

## GOSHEN COMMON COUNCIL

### Minutes of the MARCH 20, 2023 Regular Meeting

*Convened in the Council Chambers, Police & Court Building, 111 East Jefferson Street, Goshen, Indiana*

Mayor Jeremy Stutsman called the meeting to order at 6:02 p.m. and led the Pledge of Allegiance.

Mayor Stutsman asked the Clerk-Treasurer to conduct the roll call.

**Present:** Megan Eichorn (District 4) Julia King (At-Large) Doug Nisley (District 2)  
Gilberto Pérez Jr. (District 5) – *arrived 6:08 p.m.* Donald Riegsecker (District 1)  
Matt Schrock (District 3) Council President Brett Weddell (At-Large)

**Absent:** Youth Advisor Karen C. Velazquez Valdes (Non-voting)

**Approval of Minutes:** Mayor Stutsman asked the Council's wishes regarding the minutes of the Feb. 6, 2023 Regular Meeting and the Feb. 13, 2023 joint meeting of the Council with the Goshen Community Schools Board. Councilor Nisley made a motion to approve the two sets of minutes as presented. Councilor Riegsecker seconded the motion. The motion passed 6-0 on a voice vote.

**Approval of Meeting Agenda:** Mayor Stutsman presented the agenda with the modification of agenda item 2) **RESOLUTION 2023-08, Interlocal Agreement with the City of Nappanee for the Completion of a Joint Federal Aid Project to Purchase and Install Electric Vehicle Charging Stations.** Councilor King moved to approve the agenda as submitted. Councilor Eichorn seconded the motion. The motion passed 6-0 on a voice vote.

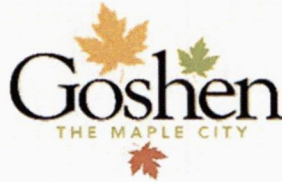
#### Privilege of the Floor:

At 6:04 p.m., Mayor Stutsman invited public comments on matters not on the agenda.

Glenn Null of Goshen said that at the last Council meeting he mentioned that Elkhart County government contracts with the State to maintain State roads in the County. He said he was misinformed about that by an elected official and learned that the County doesn't contract with the State. He said the county only contracts with the State to purchase road salt, to get a better price. Null said he has learned "that you can't trust what a politician says."

There were no further comments, so the Mayor closed Privilege of the Floor at 6:06 p.m.

1) **Public hearing: Community Development Block Grant (CDBG) Program Year 2023 Annual Action Plan**  
At 6:06 p.m. Mayor Stutsman opened a public hearing on the CDBG Program Year 2023 Annual Action Plan. City Community Development Specialist Theresa Cummings provided an overview of the draft CDBG plan, its priorities and the proposed action plan for 2023. She said the plan was available for public review and comment. Cummings said the 2023 plan continues the priorities for community and neighborhood development that were identified in the 2020-2024 consolidated plan.



**Cummings** said the plan's **key priorities** are: 1) **Housing Opportunities**; 2) **Access to Services**; and 3) **Neighborhood Revitalization**.

In a memorandum to the Common Council (included in the meeting packet) dated March 20, 2023, **Cummings** wrote that the proposed strategies for the three priorities were:

**1) Housing Opportunities**

- Improve owner-occupied housing through rehab
- Increase quality of rental housing
- Increase transitional housing options
- Reduce housing cost burden through higher wage job opportunities and job training
- Provide permanent supportive housing for chronically homeless
- Support affordable housing creation and preservation
- Provide emergency shelter for homeless individuals and families
- Expand housing options and assistance
- Maintain and facilitate use of Housing Choice voucher program

**2) Access to Services**

- Increase access to affordable healthcare
- Increase services for mentally ill
- Support programs for youth
- Increase access to affordable childcare and early childhood education
- Support services for elderly and the disabled
- Support public transportation
- Provide emergency shelter for homeless individuals and families
- Provide permanent supportive housing for chronically homeless
- Support counseling/advocacy for underserved populations
- Increase access to substance abuse prevention and treatment
- Support life skill development
- Support nutrition programs and food assistance

**3) Neighborhood Revitalization**

- Improve owner-occupied housing through rehab
- Remove blighted residential properties
- Address issue of vacant/foreclosed houses
- Increase quality of rental housing
- Support public infrastructure projects
- Repair/replace existing sidewalks
- Support neighborhood parks

**Cummings** told the Council that for program year 2023, the City of Goshen expected to receive an entitlement allocation of \$267,010 in CDBG funds. This allocation will be combined with miscellaneous income in the amount of \$7,000 and \$78,000 in prior years' resources for a total budget of \$352,010.



Cummings said the proposed use of CDBG funds for program year 2023 would be as follows:

1. **Public Service Grants** – Provision of services to low- and moderate-income individuals and households Citywide – **\$47,000**
2. **Owner-Occupied, Single Unit Rehabilitation of homes occupied by low- and moderate-income households through loans, grants and deferred payment loans Citywide** – **\$58,010**
3. **Multi-family Housing Rehabilitation-** One multi-unit project to create and preserve affordable housing – **\$190,000**
4. **Planning, general administration, environmental reviews, and audit** – **\$57,000**

Cummings said the estimated total CDBG budget was \$352,010. She said a summary of 2022 activities and expenditures was included in the Council's meeting packet. To date, about 25% of the budget has been spent.

Cummings said public comments from the plan will be accepted until April 12.

**Mayor Stutsman invited public comments on the City of Goshen's Community Development Block Grant Annual Action Plan for Program Year 2023. No comments were offered, so Mayor Stutsman closed the public hearing at 6:08 p.m.**

**NOTE FROM THE CLERK-TREASURER:** The City of Goshen's CDBG Annual Action Plan for Program Year 2023 is available for public review and comment, until April 12, 2023. A hard copy is available for review upon request at the City Planning Office in the City Annex Building, 204 E. Jefferson Street, in downtown Goshen. The Plan also is available online at: <http://www.goshenindiana.org/cdbg>

Mayor Stutsman noted that Council Pérez had now arrived.

**2) Resolution 2023-08, Interlocal Agreement with the City of Nappanee for the Completion of a Joint Federal Aid Project to Purchase and Install Electric Vehicle Charging Stations**

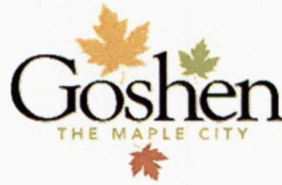
Mayor Stutsman called for the introduction of Resolution 2023-08, *Interlocal Agreement with the City of Nappanee for the Completion of a Joint Federal Aid Project to Purchase and Install Electric Vehicle Charging Stations. (Distributed to Councilors before the meeting; EXHIBIT #1.)*

Council President Weddell asked the Clerk-Treasurer to read Resolution 2023-08 by title only, which he did. Weddell/King moved to approve Resolution 2023-08.

**BACKGROUND:**

Together with the City of Nappanee, the City of Goshen filed a joint application for federal Carbon Reduction Program funding to develop one electric vehicle charging station in Goshen and two in Nappanee. The estimated cost of the project will be approximately \$260,700. Installing a Level 3 Direct Current Fast Charging Electric Vehicle Charging Station in downtown Goshen is estimated to cost \$212,800, with an 80% federal share of \$170,240 and a 20% local match of \$42,560. The Level 2 Electric Vehicle Charging Station is estimated to cost \$47,900, with an 80% federal share of \$38,320 and 20% local match of \$9,580.

The City of Goshen will be responsible for overseeing the project in Nappanee, which will include consulting with Nappanee city officials, selecting a consultant for preliminary engineering, helping select the station sites and arranging for electrical services, selection of equipment, design of signage, and billing Nappanee for the project.



**MARCH 20, 2023 DISCUSSION & PASSAGE OF RESOLUTION 2023-08:**

**Mayor Stutsman** said City staff members have been working with City of Nappanee staff on a federal grant for electric vehicle charging stations in both cities. He said Nappanee didn't have the staff to execute the grant. However, he said Goshen City staff members had already done the work necessary for another charging station in Goshen, so helping Nappanee added little work.

**There were no questions or comments from Councilors, so at 6:09 p.m., Mayor Stutsman invited public comments on Resolution 2023-08. There were none.**

**There were no Council questions or comments. Council President Weddell indicated that Councilors were ready to vote.**

**On a voice vote, Councilors unanimously approved Resolution 2023-08, *Interlocal Agreement with the City of Nappanee for the Completion of a Joint Federal Aid Project to Purchase and Install Electric Vehicle Charging Stations*, by a 7-0 margin with all Councilors present voting yes at 6:10 p.m.**

**3) Ordinance 5154, Amend 2023 Compensation Ordinance 5140 for Police Department Employees Regarding the Hiring Bonus**

**Mayor Stutsman called for the introduction of Ordinance 5154, *Amend 2023 Compensation Ordinance 5140 for Police Department Employees Regarding the Hiring Bonus* on First Reading. Council President Weddell asked the Clerk-Treasurer to read Ordinance 5154 by title only, which was done.**

**Weddell/Nisley moved to approve Ordinance 5154 on First Reading.**

**BACKGROUND:**

**Ordinance 5140 approved the 2023 minimum and maximum compensation, including wages and benefits, for Police Department employees.**

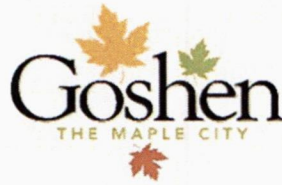
City staff now asked to amend the language regarding a hiring bonus to be paid to certain new employees. The eligibility requirements that a new employee must meet before beginning employment as a police officer with the Goshen Police Department to be eligible for the hiring bonus are set forth in the collective bargaining agreement between the City of Goshen and the Elkhart FOP Lodge 52, Inc.

**If Ordinance 5154 was passed, Ordinance 5140, 2023 Compensation Ordinance for Police Department Employees, Section 28, Hiring Bonus, would be amended to read as follows:**

**SECTION 28 Hiring Bonus**

A new employee meeting the eligibility prerequisites set forth in the collective bargaining agreement between the City of Goshen and Elkhart FOP Lodge 52, Inc. before beginning employment as a police officer with the Goshen Police Department is eligible to receive a hiring bonus. The prospective employee must enter an agreement with the City of Goshen consistent with the terms of the collective bargaining agreement, unless the eligibility prerequisites set forth in the collective bargaining agreement are formally waived by the Elkhart FOP Lodge 52, Inc.

The amount of the hiring bonus and when it will be paid will be determined by the Board of Public Works and Safety.



In addition, upon commencement of employment, the eligible police officer will receive a base wage equal to the base wage paid to a patrol officer as set forth in Exhibit A and the eligible police officer will receive forty-five (45) hours of paid sick leave.

**MARCH 20, 2023 DISCUSSION & PASSAGE OF ORDINANCE 5154:**

**Mayor Stutsman** invited **Police Chief José Miller** to explain the rationale for Ordinance 5154.

**Chief José Miller** said a sign-on bonus has been paid to new Goshen officers who were already certified by the Indiana Law Enforcement Academy and did not have to be re-certified. At the time, he said the bonus was given only to new employees who were seeking to be hired by Goshen within 12 months of leaving their previous law enforcement positions.

**Chief Miller** said Goshen police recently learned that the Indiana Law Enforcement Academy recognized the certification as being valid for up to 24 months after leaving a law enforcement position. So, Chief Miller said a prospective employee who has left a law enforcement job up to 24 months ago, is exempt from being required to attend the academy again and should be eligible for Goshen's hiring bonus.

**Mayor Stutsman** said Ordinance 5154 will ensure that the City of Goshen is following state requirements. He added that the City would like to hire and award a bonus to a new officer who completed the Indiana Law Enforcement Academy about 14 months ago.

There were no questions or comments from Councilors, so at 6:11 p.m., Mayor Stutsman invited public comments on Ordinance 5154. There were none.

There were no Council questions or comments. Council President Weddell indicated that Councilors were ready to vote.

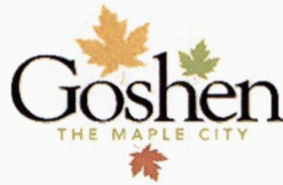
*On a roll call vote, Councilors approved Ordinance 5154, Amend 2023 Compensation Ordinance 5140 for Police Department Employees Regarding the Hiring Bonus on First Reading, by a 7-0 margin, with all Councilors present voting "yes" at 6:12 p.m.*

Councilors gave unanimous consent to the Mayor to proceed with the Second Reading of Ordinance 5154.

Mayor Stutsman called for the introduction, on Second Reading, of Ordinance 5154, *Amend 2023 Compensation Ordinance 5140 for Police Department Employees Regarding the Hiring Bonus*. Council President Weddell asked the Clerk-Treasurer to read Ordinance 5154 by title only, which was done. Weddell/Schrock moved for passage of Ordinance 5154 on Second and Final Reading.

There were no further comments by the public or Councilors. Council President Weddell said Councilors were ready to vote.

*On a roll call vote, Councilors approved Ordinance 5154, Amend 2023 Compensation Ordinance 5140 for Police Department Employees Regarding the Hiring Bonus on Second Reading, by a 7-0 margin, with all Councilors present voting "yes" at 6:13 p.m.*



### Elected Official Reports:

**Council President Weddell** reported that the **Redevelopment Commission** met last week. He said the City has issued Requests for Proposal (RFPs) for four city-owned properties. One is a property at Main and Jefferson streets, a former muffler shop, and another is a property along the Millrace. He said another property is on South Third Street. He said signs have been posted indicating that the properties are available.

**Councilor Eichorn** said the **Community Relations Commission** met last week and discussed some upcoming events. One event, at 7 p.m. tomorrow in the Goshen Theater, will be the showing of a Goshen College-produced documentary about the City of Goshen's history of being a "sundown town," one in which African-Americans were discouraged from being in the City overnight. The CRC will lead a discussion after the documentary is shown.

**Mayor Stutsman** said **CRC Director AJ Delgadillo** announced to the CRC last week – and submitted a letter of resignation to the Mayor – that he will be leaving Goshen and taking a job in California. The Mayor said he would be meeting with the Council's liaison to the CRC and with CRC leaders soon to discuss what this means and the transition to new leadership. He said the position will soon be advertised. He also expressed appreciation for all that Delgadillo has done and congratulated him on this new ventures.

**Mayor Stutsman** said this Friday at 4 p.m. at the **City Fire Department's training facility**, a new sign will be unveiled. He said this is becoming a regional training facility and is included in the Governor's list of facilities expected to receive some grant funding. The Mayor said the Fire Department has done an excellent job building the facility. He said he appreciated the funding the Council has appropriated for the facility. He said Goshen is helping to train fire departments throughout the region. He said larger organizations, including the U.S. Army have also used it for training, including for water rescue training for Blackhawk helicopters. So, the facility is becoming a great place for many people, the Mayor said. He invited Councilors and members of the public to attend the Friday event.

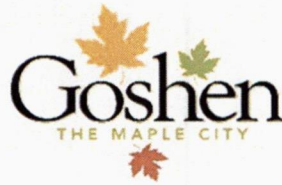
**Mayor Stutsman** also announced that his "**State of the City**" address will take place on Wednesday at the Maple City Chapel. The event, which is sponsored by the Goshen Chamber of Commerce and includes a lunch, will begin at 11:30 a.m. He said he will deliver his speech starting at 12:10 p.m. and that community members without lunch tickets can drop by at that time to hear the speech. About 500 people are expected to attend the event.

**Councilor Schrock** said it was nice to see such a good turnout at the Goshen flood awareness open house. He complimented City staff for organizing the event.

**Councilor Schrock** also announced that a portion of **Wilden Avenue** is now closed, probably until September; for major road reconstruction. **Mayor Stutsman** said the project includes a reconstruction of all utilities in that area.

**Councilor Riegsecker** said he saw and enjoyed the **Addams Family musical performance at Goshen High School**. He said he took his grandkids, and they also had fun.

**Councilor Riegsecker** said he has been receiving calls about local property taxes and wanted to discuss them. He said that when he was coordinating investments, he always wanted his clients to understand what they have. He said many people don't understand their property tax bills. He said the City of Goshen "is getting a lot of heat" about property tax bills, but other entities are also responsible for the bills.



**Councilor Riegsecker** said he checked various property tax bills in town and learned most property owners will fall under the property tax caps of 1-3%, which is the most that should be paid on properties. So, he said on a home with an assessed value of \$100,000, the 1% tax would be \$1,000.

**Councilor Riegsecker** said the City tax rate dropped this year from \$1.45 to \$1.43. He said the school tax stayed about the same and the County tax rate also dropped. What had an impact on the bills, he said, is that assessed property values rose. And as appraisals rise, he said, so do tax caps – and the result is higher taxes. On average, property taxes increased 8.7 percent, he said.

**Councilor Riegsecker** said the biggest impact on property taxes was from school referendums. He said he wanted to deliver this message to help educate people that the City of Goshen is not responsible for the property tax increases. He added on average, the City increases its spending about 4-5% a year.

**Mayor Stutsman** said he will touch on some of these issues during his State of City address. He said this is the fifth or sixth year that the City tax rate has gone down. Although it has only been by small increments, it has gone down. The Mayor said that because of the tax caps, the City has been losing out on millions of dollars. For 2023, it is estimated that the City will lose \$5 million. He said this makes it more difficult to prepare the budget. And he said state legislators this year want to give tax breaks on things that would take funds from schools and local government. He said if those measures pass, the City could lose another \$5 million in revenue.

**Councilor Nisley** said that on a lighter note, he attended a Board of Aviation meeting today, and was asked to bring an idea being considered to the Council for feedback. He said Interra Credit Union would like to sponsor advertising at the airport. An advertising contract would be renewable every four years, and Interra would pay \$1,700 a year.

**Councilors and Mayor Stutsman** responded to the idea. The Mayor said he would like **City Attorney Bodie Stegelmann** to review the proposal. **Councilor Nisley** said this would be a way to raise more money for the airport. Several Councilors said it would be good to have a policy about such advertising.

**Councilor King** said she wanted to mention a book that is being promoted to elected officials. She said the book, "*The Bill of Obligations, The Ten Habits of Good Citizens*," by Richard Haass, is worthwhile. She said she would be happy to talk with anyone about the book.

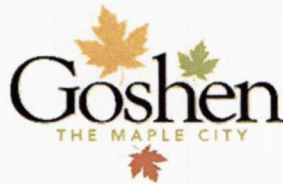
**Councilor Pérez** said several years ago he attended a conference of Accelerate Indiana Municipalities (AIM) and met Tito Farias, a council member from Union City, in Southern Indiana. He said that Councilor Farias visited Goshen today and had good things to say about the City. Councilor Pérez said he wanted to commend City Department heads for all of the good work they do. He said he hoped to visit Union City in a few months.

**Mayor Stutsman** said he has been involved with AIM for the past four or five years. He encouraged others to get involved for networking and learning.

**Clerk-Treasurer Aguirre** gave a report on the recent concerns about the U.S. banking system, the security of deposits in banking institutions, the status of the City of Goshen's funds in 1<sup>st</sup> Source Bank and the current interest being earned on the City's funds. He distributed a report summarizing his comments (**EXHIBIT #3**).

**Aguirre** said that as Councilors know, the nation is experiencing turmoil in the banking industry and economic uncertainty because of rising inflation and interest rates. Many people are worried.

Given that, **Aguirre** said Councilors may be wondering if the City's bank is in danger of failing. Are the City's tens of millions of dollars safe? And how much interest is the City earning these days due to high interest rates?



**Aguirre** said the short answer is that the City's money is secure. And the City is getting higher interest earnings than ever before because of the fortunate decision to change banking institutions last year.

**Aguirre** reminded Councilors about the recent failures of banks, including Silicon Valley Bank of California and Signature Bank of New York and the purchase of Credit Suisse by UBS, Switzerland's largest bank, in a government-backed takeover. He said there are many reasons for these failures.

More important, **Aguirre** said the turmoil made him wonder about the stability of Indiana banks, especially because most deposits are only insured by the federal government for up to \$250,000. So, he said he checked with the City's bank, 1st Source, which is the 182nd largest U.S. bank and the 4th largest based in Indiana. As of 2022, it had \$8 billion in assets, 1,100 employees and 80 locations.

**Aguirre** said Deposits.com, which is a subsidiary of Lending Tree, has awarded 1st Source an A+ rating, a designation given to only 11% of U.S. banks and credit unions. **Aguirre** said he also spoke to David Cripe, the City's Business Banker at 1st Source Bank. He said Cripe said 1st Source has "strong capital and strong reserves," and was "not at risk of a similar event" as led to bank failures.

Unlike Silicon Valley Bank and Signature Bank, **Aguirre** said Cripe told him that 1st Source has a "broadly diverse client base that reflects the diversity of industries in the communities" that it serves. Cripe also said 1st Source closely analyzes and monitors the risks involved with its lines of business and focuses on maintaining stability. He also said "1st Source is well-capitalized and reserved and well-funded" and has been around for 160 years.

**Aguirre** also reported that the City's deposits at 1st Source are safe because of the Indiana Public Deposit Insurance Fund, which insures public funds deposited in approved financial institutions which exceed the limits of coverage provided by any federal deposit insurance. Essentially, City deposits would be covered if 1st Source failed.

**Aguirre** reminded Councilors that last year he led a City team, assisted by Baker Tilly, which negotiated a new two-year banking services agreement with 1st Source. Compared with the City's previous bank, **Aguirre** said the City is paying lower monthly fees, getting higher interest rates and receiving good banking services.

**Aguirre** said the City's accounts are earning an interest rate of the Federal Funds Effective Rate (H.15) plus 20 basis points (or 0.2%). So the city is getting the Fed rate, which as of last week was 4.58%, plus 0.2%. He said those high federal interest rates inevitably will go down, but maybe not for a while.

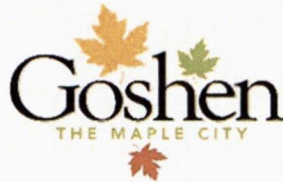
Because of the City's large cash balances, including about \$92 million last week, **Aguirre** said the city is earning substantial interest income. In December, **Aguirre** reported that on the roughly \$55.2 million the City planned to maintain in its 1st Source accounts, the City of Goshen would have net monthly earnings of just under \$114,000 a month or about \$1,340,000 yearly – the most ever for the City. Given the rate increases since then, **Aguirre** estimated the City could earn above \$2 million over a year.

**Aguirre** concluded by stating that when he became Clerk-Treasurer in July 2021, he said his office's priorities were delivering excellent public service, increasing accountability for the public's funds, efficient operations and greater openness to Goshen residents. He said this report was consistent with those priorities and he appreciated the opportunity to share this information with Councilors and with the public.

**Councilor Riegsecker** asked where the monthly interest income goes and where it is allocated. **Mayor Stutsman** responded that most of it goes into the general fund or to the funds that provided the deposits. **Aguirre** said the deposits come from the Civil City, Utilities and other City departments. And unless appropriated, the **Mayor** said, it will stay in the bank. He said he doesn't recall the Council ever appropriating interest income. **Aguirre** said that in the past few years, there wasn't much interest income.

**Councilor King** said she appreciated **Aguirre** checking into this issue and making this report to the Council. Several other Councilors also thanked **Aguirre** for the report.





There were no further comments by elected officials.

**Adjournment:**

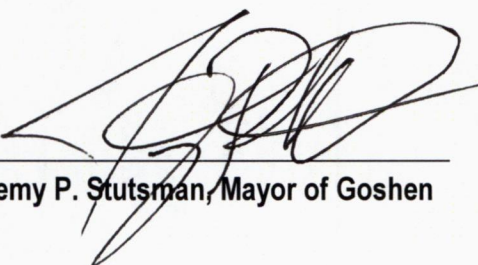
Councilor Nisley made a motion to adjourn the meeting. Councilor Pérez seconded the motion. Councilors unanimously approved the motion to adjourn the meeting.

Mayor Stutsman adjourned the meeting at 6:47 p.m.

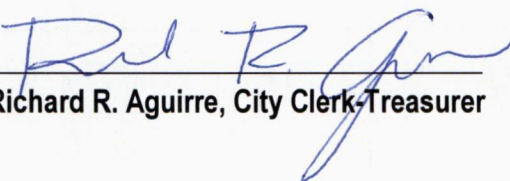
**EXHIBIT #1: Resolution 2023-08, Interlocal Agreement with the City of Nappanee for the Completion of a Joint Federal Aid Project to Purchase and Install Electric Vehicle Charging Stations. This one-page resolution was distributed to Councilors before the meeting. Included in the Council's meeting packet was the full nine-page agreement.**

**EXHIBIT #2: A three-page memorandum, dated March 20, 2023, which was prepared and presented to the Common Council during the Elected Officials reports. It concerned "Banking services today and the impact on City of Goshen funds."**

**APPROVED:**

  
\_\_\_\_\_  
Jeremy P. Stutsman, Mayor of Goshen

**ATTEST:**

  
\_\_\_\_\_  
Richard R. Aguirre, City Clerk-Treasurer

GOSHEN COMMON COUNCIL

RESOLUTION 2023-08

Interlocal Agreement with the City of Nappanee for the Completion of a Joint Federal Aid Project to Purchase and Install Electric Vehicle Charging Stations

WHEREAS the City of Goshen and the City of Nappanee have negotiated an interlocal agreement to jointly purchase and install electric vehicle charging stations using Carbon Reduction Program funding.

WHEREAS pursuant to Indiana Code § 36-1-7 et seq., a power that may be exercised by one governmental entity may be exercised by one entity on behalf of another entity if the entities enter into a written agreement.

NOW, THEREFORE, BE IT RESOLVED that the Goshen Common Council approves the terms and conditions of the Interlocal Agreement with the City of Nappanee for Completion of a Joint Federal Aid Project to jointly purchase and install electric vehicle charging stations as attached to and made a part of this resolution.

PASSED by the Goshen Common Council on \_\_\_\_\_, 2023.

\_\_\_\_\_  
Presiding Officer

ATTEST:

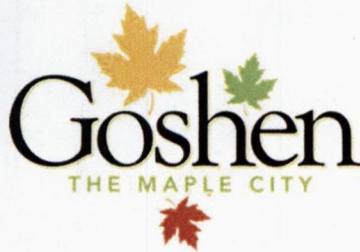
\_\_\_\_\_  
Richard R. Aguirre, Clerk-Treasurer

PRESENTED to the Mayor of the City of Goshen on \_\_\_\_\_, 2023, at \_\_\_\_\_ a.m./p.m.

\_\_\_\_\_  
Richard R. Aguirre, Clerk-Treasurer

APPROVED and ADOPTED on \_\_\_\_\_, 2023.

\_\_\_\_\_  
Jeremy P. Stutsman, Mayor



Richard Aguirre, City Clerk-Treasurer  
CITY OF GOSHEN

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richardaguirre@goshencity.com • www.goshenindiana.org

**To:** Goshen Common Council  
**From:** Clerk-Treasurer Richard R. Aguirre  
**Date:** March 20, 2023  
**Subject:** Banking services today and the impact on City of Goshen funds

## INTRODUCTION

As Councilors know, the nation is experiencing turmoil in the banking industry and economic uncertainty because of rising inflation and interest rates. Many people are worried.

You may be wondering: **Is the City's bank in danger of failing? Are the City's tens of millions of dollars safe? And, by the way, how much interest are we earning these days due to high interest rates?**

**The short answer: The City's money is secure. And we are getting higher interest earnings than ever before because of our fortunate decision to change banking institutions last year.**

In this brief report, I'll answer those questions in greater depth.

## RECENT BANKING INDUSTRY TURMOIL

I'm sure you know about the failures earlier this month of two large banks – **Silicon Valley Bank of California** and **Signature Bank of New York**. A third bank, **First Republic Bank of California**, was propped up with deposits of \$30 billion from 11 large banks last week. And in a case that shook financial markets worldwide, **Credit Suisse was purchased Sunday by UBS**, Switzerland's largest bank, in a government-backed takeover.

There are many explanations about how all this happened. For example, **Silicon Valley Bank** catered to venture capitalists and start-ups as well as Tech firms that have laid off thousands of employees. Depositors withdrew so much money that federal regulators closed it. It's the second-largest bank failure in U.S. history.

## 1<sup>st</sup> SOURCE BANK AND ITS ANALYSIS

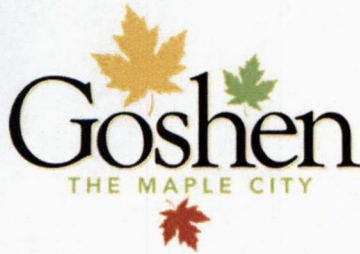
**This turmoil made me also wonder about the stability of Indiana banks, especially because most deposits are only insured by the federal government for up to \$250,000.**

**So, I did some checking about our bank, 1<sup>st</sup> Source.**

**1<sup>st</sup> Source Bank** is the 182<sup>nd</sup> largest U.S. bank and the 4<sup>th</sup> largest based in Indiana. As of 2022, it had **\$8 billion in assets, 1,100 employees and 80 locations**. Deposits.com, which is a subsidiary of **Lending Tree**, has awarded it an **A+ rating**, a designation given to only **11% of U.S. banks and credit unions**.

I also contacted **David Cripe, our Business Banker at 1<sup>st</sup> Source Bank**, and asked if the bank was secure and if we had anything to worry about.

**Dave** assured me 1st Source has "strong capital and strong reserves," and was "not at risk of a similar event."



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**I asked Dave: Could what happened to Silicon Valley Bank and Signature Bank happen to 1st Source?**

He responded that Silicon Valley Bank and Signature Bank **were focused primarily on the global start-up tech and healthcare industry, and Crypto currency, which have all been doing badly.** He said the Department of the Treasury, the Federal Reserve, and the FDIC protected all depositors of those banks and insists this meltdown was a problem affecting a few banks and not the entire banking system.

In contrast with those failing banks, Dave reported that **1<sup>st</sup> Source has a “broadly diverse client base that reflects the diversity of industries in the communities” that it serves.** He said 1<sup>st</sup> Source closely analyzes and monitors the risks involved with its lines of business and focuses on maintaining stability. He also said **“1<sup>st</sup> Source is well-capitalized and reserved and well-funded” and has been around for 160 years.**

**Still, should the City of Goshen diversify since the FDIC only covers \$250,000 of deposits?**

**Dave Cripe** responded that **1<sup>st</sup> Source’s deposits are safe. It’s a Bauer Financial Five-Star rated bank – which is the highest “superior rating” – and it has a 35-year record of increasing dividends.**

**That was a reassuring report.**

**However, something else should give us all peace of mind about our funds. Have anyone of you ever heard of the Indiana Public Deposit Insurance Fund or the State Board for Depositories?**

**The Public Deposit Insurance Fund (PDIF)** was created by the Acts of 1937 to protect the public funds of Indiana and its political subdivisions deposited in approved financial institutions. **The PDIF insures public funds deposited in approved financial institutions which exceed the limits of coverage provided by any federal deposit insurance.**

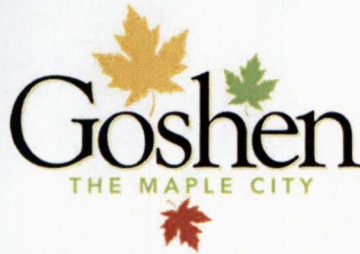
The fund is administered by the **Board for Depositories**, whose members include the Governor, the Treasurer of State, the Auditor of State, the Chairman of the Department of Financial Institutions, the Chief Examiner of the State Board of Accounts and four gubernatorial appointees. **If a bank failed, state regulators and public officers with funds on deposit would report independently to the Attorney General and Auditor of State the amount of public funds** in that depository constituting a claim against the PDIF. And the Attorney General and Auditor would determine if it was a valid claim to pay.

**Essentially, we would be covered if 1<sup>st</sup> Source failed. So we’re good.**

**THE CITY OF GOSHEN’S BANKING SERVICE AGREEMENT & THE FED INTEREST RATE:**

**How about out interest earnings?** As I reported to you on Dec. 19, I led a team, assisted by Baker Tilly, which negotiated a new two-year banking services agreement with 1<sup>st</sup> Source. Compared with our previous bank, we are paying lower monthly fees, getting higher interest rates and receiving good banking services.

Our accounts are earning an interest rate of the **Federal Funds Effective Rate (H.15) plus 20 basis points (or 0.2%). So we’re getting the Fed rate, which as of Thursday was 4.58%, plus 0.2%.** Those high federal interest rates inevitably will go down, but maybe not for a while.



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In fact, the Federal Reserve is expected to approve another quarter-point increase Wednesday, pushing the interest rate to 4.75%. If so, this would be the 9<sup>th</sup> straight meeting the Federal Reserve has raised rates to try to slow down inflation.

Some experts predict the fed rate will rise a few more times in 2023. Others believe the rate could drop to 4% by the end of the year. Regardless, that would still be the highest fed rate since 2007.

#### THE CITY'S INTEREST EARNINGS:

As you know, there are winners and losers when interest and loan rates rise or fall. **The City is a winner now.**

We're **doing well because of the high interest rates and also because we're carrying large cash balances.** For example, for **December we had a cash balance of \$96,033,901.35. Last week about \$92,000,000.**

In fact, **our cash balances are higher than they've ever been.** However, we will be spending down our American Rescue Funds over the next few years as well as our TIF (Tax Increment Financing) balances. **So, our cash balances will decrease for the rest of the year.**

So, how are the City's bank accounts doing? I reported to you in December, that based on a mid-2022 estimate, on the roughly \$55.2 million we plan to maintain in our accounts, the City of Goshen would have:

- Net monthly earnings of just under \$114,000 a month from 1<sup>st</sup> Source.
- That would translates into net annualized earnings of about \$1,340,000 – our most ever.
- Fed rates have increased a few times since August, so we're probably earning above \$2 million in annual interest earnings right now. Again, that would be the most ever.

It's impossible to give you a more precise projection of our interest earnings because there are many variables, including our varying cash balances and fluctuations in the federal interest rate.

What I can say is if we had accepted our previous bank's renewal offer last spring – as part of the RFP process – we would have earned almost \$15,000 a month LESS than we are getting now.

So, it was a great decision for us to switch to a new bank.

As I previously stated, the federal interest rate is variable, so we have to be cautious because rates inevitably will fall. But until they do, we will have greater resources that can be invested or spent on City services for our residents. And for that, I'm very grateful.

#### CONCLUSION:

In closing, when I became Clerk-Treasurer, I said my **office's priorities were delivering excellent public service, increasing accountability for the public's funds, efficient operations and greater openness to Goshen residents.** This report is consistent with those priorities and I appreciate the opportunity to share this information with Councilors and with the public. Thank you.