

CAPITAL IMPROVEMENT BOARD OF MANAGERS
OF MARION COUNTY, INDIANA
Minutes of Meeting
Monday, March 9, 2009

A meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board") was held on Monday, March 9, 2009 in Room 110 of the Indiana Convention Center.

Present were Robert T. Grand, Patrick J. Early, Ann Lathrop, Robert E. Cockrum, Dorothy A. Henry, Craig Huse, Jay K. Potesta, John D. Short, and Donald Welsh, Ex-Officio.

Others present included Barney Levensgood, Executive Director, Dixie Gough, Controller, W. Tobin McClamroch, General Counsel, Bingham McHale LLP, Donald J. Graham, Bingham McHale, Robert Swintz, London Witte, Michael McDaniel, Director of Governmental Affairs, Tim Worthington, General Hotels Corporation, Jack Woodside, ICCLOS, Susan Jackson, ICCLOS, Ed Coleman, City-County Council, Curt Fritsch, CRT Financial Group, Lou Gerig and Robert Gildea, Sease Gerig & Associates, Timothy McGuire, Resident of Indianapolis, Dennis Paramore, Resident of Indianapolis, Philip A. Ray, General Manager, Omni Severin Hotel, Greg Charleston, President, and Dave Lawrence, Vice President, Arts Council of Indianapolis, Timothy Watson, Entertrain, and members of the media.

Minutes of the Special Board Meeting of January 27th were presented. Upon a motion by Ms. Henry, which was seconded by Mr. Cockrum, these minutes were approved.

The Minutes of the February 9th Board Meeting were also presented. Upon a motion by Mr. Potesta, which was seconded by Ms. Henry, these minutes were approved.

Ms. Lathrop spoke briefly to update the Board on Financial Issues which were addressed at a March 5th Finance Committee Meeting. She recapped certain information from that meeting, which included the following:

- Fiscal Year ("FY")'09 Approved Budget Cuts, with a "Target Reduction" in the amount of \$5,837,808
- Status of the FY '09 Budget Cuts
 - All previously announced cuts are implemented and on track to achieve the \$5.8 million in targeted savings
 - Additional cuts identified and achieved since February include lower Health Insurance Premiums in the amount of \$400,000, to be added to the \$5.8 million
- Additional budget cuts identified since February - \$400,000

- Additional Options to FY '09 Budget Cuts~
A 13% reduction in all grant funding is targeted, totaling \$442,000, as follows:
 - Arts Funding - \$130,000
 - Cultural Tourism - \$260,000
 - Indiana Black Expo - \$19,500
 - CICIP Grant - \$32,500
- Elimination of the Renewal and Replacement Fund in the amount of \$960,000 to be added to the budget cuts (a one-year, one-time assist to the crisis)

Ms. Lathrop advised the Board that these additional Budget cuts, totaling \$1.5 million, had received a recommendation from the Finance Committee to go before the full Board for approval, with the added directive that Mr. Levengood would communicate with each of these organizations about impending cuts, and the timeline for implementation of these cuts. Ms. Lathrop moved the additional Budget Cuts be approved, as described and outlined. Upon a second to her motion by Mr. Short, and a vote by the Board, approval was granted, and a copy of information she provided to the Board at this meeting is hereto attached as a part of these Minutes.

Mr. Grand commented that there are "other options on the table," at this time, but the CIB can neither raise revenues or taxes, on its own. He also commented that matters pertaining to the sports district remain open, and that additional cuts would be made should additional revenues not be found.

Ms. Lathrop also addressed FY'08 Actuals and FY'09 Estimates. She said the CIB's original estimate is very close to its projected 2009 Net Cash Flow estimate of (\$20,229,933), based upon FY 2008 Actuals, and actual revenues and expenses.

With regard to a possible increase in admissions taxes, the Board heard that such an increase would have to be non-discriminatory with respect to the Colts, Pacers, Indians, etc. Don Graham confirmed that provisions in both the Colts Lease and the Development Agreement address discriminatory versus nondiscriminatory taxes and that those provisions will need to be considered to ensure that any options under review are in the CIB's best interest.

The Board was told the next item on the Agenda, that of a CICIP Foundation Grant Agreement, would be deferred until a future meeting.

Claims for the month of March 2009 were presented to the Board, and included the following:

Capital Improvement Board of Managers:

Operating Expense Voucher #470G	\$ 881,647.34
Addl. Operating Expense Voucher #470A	95,787.00
Confirming Operating Voucher #469B	557,097.72
Cultural Tourism Funding Voucher #70T	<u>282,444.60</u>

Total: \$ 1,816,976.66

Ms. Lathrop advised the Board that she had reviewed the Claims, had found them to be in order, and moved their approval. Upon a second to her motion by Mr. Early, Vouchers #470G, #470A, #469B, and #70T were approved, with Mr. Grand abstaining.

Mr. Grand asked if there was any additional business to come before the Board at this time.

Mr. Levensgood mentioned the three-party Pedestrian Connector Easement Agreement (the "Agreement"), by and between the City of Indianapolis ("City"), the Department of Metropolitan Development ("DMD"), and the Indiana Stadium and Convention Building Authority ("ISCBA"), which is joined in by the CIB. He described the structure as a pedestrian connector which would be built between the Indiana Convention Center and Lucas Oil Stadium. The DMD owns a portion of the real estate on which the Pedestrian Connector would be built, and the CIB is the long-term sub-lessee of the Indiana Convention Center & Lucas Oil Stadium. The DMD is willing to grant a permanent easement for the Pedestrian Connector on, over, under, across and through the parcel on which the easement is to be constructed, based upon certain terms and conditions. Mr. McClamroch mentioned that this would be great for the City, and Mr. Levensgood added that the CIB would have everything to gain in this matter. Board approval of the Agreement, as described by Mr. Levensgood, was then sought. Upon a motion by Ms. Lathrop, which was seconded by Mr. Huse, approval was granted, with Mr. Grand noting that he was abstaining on this matter.

Mr. Levensgood then took a moment to show Board members an aerial photograph of the Turner Avenue real estate, which the Board has a contract to acquire, and pointed out an adjoining vacant parcel. Mr. Levensgood advised the Board that this is a three-acre parcel, located just to the east of the Turner Avenue site. The parcel is being purchased by the ISCBA, in the amount of \$37,500, at no cost to the CIB. "No action is needed," he told Board members, adding that it had been brought to their attention to keep them updated.

"There's a lot going on right now," Mr. Levensgood commented, citing the recent girls ISHAA basketball tourney, which he said had gone very well, and which was "a good dress rehearsal for the Regionals, as well as for next year's Final Four." Mr. Welsh echoed those sentiments, adding that the women's Volleyball was also "an incredible event."

Mr. Grand again asked if there were any other items of business to be brought before the Board at this time. There being none, he asked if there were any members of the public who wished to make a comment at this time. Several individuals raised their hands, and one by one, offered comments, among which were the following:

Timothy McGuire, who described himself as "an independent resident of the City," asked if it would be viable "to give the stadium to the Colts." Mr. Grand explained that Lucas Oil Stadium is owned by the state and the CIB would have no authority to negotiate such a contract.

Dave Lawrence, Vice President of the Indianapolis Arts Council, urged Board members to remember that in addition to enhancing the City's image and bringing visitors and guests to Indianapolis, the arts bring \$52 million dollars to Indianapolis' economy annually. Mr. Lawrence said the Board should be looking for ways to "save the arts in Indianapolis".

Dennis Paramore, who identified himself as a resident of Indianapolis, asked at what point the CIB might be looking at a possible bankruptcy. Mr. Grand said that instead, the CIB is looking for viable solutions, and workable options, and mentioned naming rights as one example. Ms. Lathrop added that finding out whether the CIB will need to use its own cash, as opposed to being able to utilize a financing arrangement when a \$17 million payment becomes due in June, and a \$27 million payment in September of 2009, would be important.

Philip Ray, General Manager of the Omni Severin Hotel and member of the Indiana Restaurant Association, said members of the American Hotel Lodging Association are expressing concerns that an increase in the hotel/motel tax might be levied, calling their industry "an easy target." He said he hoped the shortfalls would be equitable, and borne by all parties.

Ms. Henry offered the comment that these matters are not being taken lightly, and that those involved are looking together at 2009, to see what can best be done to deal with the shortages.

Mr. Grand said he had met with the Indianapolis Colts for input they might provide with regard to financial matters as they impact Lucas Oil Stadium. The Colts will likely be waiting to see what information will be forthcoming from the General Assembly. Mr. Cockrum observed that many of the zip codes of Colts fans are outside of Marion County.

Mr. Early said he had met with the Indianapolis Indians at their Board meeting, to address current financial matters. He said it was his impression from that meeting that the Indians do not believe these issues to be their issues; that they are not a major league sports team. Mr. Early said he thought it would be difficult to press them further in the matter, and that any participation on the part of the Indians would have to be voluntary, and initiated by the Indians.

Mr. Early advised that he had also met with the Indiana Pacers organization. Among the comments he brought back to the Board as a result of his talks with the Pacers, were these:

- The Pacers have early termination rights, which can be acted upon.
- At no time have the Pacers threatened to leave Indianapolis, but the reality of the matter is that they could, and Conseco Fieldhouse would still need to be maintained, even if the Pacers were to leave Indianapolis.
- Parties are brainstorming with regard to what input the Pacers can offer in these matters, but due to factors which they believe to be outside of their control, the Pacers can not enter into a financial partnership with the CIB.
- The Pacers have lost money all but two years since the Simons' have owned them.
- The Simon family has invested well over \$100 million into the Indiana Pacers over time.
- The Pacers are looking at a loss of approximately \$30 million this year.
- The Pacers are asking the CIB to pick up the \$15 million operating expenses for Conseco Fieldhouse.
- Conseco Fieldhouse operating costs won't go away. With or without the Pacers, operating costs would still cost the CIB \$12 - \$15 million each year.
- The Simons contribute to more than just sports, i.e., tourism, shopping, philanthropy entertainment, all of which contribute greatly to the downtown economy.
- Downtown activities contribute \$3 billion in economic impact to the city and state annually.
- The Pacers generate \$8 million in taxes, annually.
- If no equitable solution is found,
 - The Pacers could decide to move the team to another city~
 - The Pacers could cease operations.~
 - The NBA, could step in.
- The vitality of the downtown could be compromised were we to lose the Pacers~and Don Welsh interjected that the loss of an NBA franchise can have a huge impact on a city, citing Key Arena in Seattle as an example.

Mr. Short commented that all of these remarks had been both thoughtful and compelling. He thanked the partners involved for working towards a solution to the problems.


Mr. Huse expressed his hope, on behalf of the hospitality industry, that a solution will be found, adding that raising restaurant taxes would make the City of Indianapolis the second highest in this regard, after Chicago. He hoped the restaurants would have an active voice in these matters.

Mr. Grand expressed his appreciation to everyone who had taken the time to come to the meeting, to voice their concerns and to listen. He thanked the Board members especially, for their hard work in these difficult matters, and for "putting out as much information as possible" to keep the public informed.

There being no further business, or any additional comments on behalf of the public, Mr. Grand called for a motion to adjourn the meeting, and upon a motion by Mr. Short that the meeting be adjourned, which motion was seconded by Ms. Henry, Mr. Grand declared that the meeting was adjourned.



Robert T. Grand, President
THE CAPITAL IMPROVEMENT BOARD
OF MANAGERS
OF MARION COUNTY, INDIANA



Douglas R. Brown, Secretary
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