MINUTES OF THE MEETING
OF THE COMMON COUNCIL
VALPARAISO, INDIANA
May 12, 2025

Minutes are not verbatim. To Hear Full Comments, Please refer to the – Watch City Meetings Section of the City of Valparaiso's Website (WWW.CI.VALPARAISO.IN.US)

The Common Council of the City of Valparaiso, Indiana, met on Monday, May 12, 2025 at 6:00 p.m. in City Hall. Mayor Costas called the meeting to order. The Pledge of Allegiance was said. Present were Councilmembers Cotton, Domer, Pupillo, Anderson, Hunt, and Kapitan. Councilmember Reed was absent.

Mayor's Youth Council Presentation

Mayor Costas – It is always a delight to work with the students and our future leaders. He has asked them what can they do now to build their leadership capacity? Their responses were so good they could write a book. Their responses were very insightful. He also asked them to put themselves 15 years into the future. Imagine their best friend lives somewhere else and is considering moving. How would they convince them to move to Valpo? It was interesting to hear their perspective and the things that are important to them.

Maggie Clifton – She gave a history of the Mayor's Youth Council and thanked all for their help in making this a successful program.

Students – They gave a presentation on what they have done as members of the Youth Council and what they have accomplished during their time on the Youth Council.

MINUTES

> **MOTION:** Councilmember Kapitan moved to adopt the April 28, 2025 minutes. Councilmember Hunt seconded the motion. Upon roll call vote the motion passed with a 6-0 vote.

ORDINANCE NO. 9, 2025

AN ORDINANCE AUTHORIZING THE CITY OF VALPARAISO TO ISSUE ITS REVENUE BONDS, SERIES 2025 (VALPARAISO UNIVERSITY PROJECT) AND APPROVING AND AUTHORIZING OTHER ACTIONS IN RESPECT THERETO

Councilmember Kapitan moved that Ordinance No. 9, 2025 be read a first time and considered on first reading. Councilmember Hunt seconded the motion. Clerk-Treasurer Taylor read Ordinance No. 9, 2025.

Attorney Patrick Lyp – VU is in the process of issuing financial bonds. As the Council and the City have done in the past with other nonprofit entities, the City can act as a facilitator or a conduit. This is not debt issued by the City where they are responsible, but is a way to help facilitate some benefit to local nonprofits. The last time they did a similar procedure it was for Green Oaks. He introduced Attorney David Nie of the Ice Miller law firm and Mark Volpatti of Valparaiso University. Tonight is first reading. The Economic Development Commission will meet and provide a recommendation to the Council. Then the Council will meet to consider this Ordinance on second reading.

David Nie – This is a Conduit Revenue Bond. This is solely the obligation of the University. Under IRS regulations, a 501 c3 cannot issue bonds by themselves. They have to go through a governmental entity. That is why the VEDC and City are doing this. The funds will be used for capital expenditures, finance working capital, and debt service funding. The VEDC decides if this benefits the public welfare of Valparaiso. Once the

VEDC hears this case, a report is filed with the Plan Commission. The intent of the report is to give them a heads up on a new project. The code does not cover an existing project or fund refinancing so they file the report anyway. After that the request comes back to the Council for their decision. The bond transaction is a publicly issued bond. The bond will be a fixed rate bond. The amount will be up to $117 Million. That is a capacity amount and not necessarily what they will issue.

Mark Volpatti – This past weekend was commencement. Of those graduating, 98.2% have reported they are going on to jobs or further education. They have gone ahead with their artwork sale. Proceeds from that sale will go towards Freshman Village dormitory renovations. The President will be retiring after this year. They are actively searching for a new President. They expect the hire date to be January 1st. The bond proceeds will enhance capital expenditure. They will also use funds to restructure debt.

Comments/Questions from the Council

Councilmember Domer – Are you stating that the cost of renovating the Freshman Village is not included in the bond issue? The entire cost of the renovation will come from the sale of the three paintings.

Mark Volpatti – This is correct.

Councilmember Domer – She had read that on the low side the value of the paintings was $12 Million Dollars and the cost of the renovations was $8 Million Dollars.

Mark Volpatti – He does not know where the journalist got those numbers. But they are expecting $12 Million from the paintings and that is what they will be putting into the Freshman Village renovations. The number of $117 Million Dollars is if they decide to throw in some 2014 bonds with the issuance. With the current interest rates they really do not think that will happen. They expect the amount to be more in the $55 Million Dollar range.

Councilmember Anderson - What is Plan B? What if this body says no? Is there an option?

Mark Volpatti – They would look to financing authorities for refinancing the debt.

Councilmember Kapitan – She asked for an explanation of "conduit" and what happens to the Council if VU is unable to meet their obligations.

David Nie – The bond is issued by the City and the proceeds are loaned to VU. The City is just a pass through. They are complying with the IRS code that says a governmental body has to have some oversite in their access to the tax exempt bond market. If there is some level of distress or a default, it does not reflect on the City credit. Bonds can be audited. If that happens, it comes to the Issuer.

Councilmember Kapitan – Does this have any impact on current taxpayers in the City?

David Nie – No.

Councilmember Cotton – He is supportive of VU. He needs to understand as much as he can. VU recently had a change in their debt rating. Does that have anything to do with the current debt profile or is it because of the enrollment.

Mark Volpatti – When you go to a credit rating agency, they look at what happened in the past. Future trends do not matter that much to them. As part of the presentation they had to give a forecast for the next five years. In that forecast they talked about what size they should be and where do they see growth. They also had to match their expenses to their revenue goals. The University is looking at what is the proper size. They should be at a cash break even within two years and an operating surplus within the next four years.

Councilmember Cotton – The City can issue general obligation bonds. They have a debt limit of what they can issue. Is VU pressing against a debt limit with regard to their general obligations?

Mark Volpatti – When you are looking at the debt leverage ratio, it is a question of do they have an operating structure where if they took out the non-cash items do they have enough money coming into the University that support the annual payments. And they do.

Councilmember Hunt – You mentioned that $117 Million Dollars is a capacity number and likely will not go that high. Can you tell us any more about the capital projects? Is it being used only for academic buildings? Are there any new projects?

Mark Volpatti – These are still approximate numbers but $15 Million for new projects – lighting, roofs, IT infrastructure. The other component is figuring out how they can support renovations and more infrastructure sciences. Then another $32 Million to $37 Million Dollars would be a restructure of current debt.

Councilmember Hunt – Is this the first time VU has asked the City to be a conduit issuer?

Mark Volpatti – Yes.

Councilmember Hunt – If this is an option, why wasn't it used instead of selling the artwork?

Mark Volpatti – The artwork was done because we felt we had a great asset but was it doing the best from an operational ability for the campus to run. It was a decision that was made.

Councilmember Hunt – And to be clear, those funds are going into the Freshman Village renovation.

Mark Volpatti – We had a court order that demanded they would go to that project and if there are any funds left over they have to go to support housing in some way.

Councilmember Hunt – Has the Publication of Notice for the VEDC meeting been published yet? Do we know when that meeting will be held?

David Nie – He believes an EDC meeting was confirmed for May 28th. He submitted the Notice of Public Meeting today. It should run in the May 16th paper. That meets the requirements.

Councilmember Hunt - Then it goes to the Plan Commission after the VEDC meeting?

David Nie – The EDC could file the report in advance of the meeting or at that meeting. Yes, one of the steps is filing the report to put the Plan Commission on notice of any new public works that might be necessitated from the project financing. Since everything exists, it should be a non-issue but they still comply.

Councilmember Hunt – How much time does the Council have in terms of deadlines?

Attorney Patrick Lyp – There is nothing on the Council per se. We have heard David and Mark indicate the strong desire to have the bonds closed by the end of June. Once the Council passes the Ordinance there is a lot of work that goes on to get the bonds issued. He thinks if it is at all possible they would appreciate the Council having a special meeting. The VEDC meeting is May 28th at 2:00. In the past they have had the VEDC meeting in the afternoon before the evening Council meeting. The Council could meet at 3:00 on the 28th. He is sure Mark and David would appreciate any effort the Council could make to meet before their next meeting on June 9th. They need four individuals of the Council so there is a quorum. Additional members can participate by zoom if they want. This would give the University an opportunity to maximize its chances to secure the best borrowing terms with the maximum amount of time before the end of June.

Councilmember Kapitan - The VEDC meeting is the only Public Hearing for this bond?

Attorney Patrick Lyp – That is correct. The meeting is May 28th at 2:00 in these Council Chambers. Notice of the meeting has to be published 10 days prior to the meeting.

Councilmember Kapitan – So the Council does not have a Public Hearing and therefore do not have the 48 hour time that they usually have for their own agenda.

Attorney Patrick Lyp – They do have the 48 hour notice. They do not have the ten day notice. So when the Council gives him a date, well within 48 hours a Notice will be published letting the public know the Council is meeting.

Councilmember Anderson – It looks like the City is doing something for the University but it is a very innocent pass through. It is hard to explain to the public. He thinks they would do themselves a service by letting the Council know what the projects are going to be. That allows the Council to present that to their constituency.

David Nie – He will get that together and provide it.

Councilmember Kapitan – She is glad they are having this talk. VU is a huge asset to the community. They need to make sure the Council is successful when VU is successful. The Resolution talks about full time employees and keeping them on because of the bond. Is that accurate?

Attorney Patrick Lyp – Correct. The University will present to the VEDC that they are a value to the community. One of those aspects is the employment of local residents at VU.

Councilmember Cotton – How many employees does VU have?

Mark Volpatti – A little over 600.

Councilmember Domer – She is trying to understand how she will explain VU was embroiled in a year and one half worth of legal controversy surrounding the three paintings with justification that those funds were necessary to renovate the freshman dorms. It seems to her that this would have been known six months or a year ago that they were going to come forward for $117 Million bond issue on the heels of getting a court to say that it's ok to sell those paintings to renovate the freshman dorms.

Marl Volpatti – The $117 Million is the upper cap. That is only if they refinance or refund the 2014 bonds. That is debt that already existed. Another $32 Million to $37 Million is debt that has already existed. They are really going out to bond market for about an additional $15 Million of additional funding to support operations. They chose the Freshman Village to sell the artwork because they felt that was the best return on investment. This will bring more people to campus that otherwise would probably not come.

Mayor Costas – We appreciate the University and all it does. It employs 600 people. The City would look a lot different without the University. He also understands that in today's world smaller institutions are challenged and have difficult decisions to make in order to ensure that they are succeeding at their core duty and focusing on what they do well. In this case the City is not taking on any risk. They are a conduit.

MOTION: Councilmember Kapitan moved to carry Ordnance No. 9, 2025 to the next meeting. Councilmember Hunt seconded the motion. Upon voice vote the Motion to carry passed with a 6-0 vote.

Review of CF-1s Submitted by Recipients of Tax Abatements Approved by the City Council

George Douglas – Tax abatements approved by the City Council require the business to file annually a Compliance Statement CF-1. This statement is required both for personal property as well as real property improvements. The CF-1 form captures the taxpayer entity. It describes the location of the project and the nature of the improvements. The start and end dates. The number of employees they have and how many they plan to retain or the number that will be added. It also talks about the cost and values of the improvement. This form gets filed with the Porter County Auditor and City Council before May 15th of each year they are receiving abatement. To date they have received seven CF-1s for business personal property and ten CF-1s for real property. In the past the forms have come and are reviewed by the Economic Development Director or City Attorney. Next the Mayor signs and the Clerk Treasurer attests. It then goes to the County Auditor. This year in working with Councilmembers Kapitan, Hunt and Cotton the procedure for approval is changing. The Council president will review the CF-1. They will be shared with all the Council. Then it will be put on the Agenda to come before the Council and answer any questions and ask for approval of the CF-1s. He discussed CSI and Ardagh CF-1s. Their responses to George's questions were included in the Council packets.

CSI was approved for a business personal property both as real property improvements. This was in 2018. At that time they had 121 employees. They indicated they intended to add five employees. Today they have 84 employes. CSI has responded their number of employees has declined over the past year due to retirements, employees moving to remote locations and changes in the industry. Most of those jobs were replaced in other locations or with remote employees. They do not anticipate any further reductions.

Ardagh received an abatement in 2020 for real and personal property. They are located in Montdale Industrial Park. Ardagh submitted information indicating the number of dollars of the equipment that were brought in as well as an additional $9 Million Dollars that did not fall under the abatement. The number of employees does not match but the payroll has exceeded expectations on the CF-1. They have been involved with the community. They have given over $235,000 to STEM education programs in NW Indiana. Both of these are long standing companies in our community and continue to contribute to the community. In discussions it was evident COVID has impacted both businesses. In 2018 they had different expectations.

It is his recommendation that the Council approve and authorize the President to sign the CF-1s.

Councilmember Cotton – We don't put exceptions when we enter an agreement for abatement. Maybe that is something that should be considered. He discussed his reasoning of how long a business should be out of compliance and circumstances beyond their control that create the noncompliance.

George Douglas – When a company comes in with a tax abatement request, they do look at the new equipment and technology. In a lot of requests they are making a huge investment but there is not a big change in head count. In these two cases they did not see the pandemic coming and didn't see the investment in technology.

Councilmember Domer – She understands the technology piece. Remote workers are included in the total company headcount.

George Douglas – An employee that has been working in Valparaiso may all of a sudden find themself working some place else. So it is up to the company if this is a Valpo employee or a corporate employee that can work anywhere by doing remote work.

Councilmember Domer – The assumption that was made when the abatement was granted was that the jobs to be added would be added in Valparaiso.   You are saying they gave a response that jobs weren't necessarily added. But if they were, they may have been added in locations outside of Valparaiso.

George Douglas - They are dealing with retirees. They are dealing with people that are moving remote and shifted to have other employees be able to cover work from other locations.

Councilmember Kapitan- The CSI abatement is on its last year.

George Douglas – He believes that is correct. He doesn't believe that last year they received any deduction on the business personal property.

Councilmember Kapitan – Ardagh has a couple of years left. We can discuss a little more into next year to make sure that we are on the same page about what we are expecting of jobs and if we need to have those discussions about how it's going. Right now we have a deadline we are working with and being able to communicate with Mr. Douglas regarding what we are looking for in our future submissions.

George Douglas – There is always a claw back provision. All the employees may not be on the payroll as soon as the project is done. Ardagh indicated instead of hiring people they have been able to cover with overtime. The employees prefer that versus bringing in new employees. They see more opportunities moving forward but we hit them in a low spot in the last couple of years just coming out of COVID. Both CSI and Ardagh had salary numbers higher than expected. Wages went up significantly coming out of COVID just so people could hold on to employees.

Mayor Costas – Being in business presents lots of challenges. Numbers made in good faith sometimes work out well and sometimes meet unexpected challenges. As a company they have to respond to that.

Councilmember Cotton – He questioned the procedure and order of receiving the documents.

George Douglas - On the form it states these go to the County Auditor and filed with the City. It doesn't say one has to proceed the other. In some cases the business goes directly to the County. The County notifies the City and we go pick it up. Once it has been approved and signed he takes it to the Auditor and gets a file stamped copy.

Councilmember Cotton – He would like to get the files sooner upon their arrival so there is more time to go through them.

George Douglas – He feels it is a good process they are following. He likes to have the initial review because sometimes there is further explanation and/or documentation that is necessary. In some cases the forms are not filled out properly and they have to be sent back. Once he is comfortable with what is there, that is when he would share the forms.

Councilmember Cotton – But you hamper the ability to do a reasonable investigation if the Council gets them within a close proximity of needing to be signed. This body is the authorizing body and as the authorizing body it is their decision and the president would then sign off.

Councilmember Domer – She will not be voting on this. She did not have the opportunity to review the documents.

George Douglas – This is not a resolution. It is authorizing the president to review and sign the CF-1 forms.

Councilmember Domer – So you are not going to even ask if the Council authorizes President Kapitan to sign?

George Douglas - I asked for that. It is my recommendation that you authorize your president to sign the CF-1 forms as he finds them to be in substantial compliance.

> **MOTION**: Councilmember Cotton moved to authorize Council President Kapitan to approve and sign the CF-1s. Councilmember Hunt seconded the motion. Upon roll call vote the motion passed with a 5-0 vote. Councilmember Domer recused herself from voting. She did not have a chance to review them. Councilmember Reed was absent.

Status of SB-1

Bill Oeding addressed the Council. SB-1 was passed and signed by Governor Braun. Legislative Services estimates that the Bill will cost Valparaiso:

$1,842,620	2026
$2,026,860	2027
$2,521,890	2028
$6,391,370	TOTAL

These are not solid numbers and are likely to change. The only way to get solid numbers is to hire an expert. The City has hired Baker Tilly. They will look into this and provide the City with a 3-5 year Comprehensive Financial Plan.

The Challenge – How does the City makeup $3,8679,480 in 2026 and 2027? The City is exploring how we can implement budget adjustments and move money around.

Porter County Council – The City is waiting for them to determine what they are doing with Local Income Tax. It could help the City make up some property tax losses.

2027 – City Council will determine if a Local Income Tax is necessary and if so, how much. It must be adopted in 2027 and would go into effect in 2028.

Councilmember Hunt – The next step is for the BOW to approve the contract with Baker Tilly.

Mayor Costas – Businesses are seeing increases of 50% to 80% in their assessed value. This is why Baker Tilly will do a parcel by parcel analysis. This is catching up with the single family residences.

Councilmember Hunt – In 2028 the City will lose a significant amount of money from the County.

Mayor Costas – In 2028 every governmental entity has to enact its own LIT.

There was discussion regarding speculations about what might happen over the next few years. There has been a direction to freeze any additional paving.

Councilmember Hunt – We did prepare a Resolution. There was not a lot of time to get that to the State legislators. That Resolution was not signed which is a veto.

Mayor Costas – The evening the Resolution was presented he said he would not put his name on that Resolution. The Governor won his election on that issue. He does not feel the Resolution is good and he will not sign it. The Council can override the veto.

Councilmember Cotton – You put your partisan loyalty over the interest of the local taxpayers.

COUNCIL LIAISON REPORTS

Councilmember Anderson – Utility Board did not meet. They meet tomorrow at 5:00 pm.

Councilmember Pupillo – Fire Ops was great. Thanks to VFD. It is bicycle safety month.

Councilmember Domer – Milestone won bid for Local Road and Streets Package. Rieth Riley won the Community Crossing bid. New Tech won Sidewalk Package. Engineering asked for permission to advertise for bids for sidewalk package 3. Bids will be opened at the May 23rd BOW for demolition of two houses on Lincolnway and one on Indiana. RDC authorized applicants for the Challenge Grant. If a resident lost a tree on March 30th during the storm they are eligible for up to $100 reimbursement.

Councilmember Kapitan- Plan Commission approved annexation of property at 500 N and 175 W. Traffic and Safety meets May 19th. Environmental Board is outlining goals.

Councilmember Reed – (presented by Councilmember Kapitan) Park has software to utilize sharing equipment. Playground safety certification will have two members certified. Banta programing is on the website. The Board approved sound guidelines for Central Park. They are on the website. She gave status on all of the park upgrades.

Councilmember Cotton – Intervention and Reconciliation is making some progress. Four appointments have been made. When they get their fifth appointment they will evaluate the status of the Committee. He attended a housing symposium. There is a city sponsored housing symposium on May 29th at 5:00 pm.

Councilmember Hunt – The Council has had their first round of interviews for the school board appointment. The second round and decision is May 21st. Center Township will make their appointment on May 19th.

PUBLIC COMMENTS

TO HEAR CITIZENS' FULL COMMENTS, PLEASE REFER TO THE WATCH CITY MEETINGS SECTION OF THE CITY OF VALPARAISO'S WEBSITE (WWW.CI.VALPARAISO.IN.US)

Tensia Alvarez – Valparaiso. She doesn't feel she is fully represented by the AHRC. She has emailed the Council and only two have responded. She has accessibility issues. PRIDE month was a big win.

Ron Morey – 960 West St. Construction has started on the hotel. There are two gates in the construction fencing. One is on US 30 and one is on West Street. He thought they were going to use Marsh. Max Rehlander will call him tomorrow.

The Next Council Meeting will be June 9, 2025

The meeting was adjourned at 8:05 p.m.

/s/ Holly Taylor, Clerk-Treasurer