

CAPITAL IMPROVEMENT BOARD OF MANAGERS
OF MARION COUNTY, INDIANA
Minutes of Meeting
Monday, July 11, 2011
Administrative Board Room

A Meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board") was held on Monday, July 11, 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, Brenda Myers, and Leonard Hoops, Ex-Officio. Absent was Jay K. Potesta.

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, Robert Vane, Veteran Strategies, Inc., James Wallis, Indianapolis Convention & Visitors Association ("ICVA"), Michelle Travis, ICVA, Chris Gahl, ICVA Curt Frisch, CRT Group, Terry Leffew, Raymond James, Randy Ruhl, City Securities Corporation, David Sease, Sease Gerig & Associates, Steve Powell, AT&T, Doug Johnson, General Counsel, Fort Wayne Capital Improvement Board, and members of the media. A copy of the list of those who signed in upon arrival is also attached hereto.

Minutes of the Monday, June 13, 2011 meeting were presented, and upon a motion by Mr. McQuillen, which was seconded by Mr. Dora, the Minutes were approved.

Mr. Huges presented a Financial Update placing at their seats a one-page summary entitled YTD Statement of Operations – Budget to Actual, May 31, 2011. Tax Revenues month-to-date ("MTD") are \$200,000 greater than budgeted and ahead by \$1.98 million year-to-date ("YTD"). The main drivers were Admissions Tax at \$1.78 million YTD, the Professional Sports Development Admissions Tax ("PSDA") at \$1 million ahead of budget YTD, plus the Hotel Tax was under budget by \$860,000 YTD (but for May) was ahead of budget by \$340,000. Operating Revenue was \$108,000 MTD under budget and YTD ahead at \$512,000. Again, the main force was Rental Income \$560,000 YTD, and Labor Reimbursements \$850,000 ahead of budget. Personal Services came in \$342,000 MTD under budget and \$1.5 million under YTD. Supplies were \$66,000 MTD under budget and \$184,000 YTD under budget. Other Services and Charges were \$318,000 MTD under budget and \$1.8 million under YTD. As mentioned in previous meetings, we are keeping a close watch on Utilities and are happy to report we are still coming in under budget by \$250,000 per month. Also slightly under budget is Repairs, Maintenance and Contractual Set-up Fees (MTD and YTD). Capital Outlays was \$78,000 MTD under budget and \$2.6 million under budget YTD. Again, this is due to

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“front loading” of Conseco Fieldhouse improvements in January – April 2011. Net Cash Flow YTD after giving effect for \$10M Pacers Loan made in July 2010 and \$3M of 2008 COIT taxes included in PSDA, provides and adjusted Net Cash Flow for June YTD 2010 of (\$4.3M) compared with (\$2.9M) for 2011. Supporting documentation detailing Mr. Huges comments is attached hereto.

Mr. McQuillen wondered with the uncertainty associated with the NFL lock-out, which could result in the loss of Colts’ games and the Super Bowl if the lock-out is not resolved, how does that affect the CIB? Mr. Huges commented that with regard to the budget, we are looking at roughly \$1 million loss for 10 regular season games. He continues to work closely with the Super Bowl Local Host Committee to determine the potential impact on the CIB and will have more details next month. He is also working on a template to indicate the direct and indirect impact on food and beverage taxes. He noted our budget will deal with only our direct profit and loss, trying to forecast tax revenues impact on hotel/motel tax and food and beverage tax. Ms. Lathrop mentioned that Mark Miles, chairman of the Super Bowl Local Host Committee, will address the Board next month. Mr. Huges continued saying he already has a standard operating budget for 2012 prepared and is “carving out” separate Big Ten and Super Bowl profit and loss reports in case of questions.

Next, at Ms. Lathrop’s request, Mr. Huges presented a bond update. As previously discussed, Mr. Huges plans to present a Resolution at next month’s meeting so we may move forward with refinancing the Marion County Convention and Recreational Facilities Authority (“MCCRFA”) Excise Taxes Lease Rental Revenue Subordinate Bonds, Series 1997A (approximately \$185 million refinancing), and the Series 1999A Indianapolis Bond Bank transaction, which was done on the CIB’s behalf and related to Conseco Fieldhouse and RCA Dome, respectively (a \$210 million refinancing). We should market both bonds in late August or early September.

Mr. Hoops presented the ICVA update. He reported that although we have made up some ground, we still have a ways to go to make our room night goal. Some observations from his first 100 days include evaluating what it will take to reach our goals this year but, more importantly, sustain them in the coming years. His conclusion is we need to do more in the convention marketing side, need to “create demand” for our product. Up until this point, most discretionary monies have been spent on the consumer side to fill in short term holes in hotel bookings. Plus, most of the convention business we’re getting is 6 plus years out. Upcoming discussions will center on budget implications from the ICVA’s side and, working closely with Mr. Levengood, how do we price our building. Unfortunately, right now in the industry supply outstrips demand, which affects pricing if you want to continue to compete and grow convention business. To be a first-tier destination, we have to price ourselves to stand out from our competitors. As such, the ICVA and others will be looking at what that will mean to the

CIB's operating revenues versus tax revenues. Mr. Hoops will be looking at long term goals and how the ICVA relates with regard to CIB funding and sustaining long term goals. The goal is to start each year in January with enough different businesses in the pipeline in various commitment stages so they can consistently deliver the ICVA's goal of 800,000 to 850,000 room nights a year. As stated in previous meetings, Indianapolis has a branding problem but that, too, can be driven by the ICVA, as well as outside factors such as how our local teams, i.e., Indianapolis Colts and Indiana Pacers, are doing, current mayor and other factors, but we need to be more "creative" in our brand marketing. Mr. Hoops will be looking at the 2012 budget to determine how much can be devoted to branding. Mr. Hoops concluded that Indianapolis measures favorably with other second-tier and first-tier destinations when looking at pure infrastructure so we have a strong product to market.

Michelle Travis, from the ICVA, brought the Board's attention to the hand-out provided, the 2011 Definite Room-Night Production by Year, Venue and Market Segment, YTD as of June 30, 2011. A copy of this report is attached hereto as a part of these minutes. Ms. Travis reported we ended the quarter at 250,252 room nights, meaning we are at 77% for goal reached YTD. The deficit was due to timing issues with closing contracts with National Truck Equipment, Do It Best and FDIC but all issues have been resolved or will be by August. In looking over the Definite Room-Night report, Ms. Travis reported we are still booking a lot of short-term opportunities (strong pattern), in other words, meetings being booked on short notice. Looking at the mix of business as broken down by venue, the Indiana Convention Center & Lucas Oil Stadium ("ICCLOS") is at 61%, hotels 25%, with other venues (such as Conseco Fieldhouse and the Indiana State Fair) following at 14%. Market Segment continues to focus on growing markets in corporate, engineering-scientific, medical and life sciences. She was also happy to report that this week Indianapolis is hosting the Indiana Society of Association Executives ("ISAE"), and in August, Lucas Oil Stadium will host a convention for Experient, a third-party event planning company. Experient will be bringing in all their top customers giving us a chance to showcase Indianapolis to these important industry leaders.

Mr. Brown wanted to return to the discussion of how the ICVA determines its room night goals. As Mr. Hoops explained, with input by Ms. Travis, a variety of factors are taken into consideration. Several studies have been done to establish the goal of 850,000 room nights, and then factors such as what is needed in the pipeline, the conversion ratio to meet these goals are examined. Mr. Wallis relayed the ICVA is using the "business evaluation model", which was jointly entered into with the ICCLOS, as a tool to inform decisions with regard to Big Ten, Super Bowl and other business, estimate tax revenues, and building operation revenues, but it is still a "work in progress". Until we have some history we cannot evaluate its accuracy, as yet. With regard to room night goals, Mr. Wallis related in late 2008, two research surveys were conducted; one by

Leadership Synergies and the other by Trans Analysis and Projections. The surveys looked at various cities infrastructures, type of city, etc., resulting in a recommendation of what they felt Indianapolis could sell and set as a room night goal. These recommendations also included historic actual room nights sold. Based on these experts' recommendation, that "consumption" number was 525,000 room nights a year. Using that as a jumping off point, it was decided an attainable bench mark is 850,000 room nights. The question then becomes how do we get from where we are today to gaining commitments for future room nights that will equal or exceed it. Currently, we are "stair-stepping" into it based on those two research surveys and input from the ICVA's board, which includes hoteliers and others in the business. The goal was ramped up from the 500,000 range to 650,000 last year, 725,000 this year, and, hopefully, continue to grow to 850,000. As always, it is continually evaluated to see if it is realistic but the goal is to be in that range.

Mr. Dora requested the ICVA start tracking downtown, county and the metropolitan areas occupancies, adding that information to the ICVA's monthly report. Mr. Hoops indicated they could do that but wanted to point out the report would only reflect what the ICVA has sold. It would not reflect what individual hotels' sales teams have booked. Additionally, Mr. Hoops pointed out that tracking methods can vary from convention bureau to convention bureau. From a "best practices" standpoint, it is in our best interests to review how our tracking methods match up with the majority of other first and second-tier destinations we want to compete with so we can get a better sense of how we measure up.

The next item to be addressed was the award of a contract for uniforms. Mr. Levengood directed the Board's attention to the agenda digest provided and noted it was fairly self-explanatory. Staff is recommending awarding the uniform contract to Plymate, Inc., for a 3-year term, and noted the savings this contract would provide the CIB:

Year 1	\$27,318.95*	No increase from previous year
Year 2	\$28,411.71*	4% increase
Year 3	\$29,548.76*	4% increase

*Annual amounts reflect savings.

Savings:

- One-time purchase of garment lockers @ \$750.00 = \$1,157 savings per year.
- Remove garments from stocking program = \$2,000.00 saving per year.

In a motion by Mr. Brown, seconded by Mr. Shane, the Board approved the above award of said uniform contract to Plymate, Inc., as presented.

Claims for the month of July included the following:

Capital Improvement Board of Managers:

Operating Expense Voucher No. 498G	\$ 2,024,537.94
Confirming Operating Expense Voucher No. 497B	<u>\$ 373,663.40</u>
Total	\$ 2,398,201.34

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


Ms. Lathrop asked if there were any Other Business to be brought before the Board at this time. Mr. Levengood informed the Board the MSA Parking Lot asphalt paving project of the North and South lots will be completed within two weeks. The contract had been awarded to Millennium and Mr. Levengood complimented the contractors, as well as Jack Woodside, for the job done. For those who have not yet seen it, it turned out "wonderful". Mr. Levengood also mentioned the recent purchase of property on Turner Avenue, with renovations adding 30,000 square feet of warehouse space to our inventory. If any Board member would like a tour of the facility, Mr. Levengood would be happy to accommodate them. Both projects went well with Mr. Levengood commenting his "hat is off to Jack" for his administration over these two projects.

Mr. McQuillen wanted to discuss the CIB's local hiring policy. He requested when staff next revised the CIB's purchasing manual/guidelines, we include a written policy with regard to a "local vendor policy" that states all things being equal, we will support local vendors by awarding them bids, noting all local, city and state laws will be considered in this policy. Mr. Huges stated the CIB would be revising its purchasing manual this year, reviewing accounting and purchasing procedures, so we can easily accommodate this request. Mr. Huges further stated he would talk to staff at the City of Indianapolis and Marion County to see what language they use and if it could be incorporated into our policy. Mr. Brown commented that in terms of geographic scope of what is considered "local", the CIB should consider surrounding regions, not just Marion County. Ms. Lathrop indicated a "mark-up" of the policy would be brought before the Board for consideration.

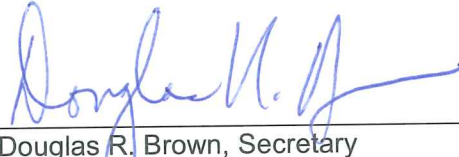
Mr. McClamroch took a moment to introduce Doug Johnson, a friend and attorney for the Fort Wayne Capital Improvement Board. Lastly, Ms. Lathrop polled board members on their preference for either two meetings in August or one longer than usual one to accommodate the bond refinancing and other relative board matters. The overall consensus seemed to be the one long meeting on August 22nd but a verifying e-mail will be sent out to Board members. Ms. Lathrop will also check on Mark Miles availability at that time should the Board meeting be moved from August 8th to August 22nd. It was noted that should the board meeting take place on August 22nd, voucher approval will be handled electronically in order that claim vouchers be timely approved. And,

although this does not affect Board members, a meeting of the Marion County Convention and Recreational Facilities Authority will take place immediately following the proposed rescheduled CIB meeting on August 22, 2011.

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