

CAPITAL IMPROVEMENT BOARD OF MANAGERS
OF MARION COUNTY, INDIANA
Minutes of Meeting
Friday, October 19, 2018-8:30am
Indiana Convention Center-Meeting Room 130

A Meeting of the Capital Improvement Board of Managers of Marion County, Indiana ("Board") was held on October 19, 2018 in the Indiana Convention Center's Meeting Room 130.

Board Members present included Melina Kennedy, David E. Corbitt, Michael C. Terrell, Mary Ann Fagan, Jim Dora Jr., Brenda Myers, David Ruhmkorff, Maggie A. Lewis and Ray Biederman, as well as Ex-Officio, Leonard Hoops. Others in attendance included Barney Levengood, Executive Director, Mary Solada, General Counsel, Bingham Greenebaum Doll LLP, Kobi Wright, Staff Counsel and Business Operations Director, Debbie Hennessey, Convention Center Director, Tim Kuehr, Chief Financial Officer, Eric Neuburger, Stadium Director, Rick Murphy, HR Manager, Danielle Arnold, James Wallis, Visit Indy ("VI"), Chris Gahl, VI, Daren Kingi, VI, Brett Williams, Indiana Sports Corp., Curt Fritsch, CRF Group, David Sease, SGA, and members of the media. (A copy of the list of those who signed in upon arrival is also attached hereto.)

Ms. Kennedy introduced the **Approval of Minutes** for the Friday, September 14, 2018 meeting. Upon a motion by Ms. Fagan and seconded by Mr. Biederman, the Minutes were unanimously approved as presented.

Mr. Kuehr presented the **Financial Update** to the Board as per the supporting documentation, which is attached and made a part of these minutes. Mr. Kuehr reviewed the financial statements for the month and year to date with the Board members explaining variances from budget and answering questions as necessary. Ms. Kennedy asked if there were any additional questions for Mr. Kuehr regarding the Financial Update and there were none at this time.

Ms. Kennedy introduced Leonard Hoops who presented the **Visit Indy Update** with the Market Share Performance report, Room-Night Production and Convention Sales Booking Pace graphs documents attached to and made a part of these Minutes. Mr. Hoops reviewed the Visit Indy Sales reports with the Board explaining trends and variances in the main areas of Downtown, Marion County and outside Marion County. Mr. Hoops informed the Board August was a good month for Visit Indy despite the year to year metrics dropping from last year on the Market Report. He clarified that August 2017 was an exceptional month which explained why August 2018 appeared low in comparison. He explained the revenue in Marion County was up 2.2% with downtown's revenue increasing 1% adding the YTD occupancy was 72% which was well about the current average of 63.7% in the United States for 2018. Mr. Hoops told the Board the Visit Indy had booked two future events of note that have never been to Indianapolis. The first group Experimental Biology will be here in 2021 bringing 12,000 people in the Bio-

Science field to Indianapolis. He noted Visit Indy had not been able to book this group in the past and Indy beat out a number of other cities for the conference including Atlanta. The second group is the American Academy of Otolaryngology – Head and Neck Surgery Foundation which is the first group of this type to ever come to Indianapolis and will bring 9,500 surgeons to town. Mr. Hoops added they made their decision with optimism Visit Indy and the City would have some new resources to include for their event. Mr. Hoops concluded that VI was at 104% on booking and are ahead of pace in all areas. Ms. Kennedy thanked him for his report and asked if there were any further questions for Mr. Hoops from the Board and there were none at this time.

Ms. Hennessey presented the **ICCLoS Sales Report**, which is attached to and made a part of these Minutes. Ms. Hennessey informed the Board that the building was pacing well for the year with an occupancy of 64%. She mentioned some notable events which occurred in the last month at the Stadium including the Taylor Swift Reputation tour which was a huge success, two Colts games, the Circle City Classic and the last two Indy Eleven games as well. At the Convention Center Ms. Hennessey highlighted National Recreation & Park Association Annual Conference, Revive Our Hearts True Woman Conference, North American Trailer Dealers Association and the Independent Electrical Contractors Annual Convention. Ms. Hennessey mentioned upcoming events including the Colts vs the Buffalo Bills, Music for All Bands of America Super Regional Competition, the return of the National Future Farmers of America (“FFA”) Convention and Do-It-Best show which comes twice a year. Mr. Hoops added the FFA Convention would bring 67,000 “blue coats” to the city and also requested to add something to his earlier report about booking “wins”. He informed the Board that Indianapolis would once again be hosting the Men’s Final Four Basketball tournament in 2026 and Visit Indy had just finalized a hotel contract with the NCAA. Ms. Kennedy asked if there were any questions for Ms. Hennessey and there were none at this time.

Ms. Kennedy introduced the **Hotel RFI** agenda item to the Board explaining she would outline a few details and then turn the presentation over to Barney Levensgood, the Executive Director of the CIB, and others to get into more of the details of the project. Ms. Kennedy noted how every month at the CIB Meetings there is some discussion of how critical the convention and tourism business is to our Central Indiana economy and felt there is an obligation as members of the Capital Improvement Board of Managers to be thinking about tomorrow, today, so Indianapolis does not fall behind other cities and remains competitive. She explained while there has been a lot of success in this area there are also a number of customers who have said they will go elsewhere if there are not some enhancements made to the Convention Center to increase capacity and in particular ballroom space and there have been many opportunities Mr. Hoops and his team at Visit Indy have not been able to seek because the facility does not have the space necessary to host their events. Ms. Kennedy reminded the Board that earlier this year the Board was informed of the Hotel RFI that had been posted on the CIB website beginning this process and today staff and others are here to present one of the proposals considered along with their recommendation to the Board. Ms. Kennedy stated there was excitement to go to the next phase and build on the many decades of bipartisan

leadership that make this city and state great. She informed everyone there would be time reserved for the Board members to ask questions after the presentation was finished and instructed them to please hold their thoughts and questions until that time. Ms. Kennedy then introduced Mr. Levensgood to continue the presentation.

Mr. Levensgood thanked all the Board members for being in attendance for such a momentous occasion, referencing all the big decisions made over the years by the Capital Improvement Board and noted current Board member Jim Dora Jr.'s father, Jim Dora Sr., a past President of the CIB, was involved in many of those big decisions. The Board was shown a short video put together by Chris Gahl of Visit Indy, outlining the history of Indianapolis as a Sports city and highlighting all the development in the past that has shaped the City and that has led to where we are today. (A link to this video is posted on the Capital Improvement Board website).

At this time Ms. Kennedy introduced Kobi Wright, CIB Staff Counsel and Business Operations Director for the CIB and informed the Board he will be serving as Counsel for the CIB on this particular project.

Mr. Levensgood explained the CIB enlisted the help of Rockport Analytics, which also provides analytical reporting for Visit Indy and the State of Indiana, to assist in evaluating the economic significance of events initiated by CIB owned and managed facilities which include the following:

- Bankers Life Fieldhouse
- Victory Field
- Lucas Oil Stadium
- Indiana Convention Center

He shared the findings from Rockport Analytics Report and highlighted the following significant points listed below:

Impact of CIB-Initiated Events

- **4.4 million people attended meetings, games, and events at the CIB Facilities in 2017**
- **Spending on tickets, food & beverage (on premise and off), transportation, shopping, hotel (visitors), and other entertainment totaled \$1.1 billion in 2017.**
- **19,000 Local Jobs with Average Salary of \$35.5K**
- **\$683 million in Local Wages**
- **\$122 million in Indiana State and Local Tax Revenues**

Mr. Levensgood emphasized that this process was a combined effort and Visit Indy was very much involved as well. He introduced Leonard Hoops, the President of Visit Indy, to share some findings his team had compiled to provide justification for this Hotel and

Convention Center Expansion project. Mr. Hoops reminded the Board that in 2014 USA Today voted Indy the #1 convention city in USA, a title they retain to this day, but after only one year of enjoying this honor, their biggest customers were coming to them and asking for more ballroom space. Based on findings from customer surveys done after their event was completed and by talking to other professional in the Meeting and Tourism Industry, his team began to notice the same concerns being expressed by clients. The consensus among customers was that Indianapolis was a great city but many commented there was not enough space to keep up with the demand. VI worked with HVS Consultants to assist in researching what the real demand was for hotel rooms and space in the facilities.

After extensive research, HVS Consultants determined the following:

- **There was a need for an additional 1000 rooms in addition to the rooms in the pipeline as well as a need for a 50,000 sq. ft. ballroom on the south campus (Exhibit halls H-K and meeting rooms 130-245)**
- **The south campus was not being used or sold efficiently because there was no ballroom space on that end of the facility.**
- **Not enough hotel density on the south side to be competitive with the row of hotels anchoring the north campus (Exhibit halls A-G and meeting rooms 101-212)**

Mr. Hoops referenced several of the CIB's main annual groups in the building now expressing concern including:

- **GenCon**
- **Performance Racing International ("PRI")**
- **Future Farmers of America ("FFA")**

He noted these three groups alone bring \$288 million annually into the City and added if the NCAA is included in this group the total increases to over \$300 million. He noted there were a total of 208 events or conventions that did not book their events with Visit Indy and the CIB because the Building did not have the space that was needed. Mr. Hoops emphasized that Indy is already one of the most connected cities in the US and the current hotel proposal and Convention Center expansion would make it even more connected.

Mr. Levengood continued the presentation, recapping the timeline of the project to the Board. He summarized the RFI went out in January and in March there were 3 competitive responses to review. He explained a Technical Review Group was put together to consider and evaluate the different options over the contingency period. This Technical Review Group consisted of the following people:

- **Barney Levengood, Executive Director** - Capital Improvement Board of Managers
- **Angela Smith-Jones, Deputy Mayor of Economic Development** - City of Indianapolis

- **Emily Mack, Director of Dept. of Metropolitan Development - City of Indianapolis**
- **Ian Nicollini, Vice President - Indianapolis Chamber of Commerce**

Mr. Levengood revealed Kite Realty Group as the Master Developer recommended for the project by the Technical Review Group and staff. He introduced Tom McGowan, the President and Chief Operating Officer of this local Indianapolis Firm to the Board.

Mr. McGowan introduced himself and said he appreciated the opportunity to speak in front of the Board. Mr. McGowan gave a brief overview of Kite Realty Group Trust. He explained the Company is a Real Estate Investment Trust Company which went public in 2004 and is publicly traded on the New York Stock Exchange under the ticker KRG. He noted Kite Realty is located in 20 states and has a balance sheet of \$3.5 Billion dollars in assets. He noted that Kite has direct investments in downtown having been the developer on several notable properties. These investments include The Ferris Campus, done for Eli Lilly & Company, Indianapolis Downtown Marriott, Kite's Headquarter Building, 30 S. Meridian, also known as the former L.S. Ayres Building, Pan Am Plaza and The Conrad Hotel.

Mr. McGowan guided the Board through a series of renderings of the plans for the Convention Center expansion, two (2) hotel towers and a connector that illustrated how the three separate components of the project would come together to form a structure that would anchor the entire block. He explained the first component, an expansion of the Convention Center consisting of a 50,000 sq. ft. ballroom and other convention space would be built adjacent to Pan Am Tower and a pedestrian bridge would be built over Capitol Avenue which would link the existing convention center with the ballroom. For the second component he explained Kite plans to build a 38-story, 814-room hotel along Illinois and Georgia streets and that Kite is currently in negotiations with Hilton Hotels & Resorts to feature one of its luxury brands. The third component of the project would be a second, 600-room hotel (also a Hilton brand) and would be added on the southeast corner of the 3-acre parcel.

Ms. Kennedy thanked Mr. McGowan. She continued and stated we were fortunate we had three outstanding proposals and for many reasons this particular location makes a lot of sense, with the emotional attachment to Pan Am Plaza, and the history of our city and 30 years after the Pan Am Games being given the opportunity to refresh it and restore it prominent visibility and robustness in the middle of our sport and convention Capital. Ms. Kennedy acknowledged Thomas Cook, Chief of Staff to Mayor Hogsett and thanked him for his leadership throughout this process and for the Mayor's leadership as well, mentioning he would be able to answer some questions pertaining to the financing a bit later in the meeting.

Mr. Levengood stated there were many people to thank who had been involved in the project from the start and put a lot of time and effort into the process. He thanked his whole team at the CIB, in particular Kobi Wright, Pam James and Danielle Arnold, as well

as the entire team from Visit Indy. He again acknowledged and thanked the Technical Review Group. He acknowledged Taylor Schaffer, Lisa Viehle, and Bill Browne of Ratio Architects for all their contributions to the project.

Mr. Levensgood called upon Kobi Wright to present the Resolution, which is attached to and made a part of these Minutes, He explained after this they would be asking the Board members to accept the Resolution.

Mr. Wright addressed the Board and stated the Resolution in summary effectively accepts the recommendation of the Technical Review Group naming Kite as the Master Developer, and the Pan Am site as the place where Phase VI of the Convention Center Expansion will occur and leveraging that development for the Convention Center's headquarters hotel and second hotel. Mr. Wright added that by accepting this Resolution, the Board is also accepting that they approve the recommendation from the CIB Board to the City to move forward with that development.

Ms. Kennedy explained they would be asking for a motion to accept the Resolution and a second. Ms. Lewis made the motion and Mr. Terrell seconded the motion. Ms. Kennedy opened the floor for questions from the Board.

There was a lengthy and in-depth discussion amongst the Board members which included questions and concerns pertaining to the proposed project. Ms. Kennedy, Mr. Levensgood, Mr. Wright, Mr. McGowan, Mr. Hoops and Mr. Cook all contributed to the answers and explanations of these questions posed by the Board. Mr. McGowan provided clarification on the proposed number of rooms for each of the two properties (814 in the first hotel and 600 in the second hotel). Ms. Myers inquired as to who would be responsible for the control and management of the space. Mr. Levensgood went over the booking process with the Board and explained they expect to be following a similar process to what is currently followed in the Convention Center in that Mr. Hoops would have access to the ballroom and meeting space 24 months and out. Ms. Kennedy added that this was a significant point of this proposal to highlight as it would give the CIB ability along with Visit Indy a level of control over that space that we do not have with regard to other downtown hotels. Ms. Myers inquired if there had been an economic impact analysis, both positive and negative of the effect this project would have in the areas directly surrounding the hotels as well as the other areas in the city, specifically those outside of the I-465 area. Mr. Hoops admitted there was a lot of educated guesses that go along with this type of venture and Visit Indy did not do a specific analysis of the areas beyond the I-465 border. Mr. Hoops added that Smith Travel does analysis of this type and he would like to work with their organization to do some further research and take a closer look at these areas themselves. Mr. Hoops speculated that there may be some things in the pipeline that do not go through or will be delayed as a result of this project due to each group's personal situation but overall the positive end results of having an additional 1400 rooms downtown outweighed any potential lost or delayed room nights that are currently in the pipeline. Mr. Hoops anticipated the Crowne Plaza Hotel and the Omni will do really well once this project is complete because they have not really had the anchor of the additional hotel rooms in their quadrant and this project will take the room number from 700 to 2100 Creating another corridor of hotel options for visitors. Ms. Myers noted that

she will vote to accept the Resolution but wanted to stress how important it was for our major attractions to strongly encourage the CIB to put a more focused effort on investing to increase leisure travel.

Mr. Terrell asked for more information regarding the funding for the project and Ms Kennedy stated the City will be taking the lead on the finance end and introduced Mayor Hogsett's Chief of Staff, Thomas Cook, to address this topic. Mr. Cook explained he had been involved with this process by participating in the Technical Review Group process. Mr. Cook explaining the Convention Center Expansion portion of the project was estimated to cost \$120 million. Mr. Cook stated the City is supportive of this for a variety of reasons. He stated as a public investment this endeavor is beneficial from a tax payer's perspective. Mr. Cook shared that currently there were two funding sources available that would allow the project to be funded from a city perspective and without reallocating dollars from any known obligations the city has and without affected any current downtown fund balances or projections in the upcoming years. Mr. Cook said the city estimates that property taxes on the site would increase by more than \$6 million a year once the hotels are built and explained that new revenue would be used to pay for about half of the annual cost of the bonds. Mr. Cook mentioned a potential second source of revenue would come from reducing the amount of TIF money allotted to the CIB which is earmarked for Visit Indy and put those funds toward the cost of the project. Mr. Cook recognized that due to the operational side of this equation, it could be a 6-12 month process from today's point on before any sort of project agreement is solidified. He added these conversations will include the CIB and VI leadership on this issue from a policy standpoint but will also involve City Leadership, Indianapolis City County Council, Metropolitan Development Commission and critically the State of Indiana which has played a role of both in terms of revenue and leadership on these issues in the past. Mr. Cook stated he anticipated in the next 12 months to be engaging with State leadership from the Governor's office, the General Assembly as well as our partners in the City County Council on how this truly could be a collaboration of efforts or Partnership of the CIB, the City and the State of Indiana. He acknowledged this would take time and would involve a lot of questions and answers. However, in time Mr. Cook believes that any reduction in annual pass through to the CIB can be made up for through this type of public private partnership especially as it relates to potentially capturing some of the other revenues beyond property taxes that would be generated by this property.

Mr. Dora commented as a Board member he was hesitant to lessen any of the City and CIB's contribution to Visit Indy and especially during this time as Mr. Hoops and his team would need all their resources to continue to be competitive in the tourism market and even more so once the hotel project was completed. He stressed the pressure would be on Visit Indy to perform and he stressed in his opinion any funding to Visit Indy should not be cut.

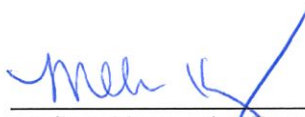
Mr. Levengood remarked that all the comments from the Board members were heard and they were all great points that will be taken into serious consideration as things move forward in the process. He thanked Mr. Dora, Mr. Terrell and Ms. Myers for their input to the discussion. Mr. Levengood stressed that this was just the beginning of the process and there was much to be done and that much of this information would change as the

project progressed. Ms. Kennedy thanked Mr. Cook for his explanation and asked if there were any further questions from the Board and there were none at this time. Ms. Kennedy asked the Board members to take the matter to a vote. Mr. Dora recused himself from the vote. Upon the earlier motion by Ms. Lewis, and the second by Mr. Terrell, and on a vote of 8 yes, and one recusal, the Resolution was unanimously approved as presented taking the aforementioned recusal into account. Mr. Levensgood thanked the Board for their support and continued to the next agenda item.

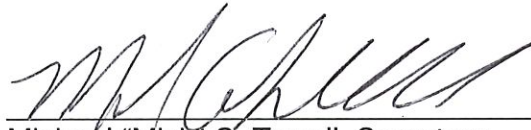
The next topic on the agenda was the **Claims**. Mr. Levensgood presented these to the Board as per the supporting documentation, which is attached to and made a part of these Minutes. Ms. Kennedy recused herself from line item 59 on Voucher 6006C regarding Indianapolis Power and Light. Ms. Fagan recused herself from line item 103 on voucher 5895G regarding Bingham Greenebaum Doll LLP. Mr. Corbitt recused himself from line items 582 and 583 on voucher 5895G regarding Taylor Brothers Construction Co., Inc. There were no questions from the Board and upon a motion by Mr. Dora and seconded by Mr. Biederman, Claims 5895G, and 6006C were unanimously approved by the Board taking into account the aforementioned recusals.

With regard to **Other Business**, Mr. Levensgood thanked everyone involved in this group, and expressed his appreciation to the media and again acknowledged the efforts of the Kite Reality Group..

There being no further **Other Business** to address and no **Public Comment**, the meeting was adjourned.



Melina Kennedy, President
THE CAPITAL IMPROVEMENT BOARD
OF MANAGERS
OF MARION COUNTY, INDIANA



Michael "Mick" C. Terrell, Secretary
THE CAPITAL IMPROVEMENT BOARD
OF MANAGERS
OF MARION COUNTY, INDIANA

RESOLUTION

CAPITAL IMPROVEMENT BOARD OF MANAGERS OF MARION COUNTY, INDIANA

WHEREAS, the enabling statute of the Capital Improvement Board of Managers of Marion County, Indiana ("CIB"), Indiana Code § 36-10-9 et. seq. authorizes the CIB to construct, equip, operate and maintain any capital improvement facilities of general public benefit or welfare which promote and serve the commercial, industrial and cultural interests of City of Indianapolis, Marion County, the State of Indiana and their citizens;

WHEREAS, Rockport Analytics produced a report entitled 2017 Economic Significance to Indiana of CIB-Facilitated Conventions, Games & Events dated October 2018 which sets forth the significant level of revenue generated to the State of Indiana and its commercial and industrial businesses by events held at CIB facilities;

WHEREAS, the CIB published a Request for Information ("RFI") for the Design, Development and Construction of a new Convention Center Headquarters Hotel on January 12, 2018, which included, among other things, the required features of a potential, at least, 45,000 square foot ballroom and 800 room Convention Center Headquarters Hotel;

WHEREAS, following the receipt of proposals submitted to the CIB, a working group of individuals (the "Review Group") and accompanying staff and professionals reviewed the proposals with the intent to make a recommendation to the CIB that one or more proposals should move forward in the development and approval process;

WHEREAS, the Review Group has completed its review of the proposals submitted in response to the RFI;

WHEREAS, Kite Realty Group submitted an RFI proposal that includes the design, development and construction of the following, at that certain area commonly known as Pan Am Plaza: (a) a publicly owned building as an expansion of the Indiana Convention Center (the "Center") which consists of a 50,000 square foot ballroom, meeting rooms and accompanying pre-function and back-of-house space (collectively, the "Podium") and sky bridge/infrastructure to connect to: (i) the Center and (ii) the two Hotels immediately adjacent to the Podium (defined herein) and including the redevelopment of an underground garage (collectively the "Center Expansion") and (b) the leveraging of such Center Expansion for the private sector development of an approximately 814-room, Hilton affiliated brand, Convention Center Headquarters Hotel and a 600-room Hilton affiliated brand full service hotel (collectively, the "Hotels");

WHEREAS, the Review Group has recommended that the CIB make a recommendation to the Consolidated City of Indianapolis, Indiana (the "City") that the City, at the appropriate time, take the necessary steps and conduct the necessary processes to permit the construction and

development of the Center Expansion and to leverage such expansion for the development and construction of the Hotels;

WHEREAS, Indiana Code § 36-10-9-6(12) authorizes the CIB to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under said enabling statute.

NOW, THEREFORE, BE IT RESOLVED BY THE CAPITAL IMPROVEMENT BOARD OF MANAGERS OF MARION COUNTY, INDIANA AS FOLLOWS:

Section 1. It is in the best interests of the CIB, the City, the State of Indiana and is in the public interest that the CIB accept the recommendation of the Review Group that the CIB make a recommendation to the City that it, at the appropriate time, take the necessary steps and conduct the necessary processes to permit the construction and development of the Center Expansion and to leverage such expansion for the development and construction of the Hotels.

Section 2. The CIB hereby recommends to the City, at the appropriate time, take the necessary steps and conduct the necessary processes to permit the construction and development of the Center Expansion and to leverage such expansion for the development and construction of the Hotels.

Section 3. The President of the CIB shall hereby have the authority to enter into and execute all documents necessary to: (i) adequately and appropriately transfer any and all rights, documents and information gathered by the CIB regarding the Center Expansion and the Hotels projects to the City for further action and (ii) take other action necessary and appropriate to effectuate these Resolutions.

ADOPTED this 19th day of October, 2018

**CAPITAL IMPROVEMENT BOARD OF
MANAGERS OF MARION COUNTY,
INDIANA**

By: 

Melina Kennedy, President