

CAPITAL IMPROVEMENT BOARD OF MANAGERS
OF MARION COUNTY, INDIANA
Minutes of Meeting
Monday, June 13, 2011
Administrative Board Room

A Meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board") was held on Monday, June 13, 2011 in the Administrative Board Room of the Indiana Convention Center.

Board Members present included Ann Lathrop, David N. Shane, Carolene Mays, Jim Dora, Jr., Milton O. Thompson, Michael J. McQuillen, Douglas R. Brown, Jay K. Potesta, Brenda Myers, and Leonard Hoops, Ex-Officio.

Others in attendance included Barney Levensgood, Executive Director, Dan Huges, CFO, Jack Woodside, Special Projects Consultant, Patti Dean, Controller, W. Tobin McClamroch, General Counsel, Bingham McHale LLP, Donald Graham, Bingham McHale LLP, James Wallis, Indianapolis Convention & Visitors Association ("ICVA"), Ron Patterson, Smart City, Ben Winecki, One America, Curt Frisch, CRT Group, Terry Leffew, Raymond James, Randy Ruhl, City Securities Corporation, Mike Schumaker, City Securities Corporation, Mark Pratt, Denison Parking, Inc., David Sease, Sease Gerig & Associates, and members of the media. A copy of the list of those who signed in upon arrival is also attached hereto.

Ms. Lathrop took a moment to welcome the newest members to the Board, Milton Thompson, and Leonard Hoops, ex-officio and the new president/CEO of the ICVA.

Minutes of the Monday, May 9, 2011 meeting were presented, and upon a motion by Mr. McQuillen, which was seconded by Ms. Mays, these Minutes were approved.

Mr. Huges presented a Financial Update, directing the Board's attention to the April 2011 one-page summary provided in their packets. Tax Revenues came in ahead of budget at \$587,000.00, with year-to-date ("YTD") ahead at \$1.8 million so, overall, good news again. Tax Revenues are starting to come back with \$3.5 in tax collection ahead of budget. Operating Revenues are \$227,000.00 under budget mainly due to an aggressive food service budget. Personal Services are \$260,000.00 month-to-date ("MTD") under budget, with YTD at \$1.2 million under where we were at this same time last year, with Supplies slightly below budget, as well. Utilities are still under budget, in large part due to Facility Management's staff doing a "good job" managing operations, therefore keeping utility costs down. Capital Outlays was \$78,000.00 under budget MTD (\$2.6 million YTD). In the first quarter, \$880,000.00 was moved out of Capital Outlays to pay for the major repairs to CIB Parking Lots 8 and 9 (asphalt paving, striping, site lighting, power, and landscaping). Net Cash Flow is ahead of budget by \$1

million MTD (\$7.7 million YTD). In 2010, we had a Positive Net Cash Flow of \$3 million but we had yet to make the July 2010 Pacers \$10 million loan payment. Taking that into consideration, it moved us into a (\$7 million) April 2010 YTD Negative Net Cash Flow compared with (\$4.8 million) Negative Net Cash Flow YTD in April 2011, which is all positive news. Supporting documentation detailing Mr. Huge's comments is attached hereto.

Mr. Huge went on to discuss bond refunding based on prior Board action that approved refunding two bond issues: Marion County Convention and Recreational Facilities Authority ("MCCRFA") Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011A, and MCCRFA Excise Taxes Lease Rental Revenue Subordinate Bonds, Series 1997A. In April, the Board was notified we refunded the Series 2011A MCCRFA bonds at a good savings but choose at that time not to refinance the Series 1997A MCCRFA bonds, as the savings were not substantial enough. With the Board's earlier approval still in place, when interest rates started dropping again the City Securities team, Barnes & Thornburg, CIB's bond counsel, and our general counsel, Bingham McHale LLP, worked quickly to market the Series 1997A MCCRFA bonds, resulting in a savings of almost \$1.6 million. In terms of the rate for the Net Present Value Savings, it came in at 4.2% making it quite fortuitous that we waited to refund the Series 1997A MCCRFA bonds. Mr. Huge recognized the efforts of everyone involved to get this done in such a timely manner, and thanked them for their "good works". Supporting documentation detailing Mr. Huge's remarks is attached hereto and made a part of these Minutes.

Mr. Brown asked if now as the CIB is recovering, if it isn't time to revisit the issue of saving substantially more into our Renewal and Replacement Account and was reassured by Ms. Lathrop that she and Mr. Huge have talked about this same issue and will see if it makes sense to do some "set asides" or, possibly, wait until the end of the calendar year to move some funds into the Renewal and Replacement Account.

Next, Mr. Huge brought before the Board the 2010 Comprehensive Annual Financial Report. The State Board of Accounts declared the audit "unqualified with no findings", as well as a clean compliance audit, which is testament to the "hard work by staff". Current assets - unrestricted showed a \$20 million increase generated last year, which is reflected in the Net Cash. Mr. Huge asked that the Minutes reflect the wonderful job done by the State Board of Accounts and remarked it only took them half the time it did last year to perform the audit, and thanked, in particular, Patti Dean and her work with the auditors. Ms. Lathrop also wanted to thank Mr. Huge, Ms. Dean and the whole team for an unqualified audit with no findings, which is not easily accomplished.

After a motion made by Mr. Potesta to approve the release of the 2010 Comprehensive Annual Financial Report, which was seconded by Ms. Mayes, the Board approved the

release of the 2010 Comprehensive Annual Financial Report, said Report attached to and made a part of these Minutes.

Mr. Levengood brought before the Board the matter of a Neutral Host Distributed Antenna System ("DAS"), which allows carriers such as AT&T, Sprint or Verizon, to provide services allowing their customers use of their cellular phones throughout our facilities, as well as providing Wi-Fi services. Staff believes the current system at Lucas Oil Stadium ("LOS") needs to be upgraded in light of upcoming major events such as the Big Ten Football Championship and the 2012 Super Bowl. In addition, a request is being made to install a DAS at the Indiana Convention Center ("ICC"), which currently has no system in place. To this end, a Request for Proposals ("RFP") was issued May 31, 2011 to (a) design, install, upgrade and/or expand the existing DAS at LOS, (b) design and install a DAS at the ICC, (c) design, upgrade and install a High Density Wi-Fi System for use by the CIB and others at LOS, and (d) design, upgrade and install a High Density Wi-Fi System for use by the CIB and others at the ICC. Proposals were received on June 10, 2011. Time is of the essence since the systems must be installed prior to the start of the regular football season, which will give us time to test the systems prior to the Big Ten Football Championship, and deal with any potential issues, if any, prior to the Super Bowl. Mr. McClamroch went on to note that rather than rush the selection process on such a complex RFP, the Board had two options: (1) by Resolution, delegate authority to an officer of the Board, in this case, the Board president, with input from staff, counsel, and others she deems desirable, to evaluate the proposals received, determine whether to accept one or more proposals, or reject, and, lastly, negotiate and enter into an agreement on behalf of the Board by June 24, 2011, or (2) call a special Board meeting.

The motion was made by Mr. Brown to approve the Resolution, as presented, which was seconded by Mr. Shane, said Resolution approved and providing for the delegation of authority to the Board president, as outlined above, a copy of which is attached to and made a part of these Minutes.

Mr. McClamroch summarized for the Board the Consideration of Conseco Fieldhouse Complex Documents Amendment, which was entered into with Pacers Basketball LLC ("Pacers") in July 2010, in which the Board agreed to acquire or construct a not-to-exceed sum of \$3.5 million on capital improvements to Conseco Fieldhouse ("Fieldhouse"). The \$3.5 million is in addition to any other major repairs the Board is responsible for as provided for by the original Agreement. Immediately after the Amendment was adopted in July 2010, ribbon boards were installed at the Fieldhouse for approximately \$1.5 million. The Pacers have now requested to utilize the remainder of the \$3.5 million, as follows:

- Updates to General Concession Equipment;
- Renovation Expense for Conseco Fieldhouse Hospitality Suites; and

- Upgrades/Replacement of Back of House Business Information Systems.

All acquisitions shall remain as Board property as part of the building.

A motion to approve a Resolution authorizing the Board to release the remaining \$3.5 million, in an amount up to \$1,994,509.00, on capital improvements to the Fieldhouse, and procure the capital improvements, was made by Mr. Shane, and seconded by Mr. Dora. A copy of the approved Resolution is hereby attached to and made a part of these Minutes.

Next, Mr. Hoops, before presenting an update on behalf of the ICVA, wanted to acknowledge the recent bid award to Indianapolis to host the 2012-15 Big Ten Football Championship Games and the 2014 and 2016 Big Ten Men's and Women's Basketball Tournaments, stating it is our ability to bring major events such as the Big Ten Championships to Indianapolis that has made him excited about his new position at the ICVA. With regard to ICVA's May 31, 2011 "Definite Room-Night Production by Year, Venue and Market Segment Report", a copy of which is attached hereto as a part of these Minutes, Mr. Hoops stated production is not where it should be, pacing at around 75% through April, which is 15% below the pace at this time last year. His concern is making this year's goal of 725,000 room nights. As he explained, production is measured in room nights per convention events for all rooms booked this year, as well as future years. The slowed production is, in part, due to too many "tentative" bookings in an otherwise fairly robust pipeline where the decision-making process is still some time off in the future. The pipeline is more productive when you have a good mix of numerous groups at different stages of the decision-making process. Mr. Hoops, along with his Sales team, will be identifying potential groups that would benefit from a concerted effort by him and his team. He mentioned there was a push at the end of last year to book groups thus resulting in starting out this year almost with a clean slate but he is confident in the product Indianapolis has to offer. In fact, he stated, meeting planners love Indianapolis, although we still have a slight branding problem with meeting planners' boards or delegates but once they come to Indianapolis, in most cases we **exceed** their expectations. When asked how the Leisure end of business is, Mr. Hoops reported it was fine with success in that area measured much differently than convention business. With a \$100,000.00 grant from the Cultural Development Commission, they will expand their marketing campaign, which is similar to last year's campaign. Lastly, Mr. Hoops touched on his "100-day plan", which covers five critical areas including, but not limited to looking at immediate urgent groups such as FDIC, satisfying customers and stakeholders, while continuing to familiarize himself with his staff and access their strengths.

Mr. McQuillen remarked he would like to elaborate further on Mr. Hoops earlier comments with regard to Indianapolis' winning the Big Ten Championship bid

recognizing the team effort and, specifically, thanking the following people: Mike Fox, Stadium Director, Mary Dyar, Ticket Office Manager, Heidi Mallin, Special Services Coordinator, Brandon Stahl, Event Administrative Assistant, Nancy Campbell, Contract Administrator, Amy Nettles, Suite Coordinator, Bill Stewart, Security Manager, and Colleen Wilkerson, Administrative Assistant. Mr. Hoops mentioned kudos should also be directed to Susan Williams and her team at the Indiana Sports Corp, as well as Michael Browning, ICVA's board chairman who really filled in as ICVA's president and CEO prior to Mr. Hoops arrival and was a real driving force behind Indianapolis' bid, as well as Rick Fuson with the Indiana Pacers.

Mr. Levengood brought before the Board the matter of a WeatherBug Hosting program. The National Football League ("NFL") would like all NFL stadiums to have a WeatherBug Station, including LOS. Cost is minimal to the stadium as we need provide only electric and internet connection. AWS, who manufactures and installs the WeatherBug Stations, will own the Hardware and Software, and undertake all maintenance responsibilities. It's a three (3) year agreement, with automatic annual extensions unless the Board or AWS opts out of such extension with a 30-days written notice, or termination of the agreement for convenience, at any time, with 60-days prior notice to the other party.

Upon a motion by Mr. McQuillen, which was seconded by Mr. Potesta, the Board approved the Agreement with AWS to install one (1) WeatherBug Station as LOS, a copy of said Agreement attached to and made a part of these Minutes.

Next, Mr. Levengood brought before the Board the matter of a Parking Management Agreement between the Board and Denison Parking, Inc. Introducing Denison's president, Mark Pratt, Mr. Levengood stated that Denison has been a "tremendous partner" and has an outstanding staff to work with. Denison was involved with the recent bid the City of Indianapolis issued to oversee on-street parking and with that contract in place, was ready to finalize its contract with the Board. It's a 5-year contract commencing on July 1, 2011, with a 60-days written cancellation notice, and a fixed management fee of \$96,000.00 annually with a consumer price index, or CPI escalator. Denison will oversee the management of all the Board's off-street parking properties, which includes various surface lots as well as the Virginia Avenue Parking Garage. In addition, Denison shall maintain a \$60,000.00 interest bearing account in a local bank to pay for any operating expense shortfalls, and \$10,000.00 annually for maintenance. Staff strongly recommended the approval of the Parking Management Agreement with Denison Parking.

Upon a motion by Mr. McQuillen, which was seconded by Ms. Mays, the Board approved the Parking Management Agreement with Denison Parking, a copy of which is

attached hereto and made a part of these Minutes. Mr. Thompson disclosed he is a member of the Indianapolis Indians board, therefore abstaining from the vote.

Claims for the month of June included the following:

Capital Improvement Board of Managers:

Operating Expense Voucher No. 497G	\$ 1,809,687.17
Confirming Operating Expense Voucher No. 496B	<u>\$ 378,250.68</u>
Total	\$ 2,187,937.85

Upon a motion by Mr. McQuillen, which was seconded by Mr. Dora, the Board approved the Vouchers.

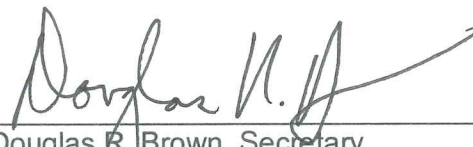
Ms. Lathrop asked if there were any other matters to be brought before the Board at this time. Mr. Huge briefly alerted the Board to a potential change in the current 457B Deferred Compensation Plan (the "Plan") that we currently have with AIG. AIG is charging us a 1.6% administrative fee. In looking at what the City of Indianapolis has with AUL, they have a similar investment package, with local representation and only charge a 1% administrative fee, which translates to more monies in staffs' accounts. Ms. Lathrop, along with our general counsel, has reviewed the Plan and the transition to AUL will probably be made within the next 45-60 days.

Lastly, Ms. Lathrop announced the retirement of Marsha Richards, who has been the recording secretary at the Board meetings since 1986 and thanked her for all her years of dedicated service to the CIB and wished her well. Mr. Levensgood went on to say that Marsha had worked for two executive directors and with several board presidents, and she has been "the better part of me", and "made it a delight to come to work", adding that we are about to lose one of the best. Ms. Richards asked the Board's permission to address them, remarking that their comments were very gracious, and this has been a short 25-years. Ms. Richards went on to say, "The things I have done for and with you have been extremely special to me." Thanking the Board, she expressed she was grateful to have been a part of it.

There being no further business to be conducted or any public comments to be heard, and upon a motion by Mr. McQuillen, which was seconded by Mr. Shane, 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
OF MARION COUNTY, INDIANA