be in May. So the fluff or cushion that we've built in here, will hopefully absorb any of those shifts up between now and May. And the actual interest rates will either be in range of what we've estimated here or even below. Something crazy could happen and they go up even higher, but we're comfortable within the maximums that you're not going to exceed that between now and May.

Councilman Rudolph: So that raises two (2) questions. I think one (1) for you and one (1) for Mr. Bingham. The question for you is, you feel comfortable believing that our interest rates will be what's stated here, which on a seven and a half (7 ½) year term, would be two (2%) to two and three quarter percent (2 ¾%) or less based upon current knowledge?

Matt Eckerle: Yeah, well, well, I can't guarantee it. I'm comfortable with these estimates right now, certainly.

Councilman Rudolph: Okay, and the question for Mr. Bingham is more of a legal question about what happens if we, something happens and the interest rate does go higher than that?

Brad Bingham: Good question. So at some point in this process, the calendar in front of me there. You will be presented and asked to look at and consider a Bond Ordinance. And that's the instrument that really is a contract between you and your potential bond holder. That Ordinance will say that the interest rates on these bonds cannot exceed four percent (4%). And that four percent (4%) rate is again in concertation with Matt, saying that we, based on where the market is today, for the likely amortization period, you're not going to hit that. Now if, if something happened where you would adopt this Bond Ordinance max interest rate of four percent (4%) and we get close to the actual pricing date which is a competitive process. You have to publish a notice and take bids. If, if something has happened and bids come in and everything's four and a half percent (4 ½%), you, legally, you can't sell the bonds. Cause it exceeds your parameters. And in that scenario, we'd have to come back to you to say, look, you know, here's the market, you want to amend your Bond Ordinance to bump up the interest rate cause that's just where we're at today.

Councilman Rudolph: Okay.

Brad Bingham: That's how it would work. So, so that the worst case scenario that we've shown here, as soon, it's capped at a four percent (4%) rate which again, reasonable expectations, we're not going to be anywhere near four percent (4%).

Councilman Rudolph: Thank you.

Councilman Meyer: So to follow up on his question then, we can't, we don't turn that bond sale down? I mean we just can't sell 'em at, if it's higher than four percent (4%). So we can put that in the contract?

Brad Bingham: Well, yeah, so the way the process works is you have to publish the notice of bond sale or notice of intent to sell, which is probably what we'd do here. Where you're telling everybody, hey, on this date or at this time when we notify you, we're going to take bids. And the notice would say the interest rates cannot exceed four percent (4%). So if at the time the market had changed, bidders just may not bid. If they know they can go invest their dollars and get five percent (5%), they're not going to bid on this type of an obligation. But that's a, given the short duration, and the fact that these are payable from property taxes is extremely credit worthy and they're secure. The chances of exceeding that are very, very slim.

Matt Eckerle: And leading up to the bond sale...

Councilman Meyer: You are being recorded you know?

Matt Eckerle: Leading up to the bond sale, one (1) of the things we do is we call underwriters and we know who typically bid on deals like this in Indiana, and just say, are we getting bids? Are you planning on submitting a bid? What's your feedback? Just taking their temperature. And if we were to get just a tremendous amount of negative feedback and get the impression that no one (1) was going to submit a bid, then we'd call you guys and say, look, they, the market's not here right now. We need to reevaluate how we're going to move forward with this.

Councilman Meyer: Okay.

Matt Eckerle: We're constantly taking the temperature. And we advise enough other clients and have enough bond sales going on consistently between now and when these will be sold. That we'll have a pretty good feeling of whether or not there's something serious facing your issue where we would maybe have to pull the deal.

Councilman Meyer: Okay. Thank you. Any other questions?

Councilman Richmond: Yes.

Councilman Meyer: Okay.

Councilman Richmond: Probably, Matt. In the previous bond for the Judicial Center, we had a portion of it paid for out of Economic Development.

Matt Eckerle: Um hum.

Councilman Richmond: Did you figure that in here with this?

Matt Eckerle: We, we didn't, we're assuming here that this is one hundred percent (100%) payable from a property tax levy. Now as a policy decision, the County can decide to utilize other sources on an ongoing basis. But for the purposes of this presentation. It's assumed that it would be one hundred percent (100%) payable from the property tax levy.

Councilman Richmond: So what would need to be done if we decided to go back and use that portion to reduce the tax obligation on...?

Brad Bingham: So what you could do and I think someone else mentioned that you were using mostly property taxes and some EDIT to pay your lease rental payment for your Judicial Center financing. You could, in theory, every year you could do that here. You could say, I'm going to take two hundred thousand ($200,000.00) of EDIT and I want to use it to pay debt service in these G-O Bonds. But what that's going to do is reduce your needed tax levy and therefore your rate. And if you change that year to year, then you're going to have a levy and a rate that's bouncing all around. So the tax payers might see a spike one (1) year and a dip the next year. Given the short term duration that, that you're looking at here, five (5) or seven (7) years, it's, it's, I wouldn't want, I would not advise going into this deal with trying to guess at that each year. I mean, in other words, if you're going to pay it fom property tax, I would, I would just leave it the same every year. If you're going to use two hundred thousand ($200,000.00) every year, then do it. And don't alter from year to year, otherwise you're going to have, taxpayers will see spikes and dips in their tax rates.

Councilman Richmond: I think this was a particular amount every year. It was (inaudible) into the budget that we were obligated to move over there. And I was just thinking, if we could designate that same amount, and pay it off earlie or reduce the tax rate?

Matt Eckerle: Well, nothing here obligates the application of EDIT each year, but that, as I said and as Brad mentioned, that's kind of an ongoing policy decision you can make during EDIT or during budget time as well, you know as you're evaluating tax impacts and things of that nature.

Councilman Meyer: Anybody else have any questions? Okay. I guess lask anybody in the audience like to address this issue? This is a Public Hearing. So anybody can ask questions or, we do have two (2) more, I don't think we're expected to make any kind of decision tonight, correct? Okay. Yeah.

Councilman Richmond: I have a question for the Commissioners, probably, or attorney, Andrew. The Judicial Center is not named in this bond issue and I know that we talked about the heat pumps over there. Like fifty (50) some odd heat pumps or something. There is a line in here that says any other miscellaneous renovations, improvements, or equipping projects related to forging items collected with the project. But Judicial Center's not mentioned. What is mentioned is this building here and the County Sheriff's Department and the Old Jail. So I need some clarification on that.

Commissioner Weisheit: Yeah, and me and Roger talked about that today. Though when we put this together, we was including...

Councilman Meyer: Marlin...?

Commissioner Weisheit: Marlin Weisheit, Warrick County Commissioner.

Councilman Meyer: Thank you. Now we know who you are.

Commissioner Weisheit: Thank you. But me and Roger talked about that today. It was always our understanding that those heat pumps was going to be included into this. You know, we, we have about fifty (50) of them over there and we're expecting about four hundred thousand dollars ($400,000.00) and that's why we kind of raised it up to cover that. And then around sixty thousand ($60,000.00) for the Jail. So you know we talked, the Jail was in, it was out. You was going to take care of it if the Sheriff would come to you, but I'd just as soon take cae of it all under this one (1) issue, if you guys want to. That's your call.

Councilman Richmond: So if it's not specifically mentioned in here, can it come under the any other miscellaneous renovations or improvements?

Brad Bingham: One (1) thing I didn't want to do was make that description too lengthy, so if you look on there it should reference that the Guaranteed Savings Contract or the report from ESG, which included a draft of the contract, and it set forth the scope of works. So the way that defnes the project, it incorporates by a reference the Energy Savings Contract which goes into great detail about the scope of your project. And I, I assume that the work you're talking about is contained in that contract, that scope of all that's described

Councilman Richmond: We kind of talked about it, but I wasn't sure if ESG went over there and added it in.

Commissioner Saylor: Yeah, they, they, Dan Saylor, Warrick County Commissioner.

Commissioner Weisheit: Nick's got his sheet here. Nick, if you want to help us address this. Because it is added in on there.

Councilman Richmond: Okay.

Commissioner Weisheit: It is.

Councilman Richmond: Then I'm okay with it.

Nick Atherton: Nick Atherton, Nick Atherton, Energy Systems Group. I was going to whisper to them. It does include fifty-six (56) heat pumps. It includes retrofitting the lighting at the Judicial Center to LED. It includes some data improvements, including moving the present network from the basement up to a top floor so that it's safer putting in a new fire suppression system. So there are a number of items included in there for the Judicial Center.

Councilman Richmond: Okay. I just wanted to make sure.

Commissioner Weisheit: Yeah, we need to be clear on that from the get go. So I'm glad you brought that up, Greg.

Councilman Richmond: Anytime the legal "e's" get in here.

Nick Atherton: And it's well specified in the scope of our project also in the contract.

Commissioner Weisheit: Marlin Weisheit again. I might add (inaudible) cause you did mention the Old Jail. David Hachmeister, myself, Roger Emmons, and Carol Hagedorn and Debbie Bennett Stearsman from the Coalition did meet last week. And we are in line, we'll be applying, if everybody's in, agreed, David will be filling you in, we'll be bringing it up at our Commissioners' meeting for a half a million dollar ($500,000.00) grant. And the great thing about it is this will be a sta...we've done the, thanks to Boonville NOW, they did the, the preservation study on it. Hafer and Associates did that. We've got the estimates ready. So we're ready to put in for a grant. A lot of communities are putting in for it, but fortunately we have our preservation study done through Hafer. And we're ready to put in for a half a million dollar ($500,000.00) grant. And what that grant will do, will do the stabilization of the building and the complete exterior. It will not do the interior. And that will be a half a million dollar ($500,000.00) grant. The expected cost is five hundred fifteen thousand ($515,000.00). The grant will be for a half a million dollars ($500,000.00). And we'll, the county will have to come up with ten percent (10%). So, I mean that's great. And like Debbie said, it'll be a little more than ten percent (10%), we could be out a hundred thousand ($100,000.00). But that will take care of the exterior of that building and preserve it. And then we can make our decisions on what we're going to use it for and finish the inside up following that. You know, like I said, I wanted to put in like, I think I mentioned three hundred seventy-five thousand dollars ($375,000.00) for that building. But right now we'll only need a hundred thousand ($100,000.00). That will take us a few years to get that done. And then we'll have many uses for that building. We really will. I mean I, my wheels are turning. I won't be here, but it will be utilized in a couple different ways. I mean there'll be different options which we'll all have input on. You guys will have input on it at that time. I'm so relieved to think that we can get this building done. And you know I was thinking of fifty percent (50%) grant. And I think Dave and I was excited and Roger to think that we're only going to have a couple, ten percent (10%) and get a half a million dollars ($500,000.00). But it could cost us a hundred thousand ($100,000.00). The Commissioners, I think, are in favor of hiring Hafer to finish it up. They give us a good bid to oversee that project. So...

Councilman Meyer: Okay.

Commissioner Weisheit: Any questions on that? I just wanted to fill you in on that.

Councilman Meyer: Okay, thank you.

Commissioner Weisheit: Thank you.

Councilman Meyer: I'll go back to the public again. If there's anybody from the public that would like to ask a question, put input into this bond issue. You will have two (2) more chances. I just want to make sure everybody's okay with it now.

INNKEEPER TAX ORDINANCE
AMENDING ORDINANCE 2017-01
ORDINANCE 2018-01

Councilman Meyer: Seeing none, okay, we'll move on to the second item on the agenda is the Innkeeper Tax Ordinance. As you notice, you've got two (2) at your desk. One (1) is what we passed last June, June 1st, and it did not get certified by the State. So if we could pass that one (1) with a date change, or with another one (1) at your desk, to have the State collect and issue the money. Collect the money and issue the money back to the County. And that would have to be a date change also. It depends on what you want to do. If you want to do it locally, yes, Sir? Come ahead.

Andrew Skinner: Andrew Skinner, Fine and Hatfield again. I wanted to give a little background if I could...

Councilman Meyer: Sure.

Andrew Skinner: On the two (2) different Ordinances if I could. So there are two (2) different schemes in the Statute for the Innkeeper's Tax. And one (1) scheme is for the State, which is actually the default scheme under the Statute for the State to collect that Innkeeper's Tax just like they do the sales tax and your gas tax and many of the other cap taxes that get funneled through Indiana Department of Revenue and sent down to the County Treasurer's Office. The other scheme is for, if, if the Council elects in the Ordinance, is to say, no, we'll just have our Treasurer's Office collect that tax, the Innkeeper's Tax, which is an odd name. It's more of a fee really for people who are staying in hotels. It's not really a tax. But it's the name the State gave it, of course. But, and have the Treasurer come up with that process and, and manage that. The last Ordinance that, that was passed, you elected to have the Treasurer do it. And as the Treasurer and the Auditor were getting ready to kind of look through, okay, what do we need to do to get this in order and get this going, they, they realized there's, perhaps a lot of work to it that perhaps the Council and if, if you're reconsidering or if you're amending this Ordinance for the new effective date, in order to get a new Ordinance for the Innkeeper's Tax, might be good information for you to have, just to consider whether or not you want to stay with what you had previously with the Treasurer being responsible for that and coming up with that process and handling it. Or funneling that though the State as the Statute kind of contemplates. Admittedly most of the Counties who have this, don't do that process. But it is a process that Statute tends to, it actually says it's the default for it. And the Ordinance has to actually specifically state if

they want it done otherwise. So, I, the Treasurer is here, Ms. Judy Beem, with some information if you would permit, she she'd like to share with you what she's learned about what she is going to need to do in order to set this process up. How involved that process is and the expense to the County in order to set that up. And how perhaps some of the other Counties that she's talked to, have given her some feedback on that as well so that at this time you can maybe decide which way you want to go with that. Ultimately it is the Council's decision on which way you want to go. But she thought now's a good time to share with you so you can make an, you know,as an informed decision on that as possible. If that's okay, I'd like to...

Councilman Meyer: Sure.

Andrew Skinner: Have Judy come up and share things with you.

Treasurer Beem: I'd like also, I'm Judy Beem, Warrick County Treasurer. This is Meghan McCullough. She's the Chief Deputy in the Treasurer's Office. Basically what I wanted to, I have mentioned before that our office is not currently set up. We don't have the mechanics to do this. What I wanted to do was to flush that out and explain what we see, what we know right now. And there's some things that we don't know at this point that may be added to this. But collecting the Innkeeper's Tax is not as simple as writing out a deposit slip and taking it to the bank. Physically,for instance, to receive in a check which is the most cumbersome process to receive a check verses receiving it electronically. It has to be physically walked to the Auditor's Office. Again we don't have the mechanics to receive it. The Auditor has to receive it within their Harris system. Therein, let me back up, there are four (4) different software systems that are involved in this. None of them are integrated. None of them relay information back and forth to each other. So first the Auditor will enter it into their Harris system. They have to print out a manual receipt, which we will take back to our side and then we will start our process of entering a separate batch for, and everything will be done separately in addition to all the other taxes and all the other payments that we're receiving in. This will be entered in as a separate batch within our MVP software, software number two (2). Right now that software is not set up to receive Innkeeper's Tax. About a month or so ago, I contacted MVP once I realized or once I was informed that this was coming down the road. MVP informed me that they would not set up, set it up within their system that we would have to handle it without it. I did learn just recently from another County, Posey County, who also uses MVP. MVP does not like to set it up. They do have a module they can enact, but you have to lean on them to do it. That's a separate problem. But the end result is, we will have to get that set up in order to receive it into our, to our systems. It will come in as other obviously because it's not property tax. And it will have to be again totally, it's always separated and balanced separately at the end of the day. Then those checks have to go through a third software system called Checkpro to be recorded and and filed. At the end of the day, then we have to compare totals between the MVP software, the Checkpro software, and also the Harris software. And depending upon the type of payments we're receiving in on it, whether it's electronic or whether it is an actual check. And again we have to pull information over from the Auditor's Office from their, we do have Harris on our side. That's the third software system. We have to pull it over but that is a separate process so that we can receive what they have received. Then we have to go through a process called back office reconciliation which is again basically pulling more reports and manually verifying all the totals between all the different softwares. And then we have the final software called Cashbook and that's through GUTS, Government Utilities Technology Software. It's finally entered into Cashbook. That is balanced everyday as all these reports are balanced every day.

Councilman Rudolph: So based upon what you're telling the Council, I'm guessing that you would prefer that the Council transition to the State to collecting the tax?

Councilman Christmas: That's what it sounds like to me.

Councilman Rudolph: Is that the general direction of what you're providing?

Treasurer Beem: Yes.

Councilman Rudolph: Okay.

Treasurer Beem: And I am inundating you with details only because it's not as simple as writing a check out and depositing it into the bank. We have to create...

Councilman Christmas: Let the State of Indiana take care of this and send you one (1) electronic deposit. And you're done.

Treasurer Beem: We still have to be involved on the back side.

Councilman Christmas: Right, I understand. I understand that. But I'm talking about instead of going through six (6) stages, let's just go through two (2). Or...

Treasurer Beem: Well, we've gone through ten (10) so far.

Councilman Christmas: That's what I'm saying.

Treasurer Beem: We're not...

Chief Deputy Treasurer McCullough: We're not done. We can keep going.

Treasurer Beem: We're not done yet. And it's...

Councilman Meyer: I've got a question.

Councilman Rudolph: So before we, go ahead.

Councilman Meyer: Go ahead.

Councilman Rudolph: Well, I just had one (1) thought. Before we go down, cause I think it's important to understand the difference, but is there a cost to switching to the State is the first question. And the answer, looks like I saw a head shake, no?

Treasurer Beem: No, the State has verified...

Councilman Meyer: Not yet.

Treasurer Beem: The State has verified that they do not charge the County or the innkeeper to process through there. Actually they, they encourage that because at the same time that they are filing their other withholding taxes, all of the other taxes associated with their business, they are required, since 2013 to file electronically. All business in Indiana have to file electronically. So they are encouraging all those taxes to come through that portal including Innkeeper. There's no fee to do that. Now, they probably charge a fee to pay, you know, for them to actually create a check. But we would have to do that also. We do that also to, well, we don't collect it, but the vendor collects it for online payments.

Councilman Rudolph: Then my second question was for our attorney, is there a reason why we passed or you drafted I should say, I don't blame it on you, the original Ordinance where the Treasurer does it or collects it rather than the one (1) where the State does it?

Councilman Meyer: I, I, I can maybe answer that. Cause nothing was certified.

Councilman Rudolph: Well, no, but drafted, drafted, originally. Before it was certified.

Cliff Whitehead: Because all but eight (8) Counties do that.

Councilman Rudolph: Cause all but eight (8) Counties?

Councilman Meyer: There's seventy-eight (78), there's seventy-eight (78) Counties in the State that have, that collect Innkeeper's Tax. Eight (8) use the State. I keep asking the question, why. And nobody can answer that question. Vanderburgh doesn't. Marion County, Lake County, and Allen County are the three (3) biggest in the State that has the State collection. There's five (5) other Counties. And why is ninety percent (90%) of them do it locally? I don't know. Nobody answers my question.

Councilman Rudolph: Seems like...

Councilman Meyer: I called the State Department of Revenue, they wanted to call me back. They didn't even know they collected it to begin with.

Chief Deputy Treasurer McCullough: There's your answer.

Councilman Meyer: So, so that tells me that I trust my local people a lot more than the Indiana Department of Revenue.

Chief Deputy Treasurer McCullough: If they aren't aware that it's available, perhaps that's why they're not using it.

Treasurer Beem: Most of the Counties that I surveyed when I started calling around asking them, what other processes were, because you know, I had, I had no information on those you know, as far as what Counties do. So I started calling around. They weren't even aware that the State did it. And they said that they have had comments from their innkeepers, how can we do this electronically? How can we go online to the State to do this? Cause we have to go there every month anyway to pay all these other fees. And it's, they have to...

Councilman Meyer: I'm glad you found out about it. But it seems to me, we're kind of on the end of the tailgate here. A lot of Counties have had this for a long time. And why didn't they know that the State did it?

Treasurer Beem: I don't know if it was (inaudible)...

Councilman Meyer: That's what I'm saying. No one (1) can tell me what the State will do for us other than make it more efficient. Then why didn't ninety percent (90%) of the Counties do it themselves. That's what I just really don't understand.

Cliff Whitehead: (Inaudible) question.

Treasurer Beem: And that I can't say.

Cliff Whitehead: In the uniform Statute, the option to have the County collect is actually listed first before the State collecting it. And so I, in drafting it, went with that one (1). Plus, ninety-two percent (92%) of the Counties have the County collect it. So that's why it was drafted that way.

Treasurer Beem: Isn't now the default though, as I read the, the Statute, that the default is that the State collects it. That you have to now write it in for the County to collect it. That's how it's being written now.

Cliff Whitehead: If you don't write it in, the State collects it.

Treasurer Beem: Yes.

Cliff Whitehead: That's correct. But in terms of the order in the Ordinance, in the uniform Innkeeper's Tax Statute, it has the County collecting it prior to the discussion of the State collecting it. So that coupled with, most people have the County collecting that is why it was drafted that way. But...

Treasurer Beem: You know, we are not looking for additional funding, we're not looking for additional staff. We're just saying that there's a better process out there already to, to collect it.

Councilman Meyer: Let me ask you this, would it, would it bother you if we did it ourselves for a year and relooked at it next year?

Treasurer Beem: There's going to be a lot of work on the front side of this.

Councilman Meyer: On the front end?

Treasurer Beem: A lot of work. Because MVP, that I've mentioned, they actually manage the County webpage And it took me two (2) months this past year to get a link changed, because they're just difficult to deal with.

Councilman Christmas: MVP's always been that way. I dealt with them twenty (20) years ago. (Inaudible) anybody else to come in. MVP (inaudible).

Treasurer Beem: That's another separate issue, but we just can't do it ourselves. We have to go through them. And in order to make it somewhat user friendly for the innkeepers, we need to have something on the, you know, on our County webpage. And I did research on that. I've gotten sample letters. I've even gotten a sample tax form that we could post on the County webpage. But that takes all resources to do that, to get that set up. And the State already has it. I mean we're trying to mimic something they've already done.

Councilman Meyer: I don't like, I don't like trusting the State, Judy.

Treasurer Beem: Well, do you know how much money...

Councilman Meyer: I, I'd much rather trust you people than the State.

Councilman Rudolph: Well on that note...

Treasurer Beem: We get back from them? It's hundred's ($100.00's) of thousands ($1,000.00's) of dollars.

Councilman Meyer: Yeah, I know, yeah, but that could be changed too. All they've got to do is change it.

Councilman Richmond: I've got a question.

Councilman Meyer: Well, we're going to send that back to you, but we're going to keep a piece of it.

Treasurer Beem: They do, they don't, yes.

Councilman Richmond: Reading the back and forth that went on, good information. But it talked about that, that the payee has to register with the DOR or the DOR would have no way of knowing whether the taxpayer is remitting and there's no way of collecting that. So we need assurance that the B and B's and hotels are going to register with the State DOR in order to get this done.

Treasurer Beem: Yes, they have, I mean, but according to the 2013 Statute, they have to be already set up to pay all their other fees, their other taxes to the State.

Councilman Rudolph: Sales tax, I would imagine.

Treasurer Beem: Yeah, yeah.

Councilman Christmas: (Inaudible).

Treasurer Beem: It's already going there. You know, now the, the B and, area B and B's are going to be a moving target. But the, but how much money are we really getting from those? We'll be getting it from the hotels. You know, that's...

Councilman Meyer: That's the other thing, we only have six (6) businesses I think right now that would be required to pay this. And seven (7) with the hotel that's under construction.

Treasurer Beem: Right.

Councilman Meyer: From what I understand.

Treasurer Beem: But to get it set up for one (1), we're going to have, whether you're setting it up for one (1) of for five hundred (500), it's going to be the same process.

Councilman Christmas: Same process.

Councilman Meyer: Well, probably. Yeah.

Councilman Rudolph: So, Ronald Reagan once said, trust but verify. Is there a way we can verify that the receipts we're receiving from the State is the same amount that's being remitted by the tax collectors, i.e. lodging institutions?

Treasurer Beem: The information that is sent to them or the information that comes to us, would be confidential. I mean they're, they're tax returns. So what they will send back to us are the totals. We cannot report information.

Andrew Skinner: I can help a little bit with that. The Statute actually gives the Treasurer and I believe, and the Auditor the ability to request, more like demand, from the State a report, a reporting of what's come in, what's come out. And how, who's paying what and we're trying to figure out how detailed that would be from them Because the Statute requires them to provide that information in ten (10), is it ten (10) days? Was that right?

Treasurer Beem: Ten (10) days.

Andrew Skinner: Ten (10) days. They have to give that to the Treasurer. The Statute then says that they cannot give any confidential information. That's what we're not quite sure what is confidential and what's not.

Treasurer Beem: As of 4:20 (PM), I got a response.

Andrew Skinner: Oh, did you get an answer from them? Good, good. We'd emailed earlier trying to figure that out. So yes, there is a way to get that information from the State, what's coming to them and then what's coming out in the form of a report. And so you can get it.

Treasurer Beem: We can only share, because these are confidential reports. It's just like you reporting your income tax, this is income tax from the innkeepers. It's self-reporting. But this came from the President of the Treasurers' Association for Indiana. This person deals with a variety of issues like, since the County or the State has been dealing with innkeepers for a long time. I thought, okay, so this is a person who I can ask. I put out three (3) different feelers trying to get an answer to this question. And I got an answer from this person at 4:20 (PM). That we can only share the grand total amounts of all funds collected. You cannot share individual amounts.

Andrew Skinner: And that is information someone asks (inaudible). We can get the information, the Treasurer can get the information from the State. But that information is just not permitted to be released by the Treasurer to someone who asks. She can give the grand total of what was collected in the Innkeeper's Tax, but what she can't give is private business information. This business paid us in this amount of money in Innkeeper's Tax. This is not real difficult, it doesn't take too much of a mathematician to figure out then what their gross revenues were. And that's private business for proprietary information.

Treasurer Beem: Right.

Andrew Skinner: That's, that's, that's not permitted to be shared outside of the Treasurer's Office. But the Treasurer can monitor from the State, those monies coming in and going out. That, that's, that, that is something that, the verify part is there. What's not able to happen is someone coming to the Treasurer's Office to find out what, how much this hotel pays in Innkeeper's Tax. That information's confidential.

Councilman Rudolph: So in the summary, we can hear that two thousand dollars ($2,000.00) was remitted to the State and two thousand dollars ($2,000.00) was received by the Treasurer's Office. What we can't confirm is that three hundred ($300.00) of it was by X-business, four hundred ($400.00) by Y-business, five hundred ($500.00) by C-business, etcetera?

Andrew Skinner: Right, right. A report will be given if a business does not pay that tax.

Councilman Meyer: That was my next question. Who polices this? The State? Or you?

Treasurer Beem: They are very good. No, the State can police it, just like they police withholding tax. They're very good at collecting past due taxes. They're system is set up that if they do not receive a payment after two (2) months, that automatically generates not only a letter to them, but an invoice to them with penalties. And what they do is take the, take what has been paid the previous two (2) months and they send that amount to them is, as what, the amount that's due.

Councilman Richmond: I have a question about the time lapse. Because it talks about the 20th, and it talks about the 30th. The example given, like if for the month of January on the 30th, it's submitted to the State. Then March 1st, it's submitted to the County. Is that correct?

Treasurer Beem: It's due back by that time. If it's paid earlier, it can come back, or it just depends upon how the merchants pay.

Councilman Richmond: Yeah, cause there was an early pay. That's the 20th confusion I had in here to pay earlier.

Treasurer Beem: That's when Counties do it, the due date is the 20th. If it's due on January, I mean if the tax is January, it's due February 20th. But with the State, it, it goes ten (10) extra days longer. So it's due February 30th. So it's a little, it's a little bit longer. But if the innkeepers pay, they roll, they roll it out a little earlier also. And I did check with Counties that do submit or the innkeepers do submit to the State. They said they have not had any problems that, that the money just comes in. And actually the Auditor sees it and it just, it's a matter of processes, like all of the other electronic payments that we receive from the State and we receive, how many in a month's time?

Chief Deputy Treasurer McCullough: It's rare that we have a day, I'm sorry, Meghan McCullough, Chief Deputy Treasurer. It's rare that we have a day go by that we don't have a deposit from the State in our depository (inaudible). I don't know if that helps answer the question. But every day we're having to, BMV excise, you know, boat excise, aircraft. We have Local Roads and Streets. We have Federal reimbursements for roadwork. It's every day. If there's a day that there's not a deposit in there, it's odd.

Treasurer Beem: And it's, most of those are monthly deposits that we receive. So it's not as though they're holding on to the money. It's turned around and it's, it's given back to us in the most efficient manner, being that it's, it's automatic, it's electronically put in our Old National account. Now we will have to set up a separate account for, for this so we can keep it segregated and know what's going in and out. And they provide the information to us. Not only does the money just, money does appear there, but we also receive documentation from the State saying this is what it is. This is the date. This is the date that the money is being received for, and the number, which would be the ID number that's assigned to that hotel. And I haven't seen one (1) yet, but I'm just going by the other information that we've received for the other deposits that we get daily from the State. So we get both the email and we get, our area checks the bank accounts. So once we receive money in the bank account, then we converse with the Auditor's Office to see what they have received, notification wise. So then we release the money.

Councilman Rudolph: So if you were able to estimate the amount of time the Treasurer's, the combined County Offices would spend on the Innkeeper Tax if we collected it, and how much time we would spend if the State collected it. Do you have any idea what those two (2) numbers are?

Treasurer Beem: I really don't. I will tell you, that for the past three (3) days, my entire three (3) days have been spent dealing with this. Just trying to search out answers. Trying to detemine what we have to do to get ready to get set up for it. I know that getting it to go to the State, we have a little bit on the back end to do. But not nearly the amount as far as setting up the confidentiality procedures we'd have to have, designate. We also have to designate, I didn't cover this, designate personnel. Only certain personnel can do it. And we have to have designated confidential areas for the files to be stored in. I mean it creates a whole new operation, you know, we weren't aware of it until I started digging into it. That this is, this is what we have to do because we're dealing with tax returns.

Councilman Meyer: Well, there's one (1) quick...

Councilman Christmas: (Inaudible).

Councilman Meyer: I'm sorry, go ahead, Charlie.

Councilman Christmas: In reality then, we would really be better off letting the State collect the money...

Treasurer Beem: Yes.

Councilman Christmas: Send you the check, detailed of where it came from, you do your posting on this end, and you're done.

Treasurer Beem: We're recreating the wheel.

Councilman Christmas: The other way, you're going to be there for weeks trying to get, I just can't see, let's not, let the State do it.

Treasurer Beem: We're recreating the wheel and we're probably going to do a poor imitation of the wheel, cause they've been doing it for a much longer period of time than we have.

Councilman Christmas: I don't see any reason for us to do it.

Councilman Meyer: I guess I wonder, well, let me ask this way. Onceshe's set it up, what's involved in keeping it going? Cause most of your, most of your work involved in setting it up, day one (1), day two (2), or whatever we'retalking about, and then it'll kind of do itself?

Treasurer Beem: Well...

Councilman Meyer: I don't want to say do itself. That's not a good word. But I mean, most of your work is up front.

Treasurer Beem: This, correct. But we have, I mean there's some issues that we don't know yet.

Councilman Meyer: Oh, I'm sure that's true.

Treasurer Beem: It, it's going to be a discovery. And then there will be the maintenance of it.

Councilman Meyer: Yeah.

Treasurer Beem: And it's going to be purely manual. Because there isn't a software to deal with this. We even talked about possibly using QuickBooks or something. But at the very bare minimum, it has to be a spreadsheet. It has to be manually maintained, manually imputed, manually reviewed, and letters manually that go out and correspondence and dealing with NSF's (inaudible) reports.

Councilman Meyer: Well, there's going to be a lot of stuff that you don't know now and what you're going to have to do. I understand that.

Treasurer Beem: Yes.

Councilman Meyer: But, two (2) more questions. Why was this not an issue July, August, September,October, November of last year? That's my one (1) question.

Councilman Christmas: Didn't know anything about it.

Councilman Meyer: Question two (2) is I've been told that some innkeepers in Warrick County have been collecting the tax. And they don't know what to do with it. Now my questionis what happens to that money that they've been collecting?

Treasurer Beem: I don't know. I mean (inaudible)...

Councilman Meyer: Nobody does. That's what I'm saying, I've got a lot of things, questions here. We don't know what....do they get it back to the people that paid it?

Councilman Rudolph: They've been collecting it illegally?

Councilman Meyer: No. Our, our Ordinance says January 1st it goes into effect. The one (1) we passed.

Councilman Rudolph: Sure, but it's not law right now. So it's...

Councilman Meyer: They didn't know that. They didn't know it wasn't certified.

Councilman Rudolph: Understood.

Councilman Meyer: Well, they collected (inaudible).

Treasurer Beem: (Inaudible) receive (inaudible).

Councilman Rudolph: Knowledge of the law doesn't mean you've haven't broken the law.

Councilman Meyer: I understand. But I'm saying they didn't know that they weren't supposed to do it. As of January 1st, it was, we didn't know it wasn't certified. And they didn't either. I don't know.

Treasurer Beem: Well, they didn't receive any official documentation saying they needed to do it.

Councilman Meyer: No, they didn't. I agree with that.

Treasurer Beem: They heard about it, so.

Councilman Meyer: They heard about it. They heard our Ordinance. That's the only thing. That was the only thing that kind of bothered me. What, what do those people do? I guess it's their problem. I'm not (inaudible). Don't want to open another can of worms here.

Treasurer Beem: Yeah, I don't (inaudible).

Councilman Rudolph: I definitely think the County needs to make sure that that money gets back to the rightful owners which is the people that it's incorrectly received from. I think the County should...

Councilman Christmas: (Inaudible) who they are.

Councilman Rudolph: Make sure that they, they remit that back tothe, because each one (1) of them was a tax on a receipt that they have a name and a credit card. Now there might be a couple of cash payments there, but they should be, not be a difficult end. If they incorrectly collected, this concerns me greatly.

Councilman Meyer: Well, me too.

Councilman Rudolph: They incorrectly collected a tax from someone that was not required to pay it.

Treasurer Beem: But we haven't received those funds.

Councilman Rudolph: Understood.

Treasurer Beem: (Inaudible). Innkeeper's Tax (inaudible).

Councilman Rudolph: But I'm saying this is entirely, whatever institution that collected it, needs to return it to the person that paid it.

Treasurer Beem: That I don't know. I heard that, but I don't know who...

Councilman Rudolph: That's, and...

Councilman Christmas: (Inaudible).

Councilman Rudolph: I agree, it's not necessarily a part of this. But since Gary brought it up and this is the first I'm hearing of it, I want to make sure...

Councilman Christmas: (Inaudible).

Councilman Meyer: I don't (inaudible).

Councilman Rudolph: And honestly I, I think if it's not returned, it's theft. I would want to make sure that that's not, you, they have taken something that they weren't allowed to collect.

Councilman Meyer: We, we, we passed an Ordinance, and it says in this Ordinance it goes into effect January 1st. Now if that doesn't happen, we don't do this County Council. Why do we have a County Council if, if it's not abide by what the Ordinance we passed? That's what I'm saying. So therefore if we're going to amend that Ordinance, okay, maybe they collected that illegally. I don't, I wouldn't say that. But they didn't know that it wasn't certified. We didn't know it wasn't certified.

Councilman Rudolph: It's their job to know.

Councilman Meyer: It's our job to know too. It's our job because we put thedate on it. Nobody else put the date on it. We did. January 1st. We didn't know it wasn't certified. We didn't know until two (2) weeks ago that we had a problem here. Really, and now all of the sudden now, oh, well that wasn't certified. You only passed it eight (8) months ago.

Councilman Rudolph: Right, so it's our job to know too.

Councilman Meyer: Exactly.

Councilman Rudolph: And we need to correct what we're supposed to do, which is what we're trying to do right now. But as part of...

Councilman Meyer: I don't know what we're correcting.

Councilman Rudolph: As part of correcting that...

Councilman Meyer: As part of correcting that...

Councilman Rudolph: We might change the date, I think.

Councilman Meyer: Oh, well, I know that. But I'm saying...

Councilman Rudolph: But as part of that correction, we also need to tell them, that they made a mistake and that they need to provide those funds back to the rightful owner.

Councilman Meyer: We can do that but I'm just saying, I wish we'dhave known that it wasn't certified.

Councilman Christmas: Well, that's true. But (inaudible).

Councilman Meyer: In July, August, September. Because it's, we put the date on it of January 1st. Nobody else did. And now this is now, March. It won'tbe, April 1st will be first time it can be enforced. That's nine (9) months after we passed it. And I have a little problem with that. Maybe that's me. I don't know.

Councilman Rudolph: Well, I think, you have a legislature concern there. Cause theyobviously were in session and didn't pass it.

Councilman Meyer: But we're legislature right here.

Councilman Rudolph: Well, I'm talking about the State Legislature. If they had certified it, we'd have no issue.

Councilman Meyer: Well, I don't know why we didn't get certified. That's neither here nor there. But...

Councilman Rudolph: I mean that's the root cause. But obviously my point is, we need to tell the institutions, whatever institutions...

Councilman Meyer: We can do that, I don't have a problem with that. But I'm not sure what, I'm not sure they collected it illegally. That's what I'm saying.

Councilman Rudolph: I think they definitely did. I think they definitely did.

Councilman Meyer: Well, that's where you and I disagree. Okay.

Councilman Rudolph: Knowledge of the law isn't an excuse. (Inaudible).

Councilman Meyer: I agree with that. We, we, so we shouldn't even put a date on it. Let somebody else put the date on it. Why should we put the date on it if it's not going to beabided by anyway?

Councilman Richmond: I have a question for legal Counsel. What...

Councilman Meyer: We've got a lot of those here.

Councilman Richmond: What will the number be if we amend this? Or use the old one (1)?

Krystal Powless: It's '01.

Councilman Richmond: It would be back to '01?

Cliff Whitehead: 2018-01.

Krystal Powless: 2018-01.

Councilman Richmond: Okay.

Councilman Meyer: For both of them?

Cliff Whitehead: Well, we're only doing one (1).

Krystal Powless: Whichever, yeah.

Councilman Meyer: Yeah, but, but...

Councilman Christmas: Whichever one (1) we pass.

Councilman Meyer: But we need the number so we know which one (1) we're going to pass, don't we?

Krystal Powless: Whichever one (1) you decide.

Cliff Whitehead: No, because you're, right now they are just proposed. They're not actual Ordinances.

Councilman Meyer: Oh, okay. Okay.

Cliff Whitehead: So whatever one (1) you pass...so we would need a motion on which one (1) we want to vote, discuss, pass, and that would become '01.

Councilman Meyer: Okay, '01.

Cliff Whitehead: 2018-01.

Councilman Meyer: But I mean, to differentiate between the two (2), can we go back to 2017-01, which is the original one (1), and then...?

Cliff Whitehead: No, well, you're amending 2017...

Councilman Meyer: Oh, oh, I'm sorry, we're not voting it down. We're amending it.

Cliff Whitehead: That's correct, yes, yeah.

Councilman Meyer: I gotcha, I gotcha. Okay. Okay. Alright, I understand now.

Councilman Hachmeister: Well, one (1) of my concerns is years ago, when we tried, well, I had tried to track the dog tax, (inaudible) implemented back in here. And back, on memory, I had to research it again, got to thinking about it when this come up. Same situation. And I believe back years ago the Assessor's the one (1) that actually collected the dog tax.

Councilman Christmas: Trustees did it.

Councilman Hachmeister: But then it went, the money stayed in the County. And if it had went to the State, well it was trying to be implemented a few years ago. I believe we found out the State kept forty percent (40%) of it We only got back a portion. And there again, even though at this time the State does not charge any money forhandling it, I'm wondering if they can't pass it at any time to start collecting a fee forhandling the money? And I, we don't know that. But that's just in the back of my mind. And if wehe collecting the money here, then all, once we give the State a large portion to handle it, you know, we're losing again.

Councilman Metzger: Cliff, can we amend it again if they did that and started charging a fee?

Cliff Whitehead: Yeah.

Councilman Metzger: We could amend it again?

Cliff Whitehead: It would still be within the uniform Innkeeper's Tax Ordinance of the Council. You could still amend it.

Councilman Metzger: So I'd like to make a motion that we go ahead and accept the amended Ordinance that allows the State to collect the taxes.

Councilman Christmas: Okay.

Councilman Metzger: That's a motion.

Councilman Meyer: Okay.

Councilman Metzger: The new version, where the State...

Councilman Meyer: Okay, that's, I gotcha. Yeah. Okay.

Councilman Richmond: Second.

Councilman Meyer: Okay, we have a motion to amend the original Ordinance for lack of a better term.

Cliff Whitehead: Yeah, 2017-01.

Councilman Meyer: Having to do with the Innkeeper's Tax, to amend it with the, with the new date and the stipulation that the State will be the collector of revenue? Is that right?

Councilman Christmas: Collected by the State of Indiana Revenue in accordance with the Indiana Code.

Councilman Meyer: And we have a second. That was a motion made by Ted and Greg seconded it.

Councilman Christmas: Second.

Councilman Meyer: Okay. Sounds like someone wants to say something from the public. Okay. This is under discussion.

Shari Sherman: Shari Sherman, Warrick County Chamber of Commerce, and we've been working with the Innkeeper's Tax for a number of years. And just to kind of update you on some additional facts so that you have all the information, there are seventy-eight (78) Counties that have the Innkeeper's Tax. Eight (8) of them are ones that have it collected by the State. There is a County just to the west of here, or east of here around Louisville, and they have their money sent to the State. Talking with them the other day, on another topic, they indicated to me that they have seen their revenue drop by seventeen percent (17%) from one (1) year to the next. And when they talked with the State with on how to track that, they were told that it's not a high priority for them and they would get to it. And they've been doing this now for almost a year trying to track. They feel that somebody's not paying the Innkeeper's Tax, but the State will not provide any additional information to them as to who it is. But they feel that there is one (1) and they're not getting that information back. And they continue to get the run around on thatone (1). So...

Councilman Christmas: That's the State Legislature. They need to get ahold of their representative and have them to check in...

Shari Sherman: Well, they're...

Councilman Christmas: (Inaudible) have a tendency (inaudible).

Shari Sherman: The Department of Revenue says it's not a high priorty. They're a pass through only and it's not one (1) of their high priorities. On a local level, the areas around here, the Tourism Bureau is also partners with the Treasure and the Auditor. They actually meet with the innkeepers with the forms, take them out there, educate them on how to do them, and they work with them. They also then the Treasurer or the Auditor have the information if somebody is not paying it. So there are, there are checks and balances in that. But there are, you know, seventy (70) out of seventy-eight (78) Counties that do use the Innkeeper's locally so that they can check so they have that balance. So, just wanted to give that information to you so you have all the facts.

Councilman Meyer: Okay, thank you. Judy?

Treasurer Beem: If the State does not receive the money after two (2)months' time, as I said earlier, there is a letter that goes out. The Statute says that if any innkeeper doesn't pay, it becomes a Class 6 Felony. So there is, there is some teeth to it. The problem that I'm hearing is that, whether we collect it or whether the State collects it, we cannot say that Innkeeper 'B' is paying X-amount of dollars. That's the confidential part that we cannot say that this, this innkeeper is only paying this amount. Even though maybe they're reporting to the news media, oh, we're booked, you know, for this event. But yet when the money comes in, it's less than it was two (2) months ago. That's the confidentiality because it's a, it's an income tax, you know, information. That's confidential. We can't share that. Neither can the State. So whether we had it or the State has it, we can't share that information.

Councilman Rudolph: But you'd be able to act on it if you knew it?

Treasurer Beem: They would too. Cause if it comes in different than what the previous months, they would they would too. And again, the State is very good at capturing withholdingtax, all the other taxes. If you've seen any restaurants down in the area, how they plaster the orange signs. They're quick about doing that.

Councilman Rudolph: Understood, but as Ms. Sherman shared, there can be situations where they're less interested, and I can appreciate if they're not collecting anything, they might be concerned about spending a lotof time as our collector.

Councilman Meyer: Mrs. Stevens?

Auditor Stevens: Thank you. Debbie Stevens, Warrick County Auditor. I did want to just bring a couple of points to the Council, ways that we rely on the Indiana Department of Revenue. Currently we are bringing into our County about ten million dollars ($10,000,000.00) in local income tax. Not one (1) penny of that is collected at the local level. It all goes to the State first. Actually via the same vehicle, where they go in and file all of their withholdings. And then that comes back to the County and we have to rely on that. Same with vehicle excise tax. All of those are sent first to the State, then back to us. And so we do rely on them, and we do have good relationships with our State offices. The Secretary of State, we work with the Auditor, and heavily with the State Auditor's Office. And then one (1) other point I would like to make that I haven't heard any discussion on by this Council, and it is all of our responsibility to beaccountable to the taxpayers of this County. And this tax is not supposed to affect in theory. That is the whole idea is that the residents of Warrick County are not impacted by this tax. But when we have to implement and then maintain and even buy software and things like that to make sure that the tax is collected, there's nothing coming from the Innkeeper Tax that's funding that. It's all going to be a burden on the taxpayer and the services they already rely on us to provide to them for the taxes that they pay.

Councilman Christmas: If the State collect it that will eliminate that problem.

Auditor Stevens: Pardon me?

Councilman Christmas: If the State collects the money that will eliminate part of that problem.

Auditor Stevens: It will. Thank you.

Councilman Meyer: Okay, thank you. Anybody else? Any Council member have anything? Okay we have a motion by Ted and seconded by Greg to approve the amendment to the Innkeeper Tax Ordinance that we passed last year, which would be...?

Krystal Powless: Ordinance 2018-01.

Councilman Meyer: This would be 2018-01? Okay. And this would be the amendment and changing only who collects it and the date.

Cliff Whitehead: That's right.

Councilman Meyer: Is that right?

Cliff Whitehead: That's correct.

Councilman Meyer: Okay. Okay. All those in favor of the motion? Opposed? Motion carries four to three (4-3 with David Hachmeister, Gary Meyer, and Brad Overton opposing).

Krystal Powless: And the three (3)?

Councilman Meyer: David, me, and Brad. Okay. Thank you very much.

(Ordinance 2018-01, Amendment to the Innkeeper Tax, is located on Page 17 of these Official Minutes)

STORM WATER MANAGEMENT ENCUMBRANCE

Councilman Meyer: Now, Item 3, Encumbrance, Storm Water Management, eighty-one thousand one hundred sixty-eight dollars ($81,168.00).

Krystal Powless: I just need your permission to add this encumbrance to the total encumbrances that you guys approved last meeting.

Councilman Meyer: Okay.

Councilman Hachmeister: Motion to approve it.

Councilman Overton: Second.

Councilman Meyer: All those in favor? Opposed? Motion carried (7-0). Thank you very much. We got it done before you got to the podium, didn't we?

Councilman Richmond: Who made the motion?

Councilman Rudolph: If you're going to talk, you have to introduce yourself.

Krystal Powless: Alright, David and Brad.

Chris Skinner: We're approved already, thank you very much.

Councilman Meyer: You're approved.

Krystal Powless: Sorry you had to sit through the (inaudible).

Councilman Meyer: Don't give us a chance to do something different. Anybody else like to address the Council?

Commissioner Weisheit: I've got one quick thing.

Councilman Meyer: Okay.

Councilman Rudolph: Marlin.

Commissioner Weisheit: Won't take a second. I've got some good news. I got an email today and as you remember we's finishing out the BEP Program, Debbie Bennett-Stearsman, come here working with Boonville NOW on the tax properties and we awarded some to Boonville NOW to finish out. And that's Bid Set 7 that's coming up. Well the IHCDA, Boonville NOW was working with a national company on getting some affordable housing here in Boonville and new houses put on them lots, and the HCDA which is the Indiana Housing Community Development Authority awarded two (2) grants today. Evansville and Boonville was awarded. So Boonville wasawarded, it looks like a million and a half dollars ($1,500,000.00). I'm sure there'll be some press releases on that. But it will be I think twenty-two (22), let's see, twenty-two (22), one (1) to two (2) bedroom apartments; nine (9) lease purchase town houses, two (2) to three (3) bedroom; thirteen (13) lease purchase single family homes, four (4) bedroom to create, you know, affordable working, andhese are going to be nice houses right here in Boonville. So just a good announcement. You'll be seeing some press releases on it. But thanks to Boonville NOW and working with the Coalition. I'm sure Greg Wathen will do a press release on it here and maybe Boonville NOW. So I just wanted to make you'ens aware of that. It's all good.

Councilman Meyer: Thank you.

Commissioner Weisheit: Thank you.

Councilman Meyer: Anybody else? Our next meeting will be March 1st, which is next Thursday at 6:00 (PM).

Councilman Hachmeister: 4-H Pork Chop Supper, two (2) weeks from Saturday.

Councilman Meyer: Looking for a motion.

Councilman Hachmeister: Motion.

Councilman Meyer: Meeting's adjourned.

ADJOURNMENT: Meeting adjourned at 7:14 PM.

WARRICK COUNTY COUNCIL

Gary Meyer, D.D.S., President

David Hachmeister

Ted Metzger

Paul Rudolph

Greg Richmond, Vice President

Brad Overton

Charles R. Christmas

ATTEST:

Deborah K. Stevens, Auditor
Warrick County, IN

Minutes transcribed by Kristine Georges

ORDINANCE 2018-01

AN ORDINANCE OF THE WARRICK COUNTY COUNCIL AMENDING ORDINANCE 2017-01 LEVYING AN INNKEEPER'S TAX AND ESTABLISHING A CONVENTION, VISITOR AND TOURISM PROMOTION FUND

WHEREAS, the Warrick County Council is the fiscal body in and for the County of Warrick, State of Indiana; and

WHEREAS, the Warrick County Council desires to promote and encourage conventions, visitors, and tourism within Warrick County; and

WHEREAS, the Warrick County Council adopted Ordinance No. 2017-01 levying an Innkeeper's Tax in Warrick County, Indiana; and

WHEREAS, the Warrick County Council desires to amend Ordinance No. 2017-01 to require the Warrick County Innkeeper's Tax to be imposed, paid, and collected by the Indiana Department of Revenue in accordance with Indiana Code 6-9-18-3;

NOW, THEREFORE, IT BE ORDAINED by the County council of Warrick County, State of Indiana, that:

Section 36.20 of the Code of Ordinances of Warrick County, Indiana, is hereby amended in its entirety as follows:

§ 36.20 INNKEEPER'S TAX AND ESTABLISHING A CONVENTION, VISITOR, AND TOURISM PROMOTION FUND.

(A) An innkeeper's tax is hereby levied on every person, as defined by Indiana Code 6-2.5-1-3, engaged in the business of renting or furnishing, for periods of less than thirty (30) days, any room or rooms, lodgings, or accommodations in any of the following located in Warrick County ("Innkeeper's Tax"):

1. Hotel;
2. Motel;
3. Boat motel;
4. Inn;
5. College or university memorial union;
6. College or university residence hall or dormitory; or
7. Tourist cabin.

(B) The Innkeeper's Tax does not apply to gross income received in a transaction in which:

1. A student rents lodgings in a college or university residence hall while that student participates in a course of study for which the student receives college credit from a college or university located in the county; or
2. A person rents a room, lodging, or accommodations for a period of thirty (30) days or more.

(C) The Innkeeper's Tax shall be levied at the rate of five percent (5%) on the gross retail income derived from lodging income only and is in addition to the state gross retail tax imposed under Indiana Code 6-2.5

(D) The Innkeeper's Tax shall be imposed, paid to, and collected by the Indiana Department of Revenue in accordance with Indiana Code 6-9-18-3.

(E) All of the provisions of I.C. 6-2.5 relating to rights, duties, liabilities, procedures, penalties, definitions, exemptions, and administration are applicable to the imposition and administration of the Innkeeper's Tax, except to the extent those provisions are in conflict or inconsistent with the specific provisions of Indiana Code 6-9-18 or the requirements of the Warrick County Treasurer.

(F) The Warrick County Treasurer is directed to establish the Warrick County Convention, Visitor, and Tourism Fund (Fund 7304 – Innkeeper's Tax Collections) in which all amounts received under this Ordinance shall be deposited.

(G) Money in the Warrick County Convention, Visitor, and Tourism Fund shall be used to promote and encourage conventions, visitors, and tourism within Warrick County. Such expenditures include, but are not limited to, expenditures for advertising, promotional activities, trade shows, special events, and recreation.

(H) Any person, corporation, or other entity described in Section (A) of this Ordinance shall begin collection of the Innkeeper's Tax on April 1, 2018.

ADOPTED by the Warrick County Council, this 22 day of February, 2018.

WARRICK COUNTY COUNCIL

Gary Meyer, President

Charles R. Christmas

Paul Rudolph

Ted Metzger

Greg Richmond, Vice President

David Hachmeister

Brad Overton

ATTEST:

Warrick County Auditor