

CAPITAL IMPROVEMENT BOARD OF MANAGERS
OF MARION COUNTY, INDIANA
Minutes of Meeting
Monday, September 14, 2009

A Joint Meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board"), and the Marion County Convention and Recreational Facilities Authority ("Authority") was held on Monday, September 14, 2009 in Room 102 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 P. Welsh, Ex-Officio.

Others present included Barney Levengood, Executive Director, Dixie Gough, Controller, W. Tobin McClamroch, General Counsel, Bingham McHale LLP, Bryan Collins, Bingham McHale LLP, Dr. Jacqueline Greenwood, Raju Chinthala, and Dollyne Pettingill Sherman, Marion County Convention and Recreational Facilities Authority ("MCCRFA"), Warren Wilkinson, ICVA, Deron Kintner, Indianapolis Bond Bank, Nick Elliott, Barnes & Thornburg LLP, Kim Nicely, IATSE, Local No. 130, Jack Woodside, ICCLOS, Phil Ray, Omni Severin Indianapolis and Hotel/Motel Association, Scott Gould, Denison Parking, Inc., Curt Fritsch, CRT Financial Group, and members of the media.

Minutes of the August 10, 2009 meeting were presented. Upon a motion by Ms. Lathrop, which was seconded by Ms. Henry, these Minutes were approved.

Ms. Lathrop presented a "Financial Update" which, she said, would pertain to both the Capital Improvement Board ("CIB") and the Marion County Convention & Recreational Facilities Authority ("MCCRFA"). A copy of this update is attached hereto, as a part of these Minutes.

Some of the points verbally highlighted by Ms. Lathrop as a part of her presentation included these:

- Debt Service Reserve (Ms. Lathrop advised the Board that this matter would require a motion on behalf of the CIB and MCCRFA.) She reminded the Board that this is a topic which has been discussed for several months.
- The CIB has been working closely with the State, to work toward as much of a "cashless solution" as possible. Regarding the 1995 Senior Bonds, it is incumbent upon the CIB to remit \$976,000 by September 9th of this year. At its August 10th CIB meeting, the Board approved this action, Ms. Lathrop said.

- AMBAC/MBIA Surety Policies - \$26.3 M (Sept. 9, 2009)
Ms. Lathrop advised the Board that efforts on these matters continue. Both AMBAC and MBIA had fallen below the required rating for bond insurers requiring cash funding of debt service reserve funds.
- Three debt issues impacted:
 - 1995 Senior Bonds (Victory Field), Insured by AMBAC, Bond Insurer - \$976K needed.
 - 1997 Subordinate Bonds (Conseco Fieldhouse and Virginia Ave. Garage), MBIA Bond Insurer - \$21 million needed.
 - 1999 Subordinate Bonds (RCA Dome and Indiana Convention Center), MBIA Bond Insurer - \$4.4 million needed.
- An extension until the end of September from the Bank of New York ("BNY"), to complete cashless funding options with the State, has been received.
- Currently working with the Indianapolis Local Public Improvement Bond Bank, Indiana Finance Authority (IFA), MBIA (bond insurer), and BNY (Trustee) to complete an agreement for IFA to provide a Credit Facility AA rating to the CIB, thus eliminating the immediate need for cash funding.

And at this time, approval by MCCRFA of a "*Resolution of the Marion County Convention and Recreational Facilities Authority Relating To Financing Matters*," ("Resolution"), a copy of which is attached hereto as a part of these Minutes, was sought. In response to this request, Dr. Greenwood, MCCRFA President, called for a motion from the Authority for approval. Upon a motion by Ms. Sherman, which was seconded by Mr. Chinthala, the Resolution was approved. Mr. Collins interjected that the point needed to be made that MCCRFA's approval on this matter of the Financing Resolution would also imply their approval on the Financing Resolution pertaining to the 1997 Reserve Bonds.

- Ms. Lathrop told Board members that we are still working on the terms of the Loan with the Treasurer of the State. She highlighted several aspects of the Loan, including the following:

Last suggested rate - 6.25%
Bullet maturity at the end of 10 years
Interest payments beginning in 2013

Current discussion (of terms) pertains to 2009 only

- Target no later than September 21st for preparation of draft documents, with closing no later than October 31st.
- With regard to Audit Status, additional field work was conducted the first two weeks of September, to determine if the "going concern" can be changed on the 2008 Financial Statements. Ms. Lathrop mentioned that a recommendation had been made, the details of which could not be discussed at this time.
- 2010 Budget
The City-County Council reviewed the budget on Thursday, September 3rd. Messrs. Grand and Levengood appeared on behalf of the CIB, and Ms. Lathrop commented that they did a great job. The Council will be voting this matter out of committee on Wednesday, September 16th, with a vote by the full Council on Monday, September 21st. Approval is anticipated.

There were no questions at the conclusion of Ms. Lathrop's presentation. However, Mr. Grand commented that if the CIB is given a cashless transaction, the \$26 million it has in reserves would not be needed. The CIB is hopeful that these dollars will be freed up in due course.

Ms. Lathrop then presented "*Resolution of the **Capital Improvement Board of Managers of Marion County, Indiana, Relating To Financing Matters,***" for approval. In part, this matter pertained to the CIB's having worked for the past year to assure that it had a viable financial plan and funding structure. One aspect of this has been to deal with a call for additional bond reserves caused by a credit decline of the Bond Insurer of the CIB and MCCRFA. The additional bond reserve matter is expected to culminate by the end of September, resulting in (1) the Indiana Finance Authority providing a credit facility to meet the call for additional bond reserves (with the CIB paying the Indiana Finance Authority's costs), (2) no additional bond reserves are provided and a technical default occurs with the Bond Insurer waiving the non-compliance, or (3) no additional bond reserves are provided, and then after notice is given by the Bond Trustee, a default occurs with the Bond Trustee, Bond Insurer or others pursuing remedies. Approval of separate agreements by the CIB and by MCCRFA, with additional language granting broad authority to deal with the matter, is necessary. Upon a motion by Ms. Lathrop, which was seconded by Ms. Henry, approval of this Resolution, a copy of which is attached hereto as a part of these Minutes, was given.

The next matter to come before the Board was that of Consideration and Ratification of Colts Signage, presented by Mr. Levengood. The Board had received photos of

potential new sponsorship signage at Lucas Oil Stadium in their packets, including the following:

- Abuelo's
- Bright House
- Cadillac
- Community Relations Display
- Hoosier Lottery
- James Allen Corner
- Stanley
- Tire Barn
- Toyota

Board approval of the "Addendum to First Amendment to Signage Plan," ("Addendum") which had been sent to the Board, was necessary in order to proceed. Mr. Levengood said staff was recommending approval. He also praised the Colts for their work on this project. Mr. Levengood was asked if the CIB would incur any costs as a result of this signage, and he said that they would not. He was also asked if he thought there might be additional changes, replacements, or new signage, and he said there would. As an example, Mr. Levengood offered James Allen signage was replacing that of Chevy. Upon a motion by Ms. Lathrop, which was seconded by Mr. Potesta, approval of the Addendum was then sought and received, which approval also gave Mr. Levengood the authority to proceed with signing off on this Addendum. A copy the Addendum is attached hereto as a part of these Minutes.

Claims for the month of September were presented, and included the following:

Capital Improvement Board of Managers:

Operating Expense Voucher #476G	\$ 919,531.67
Confirming Operating Expense Voucher #475B	<u>410,108.10</u>
Total:	\$ <u>1,329,639.77</u>

Ms. Lathrop moved approval of the Claims, and Mr. Brown seconded her motion. Upon a vote by the Board, the Claims for the month of September 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.

Mr. Early offered a brief update with regard to the Pacers. In the matter of indebtedness on behalf of the CIB, the CIB Budget has no funding for this debt. Mr. Early reiterated his earlier comments to the Board that (funding) issues with the Pacers organization still exist. He revisited the matter of the Pacers' "early termination rights," reminding the Board that the Pacers could still exercise their early termination rights, should they

decide to do so. However, positive discussions with the Pacers continue. "Discussions remain open, and everyone is working for the best resolution," Mr. Early assured the Board. He was asked if he thought the Pacers organization understood "due process obligations," and he said that they do. He was also asked to comment on what he thought the Pacers timetable with regard to early termination rights might be, and he said although details would be inappropriate at this time, should that option be exercised, it could happen quickly. Mr. Early acknowledged that the Pacers are aware the CIB is facing financial difficulties, complicated by attendance problems the Pacers have experienced. Mr. Early was asked how the City could help with the problem, and he said simply, "Attend."

Mr. Grand asked if there were any other matters to be brought to the attention of the Board. Mr. Welsh had two. He held up a copy of an itinerary for a three-day sales trip to Washington, DC, which will take place September 16-19, and that Ronnie Burt, who has been with the ICVA for seven months, and members of the ICVA team, will attend. He pointed out the caliber of customer to be called on and targeted at this meeting, many of whom have not been to Indianapolis or are not familiar with the facility, but who are interested in Indianapolis and "very responsive to the marketplace." He expressed his wish that a member of the ICC staff were a part of this delegation. "In a perfect world, this would have been great." A copy of the schedule for the Washington, DC trip, with a list of customers as referenced in Mr. Welsh's comments, is attached hereto as a part of these Minutes.

Also, Mr. Welsh called the Board's attention to three, 3-story window displays on Washington Street, adjacent to Carson Pirie Scott, which have developed through working with the Simons, and which pictorially celebrate three of Indianapolis' premier attractions—the Indianapolis Museum of Art, the Indianapolis Zoo, and the Children's Museum. It is hoped that further discussions will result in more of these displays, relating to sports, arts, culture, etc., in the future. Mr. Grand thanked Mr. Welsh for his comments.

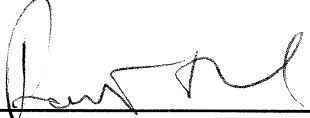
Next, Philip Ray, Manager of the Omni Severin and President of the Hotel/Motel Association, said they had gone on record with the City-County Council and the State with regard to "taxing our own industry," and that the hotel membership is "stepping up when other industries are not, trying to generate more revenue for the Capital Improvement Board," with their intent being more dollars going to the ICVA to market the city. Mr. Ray pointed to the approximately \$4 million dollar contribution in tax revenues, and expressed the Association's disappointment that the CIB is not able to give more in the way of marketing dollars to the ICVA. The Hotel-Motel Association looks at taxing without marketing as a disadvantage, and that giving marketing dollars to the ICVA "is an investment—not an expense."

Kim Nicely, representing IATSE Local No. 130, voiced his concern about the possibility of more mandatory employee furloughs, or layoffs. He asked the Board where it stood

on these matters. Mr. Levengood responded, reminding Mr. Nicely that he had addressed these and other issues in the two recent meetings he had with all staff, saying that the matters of more furloughs and the possibilities of scheduled layoffs, "are under consideration, but no final plans have been made." He reiterated, once again, that staff continues to look closely at all these matters, and continues to do its best to reduce costs. Mr. Brown said he wanted to add that the problems the CIB is facing "are real," and that although everything possible is being done with the resources that are available, there will be potential impacts.

Lastly, Mr. Huse shared with the Board that a lot of us look at the new expansion down Georgia Street. However, as he attended a game recently, and walked to the south, "...the scale of the expansion, looking from east to west is incredible!"

Mr. Grand asked if there were any other matters to come before the Board, or any other comments to be heard at this time and, there being none, 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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