

CAPITAL IMPROVEMENT BOARD OF MANAGERS  
OF MARION COUNTY, INDIANA  
Minutes of Meeting  
Monday, April 13, 2009

A meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board") was held on Monday, April 13, 2009 in Room 110 of the Indiana Convention Center.

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

Among others present were Barney Levensgood, Executive Director, Dixie Gough, Controller, W. Tobin McClamroch, General Counsel, Bingham McHale LLP, Greg Ballard, Mayor, City of Indianapolis, Robert Swintz, London Witte, Michael McDaniel, Director of Governmental Affairs, Steve Pickett, McGowan Insurance Group, Inc., John B. Livengood, President & CEO Indiana Restaurant Association, Jerry D. Semler, ICVA Chair, Matthew Tapp, Barnes & Thornburg, Heather Macek, Barnes & Thornburg, John Stigdon, Barnes & Thornburg, Jared Poertner, Paige Keefe, Clare Marshall, and Elvia Malagon, Indiana University, Dennis Paramore, Resident of Indianapolis, Adam Kirsch, Marion County Democratic Party, A. Williams, Richard Phillips, City-County Council, Curt Frisch, CRT, Tamara Zahn, IDI, Becky Smith, Unite Here, Tonya Beeler, DMD Neighborhood Services, Greg Charleston, Arts Council of Indianapolis, Jack Woodside, ICCLOS, Susan Jackson, ICCLOS, Robert Gildea, Sease Gerig & Associates, and members of the media.

Mr. Grand began by thanking those in attendance for coming to this meeting.

He then welcomed Mayor Greg Ballard, who had come to speak to the Board about recent financial matters affecting the CIB and, more importantly, about how these matters impact the vibrancy of downtown Indianapolis.

In his opening remarks, Mayor Ballard expressed his thanks to the CIB and staff, to Bob Cockrum, Joanne Sanders, and members of the City-County Council, and to Senator Luke Kenley and the other legislative leaders of the General Assembly. He called upon these groups to work together in a collective effort to find solutions for the challenges the CIB is facing. He stressed that these challenges, "did not happen overnight," and that they are not only about the CIB; they are about the vitality and importance of downtown Indianapolis, and its role as the "economic engine," in attracting convention business, tourists, trade shows, sporting events, etc. Mayor Ballard noted the approximately 66,000 jobs and \$3.5 billion in annual revenues that are created and nurtured by the hospitality industry. Among the components of Mayor Ballard's plan, were contributions in the amount of \$5 million each from the Indianapolis Colts and the

Indiana Pacers, a 1% increase in the Marion County hotel/motel tax, a 2% increase in Marion County automobile rental tax, the option of being able to raise local alcohol taxes, and to expand the existing PSDA area to include the new Marriott Hotel. He noted that the burden should fall to those who stand to benefit the most from the use of and profit from, the CIB's facilities, with the best solution being one which will minimize the burden upon tax payers. The Mayor mentioned the great asset Indianapolis has of the "walkability" of our downtown, calling it "one of the many things that helps attract convention business, tradeshow, guests, and etc., to our great city."

In a question to the Mayor which followed his remarks, Mayor Ballard was asked if his office had spoken to the Colts and/or to the Pacers about their contribution. Calling their participation, "essential," he said they had been contacted, and that although both groups were "more than cordial," there was also some degree of what the Mayor referred to as, "pushback." "However, we must remember that these matters are still in the negotiation process," he reminded the Board. The Mayor was asked about the viability of the option that had been suggested for a downtown casino being a part of the solution, to which the Mayor said, "This is not a preferred option." In his comments, the Mayor frequently referred back to emphasizing the importance of the solvency of downtown, and of making convention business "primary". "This isn't about politics," Mayor Ballard stressed. "It's about downtown Indianapolis."

At the conclusion of Mayor Ballard's remarks, and on behalf of the Board, Mr. Grand thanked the Mayor for coming to this meeting, for his comments, and for offering his plan as it relates to the CIB's fiscal situation and to the downtown.

*(Please note that an April 13, 2009 Press Release from the Mayor's Office, regarding his comments made at the Capital Improvement Board, is hereto attached.)*

At this time, Mr. Grand stated that as it has done in the past, the Board will continue to offer those who wish to comment or ask a question, the opportunity to do so. And with that statement, he announced that, "The floor is open."

Mr. Brown said although the CIB can not generate tax revenues, he thought the public may be unaware of how the CIB typically receives revenues. Ms. Lathrop was asked to comment on this. She said most of the CIB's tax revenues come as a result of action **by**, and concurrence **of**, legislative bodies such as the General Assembly and the City-County Council, and Mr. Grand added that the CIB continues to explore other possible revenue options.

Mr. Early mentioned the importance of understanding the process of "how all the pieces will fit together." He asked that we be mindful of the one-time challenges the CIB is facing, citing the approximately \$44 million in expenditures which will become due in the next several months.

Mr. Huse called the plan the Board had heard, "a comprehensive one," that the hospitality industry would support, but questioned whether or not the PSDA would include the three hotels in close proximity to the stadium now, as a potential source. Mr. Grand said discussions of this and other matters, including the matter of "boundaries," remain on the table.

Mr. Welsh said the 1% hotel tax has been an issue. In preparation for the Board meeting, the ICVA had taken a look at "the downtown cores," of some comparable cities, cities with which the CIB competes at the current time, as well as some cities the CIB might be competing with, as that comparison concerns downtown. He reported "good news," in that the average room rate in Indianapolis basically falls at \$136.55, which puts us in the seventh position overall, of those cities, which included these cities:

Chicago  
Philadelphia  
Baltimore  
Denver  
San Antonio  
Atlanta  
**Indianapolis**  
Anaheim

Mr. Welsh added that it was encouraging to note that Indianapolis has some latitude with regard to a rate adjustment, so even if an additional 1% tax should be appropriated, Indianapolis will still book groups, and will still be competitive.

Mr. Short asked that the Board remember three things, in particular, from the Mayor's comments, including (1) Mayor Ballard's reminder of the affect the \$900 million dollar hospitality/tourism, etc., industry has on our state and the collection of taxes, (2) that the Mayor called the Board's attention to and emphasized bringing Indianapolis from a second tier city to a first tier city, and (3) the plan gives the CIB a method to reach the first tier by a proportional share of visitors. In addition, Indianapolis has the benefit of extraordinary billion dollar facilities.

At this time, the Minutes of the March 9<sup>th</sup> Board Meeting were presented. Upon a motion by Mr. Potesta, which was seconded by Ms. Lathrop, these minutes were approved.

Next, Ms. Lathrop updated the Board on issues which had been addressed at an April 9<sup>th</sup> Finance Committee Meeting. She began her comments by saying that copies of the presentation which was contained in the Board packets, is available to the public. Among Ms. Lathrop's comments regarding the Finance Committee Meeting, were these:

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- With regard to Budget Reduction Considerations: Salaried Staff Furlough Program - 81 full time, salaried personnel will be required to take one (1) unpaid furlough day, per pay period, in the months of April, May and June, for a total of six (6) unpaid days, per person. Estimated savings: \$88,200.
- Budget cuts of \$5.8 million dollars in February, \$1.1 million dollars in March, and \$1.1 million dollars in April, have been realized. Efforts to find other areas where additional cuts might be made are being sought. The Finance Committee will encourage Mr. Levengood to take a look at additional items to be brought to the Board in May, perhaps as these additional items might pertain to the CIB's parking garages, changes to our operational plan, possible furlough for hourly workers, potential layoffs, possible increases in parking rates and a pullback on grant payments.

Ms. Lathrop advised the Board that the Finance Committee was recommending these actions to the full Board for approval, and she moved approval. Upon a second by Mr. Early, Board approval was granted.

In another action, and a motion by Ms. Lathrop, which was seconded by Mr. Brown, the Board authorized the Treasurer to payback the loan from the State Treasurer, which was originally executed in July 2008. This authorization would allow the Treasurer to make the payment as early as April 20<sup>th</sup> and as late as June 30<sup>th</sup>, 2009. In addition, the Treasurer was provided the authorization to enter into a short term borrowing for this payment if one became available and was reasonable given market conditions. Upon a motion by Ms. Lathrop, which was seconded by Mr. Brown, Board authorization was granted.

Also, Ms. Lathrop presented, *"Resolution of the Capital Improvement Board of Managers of Marion County, Indiana, Relating To Financing Matters Connected With the Board's Outstanding Junior Subordinate Note, Series 2008B (Taxable), Dated August 8, 2008, and Related Matters."* In part, the Resolution sought the Board's authorization to make a cash payment to the Marion County Convention and Recreational Facilities Authority ("MCCRFA"), in the amount of \$16,371,000, related to its termination of an interest rate swap option agreement with Key Bank, with payment to be made on or about April 20<sup>th</sup>, 2009, from amounts on deposit in the Board's Renewal and Replacement Account. In addition, the Resolution would give Ms. Lathrop and Mr. Grand the authority to accept and sign as "benefactors". Board approval of this Resolution, as it had been presented by Ms. Lathrop, was sought. Upon a motion by Ms. Lathrop, which was seconded by Mr. Short, approval of the Resolution was granted.

A copy of the information that had been presented to the Finance Committee on April 9<sup>th</sup>, and the Resolution described by Ms. Lathrop and approved by the Board, are attached hereto as a part of these Minutes.

The next item to come before the Board was that of Consideration of Insurance Issues. Since Mr. Grand would not be participating on this matter, he asked that Mr. Early take the gavel at this time. Mr. Levensgood told the Board that Steve Pickett, McGowan Insurance Group, Inc., had been the CIB's insurance consultant for the past twenty-five years. He advised the Board that after looking at the premiums, experience and expertise of various companies, it had been recommended by Mr. Pickett, and also by Jack Woodside, Special Projects Consultant for the CIB, that Gregory and Appel Insurance be engaged as the CIB's agent for Property and Casualty, General Liability, Auto/Garage, Workers' Comp., and Umbrella coverages. Mr. Levensgood said we had paid \$1.6 million last year, and had budgeted \$1.9 million this year. Although we are currently looking at an estimated cost of \$1.1 million, Mr. Levensgood asked for Board approval to engage Gregory and Appel Insurance for premiums of not more than \$1.2 million, and to bind coverage by May 1<sup>st</sup>, and he advised the Board that this premium amount represented a savings over last year in the amount of \$400,000. Mr. Early then called for a motion to approve. Upon a motion by Mr. Brown, to approve Gregory and Appel Insurance as agent for the CIB, in an amount not-to-exceed \$1.2 million, and as recommended by Mr. Pickett and Mr. Woodside, and as described by Mr. Levensgood, which motion was seconded by Mr. Short, Board approval was granted.

At this time, Mr. Early relinquished the chair back to Mr. Grand.

Mr. Levensgood spoke to the Board about an IPS Colts Art Project. He said the CIB has some original artwork, by IPS students, which is to be placed at the northwest ramp of Missouri and South Sts., at Lucas Oil Stadium. He said staff is recommending, and fully supports this action, adding that doing so "will liven up the ramp area." Mr. Levensgood was asked if he knew what the artwork would look like, in general. Although he didn't, Mr. Levensgood said the Colts would be the "guide" in the matter, but that he could assure the Board that nothing inappropriate would be used, and that the idea represented a way to get kids involved and provide an interesting area for people to see. He also said this area is a space that is not currently being used for anything else. Ms. Henry asked that Mr. Levensgood be involved, if possible, to which he agreed. Board approval was sought. Upon a motion by Mr. Potesta, which was seconded by Ms. Henry, approval was granted.

Mr. Levensgood also spoke to the Board about the Disposal of Obsolete Equipment. Although this equipment is of no book value, Board approval is necessary to dispose of it. Most of the items on the list presented are from Conseco Fieldhouse, he said. There being no questions, nor discussion, upon a motion by Mr. Potesta and a second by Ms. Lathrop, the Board approved of disposing of the items, as requested.

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

Capital Improvement Board of Managers:

Operating Expense Voucher #471G	\$ 993,680.42
Addl. Operating Expense Voucher #471A	22,100.35
Confirming Operating Voucher #470B	495,710.19
Information Voucher (Correction of No. 70T) #71T	<u>282,444.60</u>
Total:	\$ 1,793,935.56

Ms. Lathrop advised the Board that she had reviewed the Claims, had found them to be in order. She moved approval of the Claims. Upon a second to her motion by Mr. Early, the Claims for the month of April, including #471G, #471A, #470B, and #71T were approved, with Mr. Grand noting his abstention on this matter.

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

A question was posed regarding who is responsible for the maintenance of Lucas Oil Stadium. Mr. Levensgood said the CIB is responsible for the maintenance of Lucas Oil Stadium, as well as "major maintenance" at Conseco Fieldhouse, although Conseco is responsible for a vast majority of the daily maintenance items.

Mr. Grand asked if there were any other items of business to come before the Board, or any comments to be heard from the public. There being none, and upon a motion by Ms. Lathrop, which was seconded by Mr. Brown, 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  
THE CAPITAL IMPROVEMENT BOARD  
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