



CIB Approves Recommendation for Convention Center Expansion on Pan Am Plaza; Master Developer Kite Realty Group Trust

Proposed project slated to include Hilton-affiliated branded hotel towers, 50,000-square-foot ballroom, and climate-controlled connector across Capitol Avenue

INDIANAPOLIS (October 19, 2018)—At its monthly board meeting today, the Capital Improvement Board of Managers (CIB) unanimously approved a recommendation to move forward with negotiations with Kite Realty Group Trust (Kite) as master developer to expand the convention center on the site of the current Pan Am Plaza. This will be the sixth convention center expansion since the Indiana Convention Center opened in 1972.

Today’s recommendation comes after a 10-month process that began in January with the issuance of a Request for Information by the CIB to more than 40 developers. The CIB received three responses and conducted an extensive review period before selecting the Kite proposal presented today.

“We received three extremely competitive proposals that all satisfied the requirements of the RFI,” said CIB Board President Melina Kennedy. “The Kite proposal best activates the south side of the Indiana Convention Center given its high-profile location and direct connection across Capitol Avenue. We believe both of these components are crucial to our continued success as a convention and events destination.”

The two-story expansion is currently planned to be in excess of 300,000 square feet and include a 50,000-square-foot ballroom, auxiliary meeting rooms, a full kitchen facility, and pre-function and support space. Referred to as the Phase 6 expansion by CIB staff, it will connect to the current Indiana Convention Center by a climate-controlled walkway above Capitol Avenue.

While the current Pan Am Tower will remain, Kite also has proposed adding two new hotels on the property. One is a 38-story tower with a reflective glass exterior that includes multiple levels of retail and a rooftop bar offering the only high-rise view from the southwest side of downtown. A second, smaller hotel would anchor the opposite corner of the block, across from Union Station on the west side of Illinois Street.

The two hotels are slated to be Hilton-affiliated brands subject to further negotiations with Kite Realty Group. In total, the project should add roughly 1,400 rooms to Indianapolis’s hotel inventory.

Meeting A Growing Demand for Convention Space

Several of the city’s cornerstone conventions, including the National FFA, Gen Con, PRI, Indiana Black Expo, and the Fire Department Instructors Conference, previously indicated that their events could soon outgrow the the current Indiana Convention Center and downtown Indianapolis’s hotel room inventory.

In addition, customer surveys and focus groups, along with a demand analysis commissioned by Visit Indy, found that Indianapolis needs a minimum of 1,000 more hotel rooms and an additional ballroom that is 50,000-square-foot or larger in order to both retain these growing conventions as well as attract other events that have previously been out-of-reach due to their size, lack of ballroom availability, or scheduling conflicts.

“This proposed expansion on Pan Am Plaza will help our city, region, and state retain nearly \$300 million in annual convention and event business,” said Leonard Hoops, president and CEO of Visit Indy. “The combination of what will be the city’s largest ballroom and two additional hotel towers connected by skywalk will transform our ability to secure major new events that have never been held in Indy. It also gives us the capacity to host multiple citywide conventions at the same time.”

Hoops added that, since 2010, Visit Indy has been unable to bid on more than 200 conventions because of hotel room inventory and/or ballroom space requirements. This expansion allows Visit Indy to reopen discussions with these groups, which collectively could add up to \$1.1 billion in economic impact for the state.

No New Taxes or Fees Anticipated

The budget for the expansion, estimated at \$120 million, includes public infrastructure improvements and the construction of the new publicly-owned facility and connector.

“While we are still early in the process of discussing the operational impact of this exciting proposal with local and state leadership, the city believes this capital expenses for this project could be funded by the property tax increment generated from the new development site and the re-allocation of some portion of the existing Downtown TIF funds already dedicated for the CIB on an annual basis,” said Thomas Cook, chief of staff for Mayor Joe Hogsett.

As a result, the recommended financing for this project would not impact projected Downtown TIF balances over the coming years or any ongoing projects. The \$120 million estimate for public investment does not include the subsidization of the two privately-operated hotels. Since the project discussions are in the preliminary phase, Kite has not finalized a comprehensive budget figure for private investment in the project. Kite will seek to partner with third parties to fund construction of and operate the hotels.

Already a Significant Economic Impact

To augment the annual Visit Indy economic impact study, the CIB recently commissioned a study measuring the economic significance of the conventions, games, and events it facilitates.

The study found that 4.4 million residents and visitors attended an event in a CIB-managed facility in 2017, which resulted in \$1.1 billion in spending. This includes attendance and per-game spending for Indianapolis Colts, Indiana Pacers, Indiana Fever, and Indianapolis Indians home games as well as nearly 700 non-sporting events booked at CIB-managed facilities.

In addition, these events supported 19,000 local jobs with an average annual salary of \$35,500 and generated \$122 million in state and local tax revenues.

“It is clear that the CIB plays a large role in the economic development of the city and state. We have every reason to believe this new expansion will just add to its impact,” Kennedy said.

Cook indicated that the city also has begun a larger discussion as to the ongoing partnership between the city, CIB, and state to ensure the financial viability of the CIB and its role in operating and/or managing Lucas Oil Stadium, Bankers Life Fieldhouse, Victory Field, and the Indiana Convention Center.

While the project timeline has not been finalized, the CIB will now begin working with the city and the master developer to obtain all the necessary agreements and legislative approvals sometime in 2019.

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The following documents and assets are available for download at CapitalImprovementBoard.org:

- Convention Center Expansion Presentation Slide Deck
- 2017 Significance of CIB-Initiated Conventions, Games, and Events Report
- Indianapolis Hotel Development Facts
- Kite Realty Group Proposal Renderings
- Indianapolis: Always Asking What's Next (video)

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