

CAPITAL IMPROVEMENT BOARD OF MANAGERS
OF MARION COUNTY, INDIANA
Minutes of Meeting
Tuesday, October 13, 2009
Room 102

A Meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board") was held on Tuesday, October 13, 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 in attendance included Barney Levensgood, Executive Director, W. Tobin McClamroch, General Counsel, Bingham McHale LLP, Deron Kintner, Acting CFO, ICCLOS, Patti Dean, Interim Controller, ICCLOS, Michelle Travis, Vice President of Sales, ICVA, James Wallis, Senior Vice President, Finance, Administration & Technology, ICVA, and Jack Woodside, ICCLOS Special Projects Consultant. The list of those who signed in upon arrival is attached.

Minutes of the September 14th meeting were presented, and upon a motion by Mr. Early, which was seconded by Mr. Brown, were approved.

Mr. Levensgood presented a, "Reconsideration of Minutes of August 11, 2008, regarding language in those minutes regarding a "Building Access and Conduit License Agreement." He said the document, by and between the CIB and Level 3 Communications, LLC, stated under item 3 of "Terms," under "License Fee," an annual license fee in the amount of \$12,000.00. However, in a later version of the document, the amount was stated as \$450.00, which amount differs from the first document and from the amount in the August 11, 2008 minutes. Mr. Levensgood said he wished to call that difference to the Board's attention. He reiterated that the correct figure is \$450.00. Mr. Levensgood asked counsel how to proceed. Council recommended a motion, the essence of which would "modify the content of the language in the August 2008 minutes." Upon a motion by Mr. Brown that the content of the language in the August 11, 2008 minutes be modified as described by Mr. Levensgood, to read "\$450.00, rather than \$12,000," which motion was seconded by Ms. Lathrop, Board approval was granted.

Ms. Lathrop then presented a brief "Financial Update," among which the following comments were verbally highlighted~

- "Some good news." With regard to Debt Service Reserve, AMBAC/MBIA Surety Policies - \$26.3 M (September 9, 2009), the CIB closed the transaction with the Indianapolis Local Public Improvement Bond Bank, Indiana Finance Authority

- ("IFA"), MBIA (bond insurer), and BNY (Trustee) to provide a substitute credit facility, **eliminating the need for cash funding.**
- Transaction was completed by September 18th.
 - Anticipate spending approximately \$300k in fees related to the transaction.
 - Working with Treasurer of State (TOS) on terms of the loan, including:
 - Last suggested rate was 5.25%
 - Bullet maturity at the end of 10 years
 - Interest payments beginning 2013
 - Approves funding for 2009-2011 subject to annual credit check
 - Due, in part, to ongoing tight spending controls, the CIB may not need to borrow in 2009 under this arrangement. Ms. Lathrop requested that the Board wait until December 2009 to determine if this funding will be needed.
 - As it would pertain to the Audit status, the CIB is no longer a "Going Concern." A 2008 Financial Statement, received on Friday, September 18th, removed the "Going Concern" qualification.
 - Additional PSDA distribution was heard at the State Budget Committee Hearing on Friday, September 25th. This was approved.
 - With regard to the 2010 Budget, the total operating budget of \$63 million - reduced by \$5 million from the approved Fiscal Year 2009 budget.
 - Total Debt Service - \$31 million flat for debt service budget year over year. The City-County Council reviewed the CIB's budget on Thursday, September 3rd.
 - CIB Budget to be put to full vote of City-County Council on Wednesday, September 16th.
 - CIB will be using and allocating for additional incentives for ICVA.
 - Final Council approval was received on Monday, September 21st.
 - She emphasized that a tremendous effort has been achieved by the continuation of cost cutting. Although not all cuts will be sustainable long term, the CIB continues to reduce its expenses in every possible way. She cited as examples:
 - Salary cuts at ICC and LOS
 - Permanent salary reductions of Executive Staff (5% to 20%)
 - Reductions in cell phone bills
 - Reductions in plant maintenance
 - Union contracts are being negotiated with 0% salary increases and changes to overtime policies
 - The CIB is spending less this year than last year
 - Current 2009 projections anticipate spending \$50 to \$51 million dollars and ending with a cash balance of \$36 million at year's end if the CIB takes the Treasurer Loan.
 - Regarding Building Pricing Challenges, the ICVA continues to have challenges when pricing the expanded convention center in 2011 and beyond 2011.

- A portion of the additional funding allocated to the ICVA by the Council is for additional event incentives.

At this time, Don Welsh, President and CEO and James Wallis, Senior Vice President, Finance, Administration & Technology, ICVA, spoke briefly about the ICVA, and the challenges they face.

Mr. Welsh was asked if he thought the ICVA was on a more "level playing field now," as a result of recent action by the CIB and the Council in terms of budgetary modifications. First, Mr. Welsh thanked the Board and the Council, "for making very difficult decisions." He said the ICVA is still not where it should be, and long term solutions are needed, although the additional \$1.2 million in adjustments from the CIB, as it pertains to the ICVA contract, is a great improvement from where the ICVA was before. He told the Board that the ICVA hopes to fill two Sales positions in 2010. He mentioned growth goals from a convention booking standpoint of 550,000 room nights annually being "bumped up" to in excess of 850,000, possibly a million by 2013 or 2014, depending upon market conditions. He spoke briefly about how major customers (contracts) are to be maintained, whose contracts will be expiring. And, although these customers want to stay in Indianapolis, Mr. Welsh named five other cities who are "heavily courting" these customers, including:

- Atlanta
- Dallas
- Houston
- Orlando
- New Orleans

He also mentioned that while the ICVA must continue to aggressively maximize its revenues, it needs to continue to recognize its current financial dilemma.

Mr. Welsh said Indianapolis is moving up from the 32nd largest to the 15th or 16th largest destination convention city nationwide in the next couple of years. He cited the excitement of having "a major product," with the Convention Center and Lucas Oil Stadium, along with the addition of the new JW Marriott. He told of the importance of being able to hold on to our big customers, such as Dealer Expo, which will be us in Indianapolis through 2011, but the kind of business for which at least five other cities are also vying. "It's all about retention and growth," Mr. Welsh told the Board. "If we lose the big events, getting them back is very unlikely." Mr. Welsh introduced Michelle Travis, ICVA's Vice President of Sales, and a new member of the ICVA team. He then introduced James Wallis, ICVA's Senior Vice President, Finance, Administration & Technology.

Mr. Wallis spoke about the importance of keeping existing customers and winning new business for the remainder of this year, and for 2010 and 2011. (The Board was advised that the names of customers would not be shared, due to confidentiality.) Mr. Wallis thanked the Board for efforts to find additional marketing dollars for the ICVA, and said the \$750,000 in additional funding for incentives was critical in the ICVA's continuing efforts to keep existing groups and book new groups. He briefly noted several criteria used when evaluating potential business, including ~

- What a group's overall economic impact might be to Indianapolis
- How much money would be brought into the city, and how it might be spent
- Where and how a particular group would "fit" on the calendar (some months are more difficult to sell than others)
- How much business is already on the books
- And what the competition might be offering

He said the ICVA knows that getting additional room nights, going forward through 2011, from 525,000 upwards to 800,000 or 850,000, will take time. He told the Board that as the ICVA looks at using additional funding, they are looking at retention of existing business and pursuing new business, and keeping in perspective how direct spending can bring revenues back to the building, the city and the state. Mr. Grand thanked Messrs. Welsh and Wallis for their presentations and for their comments regarding the Financial Presentation, a copy of which is attached hereto as a part of these Minutes.

Mr. Grand commented that the CIB is left with having a reserve now. He cited one reason as that of the deferment of maintenance on all items with the exception of those that were absolutely necessary, and added that the CIB is going forward "having solved some of the problems." He clarified that although financial issues remain, signs of stabilization are present, and the CIB is healthier than a year ago. Now, decisions need to be made regarding what is, and what is **not** sustainable, as those decisions pertain to maintenance, etc. Mr. Levengood interjected that as the CIB approaches year's end, and the Budget is brought into alignment with regard to negotiations, RFP's, employee issues, contracts, etc., there will be additional clarity regarding what is and what is not sustainable. And once again, Ms. Lathrop was praised for her work on these financial matters. Counsel said he wished to add that the discussion about whether or not to utilize the Treasurer loan should not be deemed to interfere with any authority the officers of the Board had to access the funds on a short term basis.

Mr. Levengood presented "Approval of Agreement Regarding Maintenance of Video Board between the Colts and the CIB" (the "Agreement"). In part, Mr. Levengood said, the Agreement between the Indianapolis Colts, Inc., and the CIB, deals with a mutually agreed upon necessity of hiring an additional "technical expert," for the operation of the Video Boards in Lucas Oil Stadium. And in that regard, a budget reflecting that

individual's compensation for the following year, would be submitted to the CIB no later than May 31st of each year, and for which the CIB would reimburse the Indianapolis Colts. Mr. Levensgood advised the Board that the CIB would be reimbursing the Colts in the amount of \$51,376.98, "for maintenance expenses incurred with respect to the video boards and video control area from November 2, 2008 through August 31, 2009." In essence, Mr. Levensgood said, "This will be an Agreement between the CIB and the Colts for an employee of the Colts, who will do the work, and the CIB will reimburse the Colts." Board approval was sought. Upon a motion by Mr. Brown, which was seconded by Ms. Lathrop, board approval was granted.

The next matter to be brought to the Board was that of the Teamsters Collective Bargaining Agreement. Mr. Levensgood said staff was seeking ratification of this Agreement by the Board, the term of which was July 1, 2009 through June 30, 2010, and which had been approved by the union, pending Board approval. "This is a one-year deal, with no wage increases," Mr. Levensgood told the Board. The 44 members of the Teamsters include 25 housekeepers, 14 set-up, and 5 grounds employees. Beginning in January of 2010, the ICCLOS will have the option to exercise a "first refusal" clause. He said he wanted the Board to know that there had been an atmosphere of cooperation with the union regarding this matter. "They were sympathetic to what we are up against." Mr. Levensgood was asked if he would clarify the first line on p. 2, which states, "*All monies deducted by the Center shall be forwarded to the President of the union.*" Mr. Levensgood said that referred only to that individual's official capacity. Mr. Levensgood added that staff was recommending Board ratification of the Agreement. Then, upon a motion by Ms. Lathrop, which was seconded by Ms. Henry, Board approval of the Teamsters Collective Bargaining Agreement, as described by Mr. Levensgood, was granted.

Also, Mr. Levensgood presented a list of Obsolete Equipment from Facility Management. Staff was requesting Board approval to dispose of the items, none of which had any book value. Upon a motion by Ms. Lathrop, which was seconded by Mr. Potesta, Board approval to dispose of the items was granted.

Claims for the month of October included the following:

Capital Improvement Board of Managers:

Operating Expense Voucher #477G	\$ 786,326.77
Confirming Operating Expense Voucher #476B	<u>468,850.88</u>
Total:	\$ 1,255,177.65

Ms. Lathrop moved approval of the Claims, and her motion was seconded by Ms. Henry. Upon a vote by the Board, the Claims for the month of October were approved, with Mr. Grand noting his abstention on this matter.

Mr. Grand asked if there were other matters which should be brought before the Board at this time.

Mr. Levengood said that he wished to introduce two individuals. Patti Dean, formerly with BKD, is serving as the CIB's Interim Controller, and Deron Kintner, on loan from the Indianapolis Bond Bank, is serving as the CIB's Interim CFO. Mr. Grand welcomed these individuals on behalf of the Board.

Also, Mr. Levengood said he wished to speak about one matter which was not on the Agenda. That matter pertained to a request for the names of certain individuals to either be *added to* or *removed from* certain accounts, including Reimbursement Account, Payroll Account, CIB Facilities Corp Account, Revenues Account, Renewal and Replacement Account, Investment Account, Baseball Park Capital Improvement Fund, and Main Operating Account. Mr. Levengood distributed copies of the request at this time, a copy of which is attached hereto as a part of these Minutes.

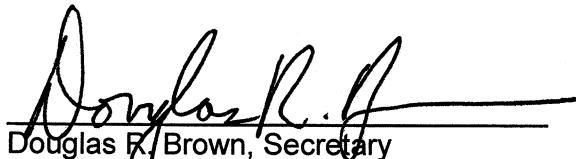
Mr. Grand asked if there were any other matters to come before the Board, or any other public comments to be heard at this time.

Kim Nicely, representing IATSE Local No. 130, told the Board he appreciated some of the questions and answers he had heard in today's meeting. He said he would like to make a suggestion to the Board, which he described as a "grass roots movement," to try to educate the state legislature and others about the matters facing the CIB. He offered his assistance in these matters, as they pertain to Trades.

There being no other business to come before the Board and no other comments to be heard at this time, Mr. Grand thanked those in attendance and 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
OF MANAGERS
OF MARION COUNTY, INDIANA