

CAPITAL IMPROVEMENT BOARD OF MANAGERS
OF MARION COUNTY, INDIANA
Minutes of Meeting
Friday, July 16, 2010
Room 117

A Meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board") was held on Friday, July 16, 2010 in Room 117 of the Indiana Convention Center.

Board Members present included Ann Lathrop, Paul Okeson, Douglas R. Brown, Jim Dora, Jr., Carolene Mays, Brenda Myers, David N. Shane, and Donald P. Welsh, Ex-Officio. Not attending: Jay K. Potesta and Michael J. McQuillen. Mr. McQuillen participated via conference telephone, but could not vote.

Others in attendance included Barney Levensgood, Executive Director, Dan Huge, CFO, ICCLOS, W. Tobin McClamroch, General Counsel, Bingham McHale LLP, and members of the media. A copy of the list of those who signed in upon arrival is attached hereto.

At this time, Ms. Lathrop reordered the Agenda so that the Board could hear a Consideration of Conseco Fieldhouse Complex Amendment ("Amendment"), a copy of which is attached hereto as a part of these Minutes, by and among Marion County Convention and Recreational Facilities Authority ("MCCRFA"), the Capital Improvement Board of Managers of Marion County, Indiana (the "CIB"), Pacers Basketball, LLC ("PBLLC"), an Indiana limited liability company, Herbert Simon, and The Herbert Simon Revocable Trust under that certain Restatement of The Herbert Simon Revocable Trust Agreement dated December 19, 2008, as amended, modified or restated from time to time (the "Herbert Simon Trust").

Ms. Lathrop welcomed Mayor Gregory Ballard. Mayor Ballard began by thanking the CIB. He said he was present to support approval of the Agreement, which would facilitate preserving the viability of the downtown engine, and Conseco Fieldhouse, as it relates to the success of downtown Indianapolis, and which would be accomplished with no additional tax increases. He spoke briefly about the proposed three-year, \$33.5 million dollar bridge Agreement between City of Indianapolis and the Pacers that the Board would be considering at this meeting. He noted the economic importance of the Pacers and Fever to the city. He stressed the importance of keeping the revenue these organizations generate, in addition to preserving the more than 1000 jobs directly related to the Pacers and Fever, and he reiterated his appreciation to the CIB for providing him the opportunity to share his thoughts on this matter at this time. On behalf of the Board, Ms. Lathrop thanked Mayor Ballard for coming. Ms. Lathrop called for a motion regarding the Amendment, and upon a motion by Ms. Myers, which was seconded by Ms. Mays, a discussion and comments followed.

First, comments were heard from guests in the audience. On behalf of Herb Simon and the Indiana Pacers, Pacers President, Jim Morris thanked Mayor Ballard, the CIB, the City of Indianapolis, fellow community leaders, and others involved in support of the Agreement, saying that he “identified with what the Mayor and others had said.” Morris thanked the loyal fans, coaches, players and employees. He advised the Board that monies which would result from approval of the Agreement would be used, “to fund the core operating expenses of Conseco Fieldhouse, and will not go to the Pacers.” Mr. Morris also said that without the Agreement, “it would be impossible for the Pacers and Fever to operate in such a way that would be acceptable to fans and to the community.” And, on behalf of Indianapolis Downtown, Inc., Tamara Zahn also expressed support, citing the benefits it would bring to “an exciting downtown community as a whole, with the Pacers and Fever playing a role in that excitement and vitality.” Lastly, Tammie Barney, who spoke on behalf of the Indianapolis Chamber of Commerce, said that she wanted to add the Chamber’s support to the Agreement. Ms. Lathrop thanked these guests for their comments.

Before comments by the Board, Ms. Lathrop provided some background information and an overview of the proposed three-year bridge Agreement. She referenced the Hunden Strategic Partners Report, which was brought before the Board at its May 10, 2010 meeting. She noted the Pacers obligations, and the CIB loan and debt repayment provisions and schedule. She further noted that without the Pacers, in addition to the CIB’s becoming responsible for the operation of Conseco Fieldhouse at an estimated cost of \$12 million dollars annually, that the community would also lose an annual net economic benefit of approximately \$55 million dollars, as well as approximately 1000 related jobs. A copy of Ms. Lathrop’s presentation is attached hereto as a part of these Minutes.

Comments and discussion by Board members followed. Mr. Brown spoke first. He took a moment to thank President Lathrop, Vice President Okeson and the others who worked so hard to reach the proposed bridge agreement with the Pacers. Mr. Brown went on to express his opinion that it is in the CIB’s and the City’s interest to reach a long term agreement with the Pacers. Because the proposed agreement is short term in nature, Mr. Brown stated that he would reluctantly oppose it, and respectfully urged the parties back to the negotiating table to reach a long term agreement. Other Board members gave brief comments in support of the Agreement. Some of the comments emphasized the importance of this complex matter, due, in part to its inextricable link to the life and vitality of the City, an “economic engine” that is driven by organizations such as the Pacers and Fever. Mr. Welsh, who said that although as an Ex-Officio member he could not vote on this matter, added his support, and that of the ICVA, to approve, saying that part of what makes Indianapolis a great city is all of the moving parts—including the Pacers and Fever, and the importance of the private and public sectors

working together. Upon conclusion of discussion and comments by the Board, a vote on the motion followed, and the Amendment was approved, with six Board members voting in favor, and one member, Mr. Brown, voting against. The other two Board members, Messrs. McMillan and Potesta, were not in attendance.

Minutes of the June 14, 2010 meeting of the Capital Improvement Board were presented, and upon a motion by Ms. Mays, which was seconded by Mr. Okeson, these Minutes were approved.

The Board heard a brief Financial Update by Mr. Huge. Some of his comments included that fact that May, as well as April, had been a good month. Revenues were ahead of the budget for the month of May by \$3.8 million dollars. Year-to-date figures were ahead of the budget actual budget by \$3.8 million as well. "Main drivers" included PSDA revenues for May of \$2.9 million dollars, and substantial increases in Hotel-Motel and Food & Beverage from the Final Four. To date, we have cash flow of \$5.7 million dollars, or \$5.5 million dollars ahead for May. There is a year-to-date net cash flow of \$8.7 million actual and a positive cash flow of \$118 million ahead. He added the positive news that cash balances continue to grow. Also, the CIB's economic status has improved, so that he had approached the State to request a reduction in the CIB's loan from the State Treasurer, and as of July 15th, interest went from 5.25% to 4.25%, which will mean a savings to the CIB of approximately \$1 million dollars in interest over the life of the loan. Lastly, Mr. Huge reported that with regard to the Full Compliance Audit of the CIB by the Indiana State Board of Accounts, the single finding, regarding a contract pertaining to the Arts Council, appeared on Page 14. A copy of the ISBOA Compliance Review, as well as Mr. Huge's Financial Report, are attached hereto as a part of these Minutes. Ms. Lathrop thanked Mr. Huge for his update.

Mr. Levensgood spoke to the Board regarding extensions of Contemporary Services Corporation ("CSC") and ESG Security, Inc. ("ESG") regarding a Modification to existing Agreements. With regard to CSC, the modification pertained to their December 27, 2007 Agreement. An extension of that Agreement was proposed, the term of which would be from August 1, 2010 to February 28, 2011. With regard to ESG, the modification was to their April 24, 2008 Agreement, and an extension the term of which would be August 1, 2010 to February 28, 2011, was sought. Upon a motion by Mr. Brown to approve these extensions, as presented, which motion was seconded by Mr. Dora, Board approval was granted.

Mr. Levensgood also presented a Control Maintenance Agreement, on behalf of Daktronics, Brookings, SD. This three-year Agreement is for Lucas Oil Stadium, and pertains to the maintenance of ribbon boards and large video screens each corner of the stadium, plus two exterior displays, and associated equipment. Daktronics would supply parts and labor associated with any repairs. The cost for this Agreement with

Daktronics would be \$137,990 per year, for three years. Board approval was sought. Upon a motion by Mr. Dora, which was seconded by Mr. Brown, the Daktronics Control Maintenance Agreement was approved.

Claims for the month of July included the following:

Capital Improvement Board of Managers:

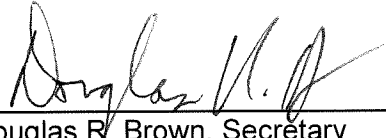
Operating Expense Voucher #486G	\$ 657,618.96
Confirming Operating Expense Voucher #485B	<u>387,134.36</u>
Total:	\$ 1,044,753.32

Upon a motion by Mr. Shane, which was seconded by Ms. Mays, the Vouchers were approved.

There being no further business to be conducted or public comments to be heard, and upon a motion by Ms. Mays, which was seconded by Mr. Okeson, the meeting was adjourned.



Ann Lathrop, President
THE CAPITAL IMPROVEMENT BOARD
OF MANAGERS
OF MARION COUNTY, INDIANA



Douglas R. Brown, Secretary
THE CAPITAL IMPROVEMENT BOARD
OF MANAGERS
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