

**Capital Improvement Board of Managers**  
(of Marion County, Indiana)

(A Component Unit of  
the Consolidated City of Indianapolis - Marion County)



**Comprehensive Annual Financial Report**  
For the Fiscal Years Ended December 31, 2019 and 2018

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# Comprehensive Annual Financial Report

Fiscal Years Ended December 31, 2019 and 2018  
Capital Improvement Board of Managers  
(of Marion County, Indiana) - a Component  
Unit of the Consolidated City of Indianapolis -  
Marion County  
Indianapolis, Indiana

Prepared by:

Finance and Accounting Department

Melina Kennedy, President

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**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated**  
**City of Indianapolis-Marion County)**  
**December 31, 2019 and 2018**

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## **Introductory Section**

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May 28, 2020

Capital Improvement Board of Managers  
(of Marion County, Indiana)  
Indianapolis, Indiana

We are pleased to present the Comprehensive Annual Financial Report of the Capital Improvement Board of Managers (of Marion County, Indiana) (“CIB”), for the fiscal years ended December 31, 2019 and 2018.

The financial statements of the CIB are prepared in accordance with accounting principles generally accepted in the United States of America, and we believe they present the CIB’s financial affairs in a manner designed to fairly set forth the financial position and results of operations of the CIB. We also believe that all disclosures necessary to enable the reader to gain an understanding of the CIB’s financial affairs have been included. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the CIB. The financial statements have been audited by the Indiana State Board of Accounts and the independent auditor’s report has been included in this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the CIB**

**Structure and Reporting Entity:** The CIB is a municipal body of Marion County created pursuant to the provisions of Indiana Code (IC) 36-10-9. The CIB has no stockholders or equity holders and all revenues and other receipts must be deposited and disbursed in accordance with provisions of such statute. The board is composed of nine members. Five of the nine board members are appointed by the Mayor of the City of Indianapolis, two are appointed by the Governor of the State of Indiana, one is appointed by the City-County Council of the Consolidated City of Indianapolis-Marion County, a unified form of government commonly referred to as “Unigov” (“City-County Council”) and one is appointed jointly by majority vote of a body consisting of one member of the board of the county commissioners of each county in which a food and beverage tax is in effect under IC 6-9-35 on January 1 of the appointment. The board of county commissioners that has the greatest population of all counties in which a food and beverage tax is in effect under IC 6-9-35 on January 1 of the year of the appointment shall convene the meeting to make the joint appointment. Each county in which a food and beverage tax is in effect under IC 6-9-35 on January 1 of the year of the appointment is entitled to be represented at the meeting by one member of the county’s board of county commissioner, who shall be selected by that county’s board of county commissioners. One of the members appointed by the Mayor must be engaged in the hotel or motel business in the county. Not more than four of the members appointed by the Mayor may be affiliated with the same political party. Melina Kennedy was appointed to the CIB board by the Mayor of the City of Indianapolis, Joe Hogsett, and was thereafter elected as the board president.

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The CIB is authorized by the statute to finance, construct, equip, operate and maintain any capital facilities or improvements of general public benefit or welfare which would tend to promote convention, cultural, entertainment and recreational activities and thereby positively impact the wider public and civic well-being of the community. While the CIB receives certain excise tax revenue, the CIB has no taxing power. The exercise of any taxing power requires the action of the Indiana General Assembly and, in certain instances when so authorized by the Indiana General Assembly, the enactment by ordinance of the City-County Council. Additionally, certain of these taxes are statutorily restricted to limited purposes. The CIB operates facilities used in convention, cultural, entertainment and recreational activities in downtown Indianapolis. Such activities are maintained, for accounting and reporting purposes, in a single enterprise fund.

**CIB Operating Model:** As an operating model, the CIB's public purposes are achieved by operating capital facilities, which are important drivers to the economic vitality of the strong and growing convention, cultural, entertainment and recreational businesses (public and private) serving the public and civic interests of the State of Indiana and particularly the central Indiana region. The public and civic interests are directly and indirectly served by the investment and activity of the CIB and its growth fostering effect on the larger economy, including most directly the Metropolitan Statistical Area (MSA) Indianapolis public and private sector hospitality industry. Additionally, the broader private and public sector is benefited by leisure, amenity and employment opportunities. The hospitality industry is an important element and has played a central role in stabilizing the core of the City of Indianapolis, thereby generally transmitting a rippling benefit throughout the region and the State. This model, ever expanding since its inception in 1965, has become an important element to the success story that is the central Indiana region.

At the core of this operating model is an understanding that the CIB's activities work in tandem with the private sector to foster diverse economic growth. The CIB's assets, activities and ancillary amenities allow a larger private hospitality industry to operate. In turn, the hospitality industry mutually develops and services the region's significant convention, cultural, entertainment and recreational activity and amenities. This understanding of the hospitality industry, a significant driver that allows the region to enjoy amenities and activities beyond the means of the region to be supported by just its citizens, supports viewing it as an element that fosters non-hospitality economic growth and quality of life in the region. Viewed in this context, an operating model that permits the generation of non-operating revenue (from both the industry's customers as well as regional users and beneficiaries of these activities and amenities) to support and subsidize the CIB's capital and operating costs can be seen as thoughtful and balanced taxation policy. Tax policy impacting the CIB is managed by the Indiana General Assembly and the City-County Council. Ultimately, the CIB operations serve to protect and support a region that has thrived and competes well in comparison to other similar cities in the nation.

**Long-Term Financial Planning:** The CIB is authorized to finance, construct, equip, operate and maintain facilities which promote convention, cultural, entertainment and recreational activities. In order to achieve this, a Long-Term Financial Plan is vital. The CIB prepares a long range financial plan including a schedule for the retirement of debt, estimated operating budget, estimated capital budget, and estimated income to pay these items. This long range financial plan is updated at least annually as the CIB continues to provide the highest level of operational efficiencies and quality of its facilities.

**Relevant Financial Policies:** The CIB has adopted a comprehensive set of financial policies. During the current year, the following policies were particularly relevant.

Financial Reporting - The CIB has a policy to submit to the board a monthly report of its accounts exhibiting the revenues, receipts and disbursements and the sources from which they were derived and the purpose and manner in which they were disbursed.

Investments - The CIB established an Investment Policy. All investments must comply with Statutory Requirements, achieve a reasonable rate of return and be made with due and appropriate care to meet the daily cash flow demands.

Internal Control Structure: - In developing and evaluating the CIB's accounting system, we have given consideration to the adequacy of the internal control structure, designing it to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the CIB's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budget: - The CIB maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual approved budget.

- (1) The Chief Financial Officer prepares the budget for review and approval by the members of the governing board of the CIB.
- (2) The budget is advertised online at [www.budgetnotices.in.gov](http://www.budgetnotices.in.gov).
- (3) The CIB's board approves and submits the budget to the City-County Council for its review.
- (4) The Municipal Corporations Committee of the Council holds public hearings on the budget of the CIB and forwards it for approval to the City-County Council.
- (5) The budget of the CIB is reviewed and approved by the City-County Council. The overall adopted budget of the City (of which the CIB's budget is a part), is reviewed and certified by the Indiana Department of Local Government Finance ("DLGF").

**CIB Facilities:** Among the facilities managed by the CIB are the multi-purpose Indiana Convention Center ("ICC") and the state-of-the-art Lucas Oil Stadium ("LOS"). The Convention Center covers a 6 city block area in downtown Indianapolis. The LOS site covers a 6½ city block area just south of the Convention Center and is connected by internal and covered structures, allowing combined use opportunities.

Since opening in 1972, the Indiana Convention Center has had four major expansions, with the fourth being completed in January 2011. With this latest expansion, the Indiana Convention Center now contains 566,600 square feet of clear span convention and exhibition space, 71 meeting rooms and 3 ballrooms. The 11 exhibit halls range in size from 36,300 square feet to 88,900 square feet. The Sagamore Ballroom, with 33,335 square feet, can be divided into seven different sections. The 500 Ballroom has 13,536 square feet and an adjoining reception room. The 10,202 square foot Wabash Ballroom features a 24' ceiling and may be divided into three separate sections.

LOS, ranked as the #1 NFL stadium experience for 2018 by *Stadium Journey* magazine, features a retractable roof, offering spectacular views of the Indianapolis skyline. In addition, LOS has an infill playing surface, 7 locker rooms, exhibit space, meeting rooms, operable north window, dual two-level club lounges, 139 suites, retractable sideline seating, house reduction curtains, two large video boards, ribbon boards, spacious concourses, interior and exterior plaza space, 11 indoor docks and 2 vehicle ramps to the event level. LOS is connected to the Convention Center and several hotels and entertainment options by a pedestrian connector. Tradeshows can take advantage of an indoor 30,000 square foot loading dock, retractable seating and operable walls to utilize up to 183,000 contiguous square feet of space. Football games can be played indoors or outdoors using the retractable roof and operable north window. The house reduction curtain system covers the entire Terrace Level seating, reducing capacity from 63,000 to approximately 41,000. Basketball and other mini-stadium events have the option of playing in the round for up to 71,000 fans or in a much smaller configuration with a house reduction curtain system. Concerts may be played indoors or outdoors in full stadium or reduced house configurations. Seating configurations range in size from 15,000 to 71,000.

In addition to managing the Indiana Convention Center & Lucas Oil Stadium, the CIB also maintains Victory Field, Bankers Life Fieldhouse and various parking garages.

Victory Field, home to the Indianapolis Indians AAA baseball team, has been recognized as the "Best Minor League Ballpark in America" by prominent publications such as *Baseball America* and *Sports Illustrated*. It is constructed on a 13-acre site in White River State Park, which is subleased to, and operated by, the Indianapolis Indians franchise. Located on the southwest corner of West and Maryland streets, the ballpark is in close proximity to the Indiana Convention Center & Lucas Oil Stadium. Victory Field seats approximately 14,200 people, which includes an open-air stadium seating area and the very popular grassy berms in the outfield areas, which offer inviting, lawn seating. This grassy area, around the outfield wall, can accommodate up to 2,000 people. The park's main deck of seats wraps from behind home plate to the foul poles in left and right field. When fans enter the ballpark, they can walk down the steps to their seats in a lower seating bowl, or up to their seats in the upper bowl. There are 12,200 seats with back and arm rests. The ballpark also features many modern-day amenities, such as 29 luxury suites and cup holders at most seats.

Bankers Life Fieldhouse, widely acknowledged as one of the finest sports and civic arenas in the country, is home to the National Basketball Association's Indiana Pacers and the Women's National Basketball Association's Indiana Fever (2012 WNBA Champions). With a basketball-seating capacity of 17,923 that includes 64 suites, 2,405 club seats, and a loft with 56 loge seats and 48 theater seats, Bankers Life Fieldhouse occupies approximately 750,000 square feet between Delaware and Pennsylvania Streets at Georgia Street in the warehouse district of downtown Indianapolis. The first retro-styled facility in the NBA, Bankers Life Fieldhouse has three seating levels: First Financial Bank Founders Level, Krieg DeVault Club Level and Balcony Level; and the concourses on each level evoke memories of a traditional Indiana basketball Fieldhouse, complemented by state-of-the-art amenities. Highlighting the inner bowl of the Fieldhouse are the windows that support the 14-story (140 foot), exposed steel roof. The window theme is continued on both the Pennsylvania and Delaware Street sides of the Entry Pavilion, home to the 18 ticket windows and retro-styled ticker board announcing upcoming events. A true tribute to the game of basketball in Indiana, the sightlines were designed for the best viewing of a basketball game; but also give patrons a great view for the many other events held at the Fieldhouse. From concerts, hockey, high school and college sports to the circus and even the World Swimming Championship, the Fieldhouse is also highly acclaimed for both the number and variety of non-basketball events it holds each year. Its many meeting rooms, restaurants and multi-use spaces also make the Fieldhouse ideal for the smaller corporate gatherings and ceremonies held daily. Located in the heart of downtown Indianapolis, the Fieldhouse is located within walking distance of Circle Centre Mall, the Indiana Convention Center, Lucas Oil Stadium, Victory Field, the State Capitol Building and the City-County Building. During the Pacers offseasons in 2020-2022 Bankers Life Fieldhouse will undergo renovations and an expansion including reconfigured seating, technology improvements, additional space for gathering and an outdoor plaza.

**Major Initiatives of the CIB:** The Indiana Convention Center & Lucas Oil Stadium are excellent venues that have hosted very diverse groups - Super Bowl XLVI® and NFL Experience, NCAA® Men's and Women's Final Four® Basketball Championships, Big Ten Football Championship, North American Christian Annual Convention, National FFA Organization Convention, Indiana Black Expo, Fire Department Instructors Conference (FDIC), Gen Con "The Best Four Days in Gaming", Performance Racing Industry Show, and VFW Annual National Convention.

The CIB's primary objective, aside from the management and maintenance of its various facilities, is to build on the momentum of its convention and trade show business and continue to attract national and international sporting and other events to its facilities. A breakdown of current year events hosted and future events scheduled follows:

### **Current Year Events**

Fellowship of Catholic University Students (FOCUS) – SEEK, JAMfest! Super Nationals, Capitol Sports Volleyball Central Zone Invitational, Circle of Stars Gymnastics Invitational, Council for Exceptional Children Annual Convention, NTEA® Annual Convention & Green Truck Summit, WWETT Expo, World of Asphalt Show & Conference, Signature EquipoVision Winter and Summer Conventions, Nike Mideast Qualifier Volleyball, The Gospel Coalition National Conference, FENCETECH and IDAExpo, Property & Liability Resource Bureau Claims Conference & Insurance Services Expo, National Rifle Association Annual Meeting & Exhibits, OneAmerica 500 Festival Mini Marathon, FDIC® International, IUPUI Commencements, Do it Best Spring and Fall Markets, National Postal Forum Annual National Convention, , USA Volleyball Association Girls' Junior National Championship, POPCON, American Association of Nurse Practitioners National Conference, National Urban League Annual Conference, DCI Drum/Bugle Corps Tour Premiere and World Championships, Gen Con® "The Best Four Days in Gaming™", Team Beachbody® Coach Summit, Indiana ComicCon, The American Legion National Convention, United Pentecostal Church International General Conference, Walmart Annual Holiday Meeting, National FFA Convention & Expo, Monumental Health and Fitness Expo, Monster Jam, Supercross, National Football Scouting Combine, Music For All Super Regionals and Grand National Championship, Percussive Arts Society International Convention, Circle City Classic, Big Ten Football Championship and Fanfest, Indy Eleven Soccer, and Indianapolis Colts Football.

### **Major Events for 2020**

Archery Trade Association Annual Trade Show, JAMfest! Super Nationals, Capitol Sports Volleyball Central Zone Invitational, Circle of Stars Gymnastics Invitational, NTEA® Annual Convention & Green Truck Summit, WWETT Expo, Nike Mideast Qualifier Volleyball, American Coatings Show, AACN National Teaching Institute & Critical Care Exposition, 500 Festival Mini Marathon Expo, FDIC® International, Indiana ComicCon, IUPUI Commencements, Do it Best Spring and Fall Markets, International Dairy-Deli-Bakery Association, Seventh-Day Adventists 61<sup>st</sup> General Conference Session, Kiwanis International Convention, The Gospel Coalition National Women's Conference, Church of God International General Assembly, POPCON, Gen Con "The Best Four Days in Gaming", Revive Our Hearts "True Woman" National Women's Conference, The Esports Combine, Academy of Nutrition & Dietetics Annual Food & Nutrition Conference & Exhibits, Industrial Fabrics Association International IFAI Fabrics Expo, Guns N' Roses – 2020 Tour, Monumental Health and Fitness Expo, National FFA Convention & Expo, Juice Plus+ Fall Leadership Conference, Performance Racing Industry Show, Monster Jam, Supercross, National Football Scouting Combine, NCAA® Division I Men's Regional Basketball, DCI Drum/Bugle Corps Tour Premiere and World Championships, Percussive Arts Society International Convention, Music For All Super Regionals and Grand National Championship, Big Ten Football Championship and Fanfest, Indy Eleven Soccer, and Indianapolis Colts Football.

## Major Events for 2021

JAMfest! Super Nationals, Central Zone Invitational Volleyball, American Library Association Annual Midwinter National Meeting, Archery Trade Association Annual Trade Show, National Basketball Association NBA All-Star Fan Zone, Nike Mideast Qualifier Volleyball, NTEA® Work Truck Show and Green Truck Summit, FDIC® International, Experimental Biology Annual Meeting, Indiana ComicCon, IUPUI Commencement, Do it Best Spring and Fall Markets, Church of the Nazarene General Assembly, American Wind Energy Association WINDPOWER Conference & Exhibition, United Pentecostal Church International North American Youth Congress, Herbalife Nutrition Extravaganza, CEDIA EXPO, Railway Interchange, National FFA Convention & Expo, Society of Women Engineers National Conference, Performance Racing Industry Show, Monster Jam, National Football Scouting Combine, NCAA® Men's Final Four®, Supercross, DCI Drum/Bugle Corps Tour Premiere and World Championships, College Football Championship, Music For All Super Regionals and Grand National Championship, Big Ten Football Championship, Indy Eleven Soccer, and Indianapolis Colts Football.

## Indianapolis as a Destination

Often referred to as “the Crossroads of America,” Indianapolis is at the center of America’s heartland, with more interstates converging in the city than in any other city in the United States, a key selling point to draw groups to CIB facilities. Indiana benefits from its proximity to major markets and population centers - both nationally and internationally.

The Indianapolis International Airport, often named the best in the country, continues to work to increase the presence of airlines at the airport. The additions of nonstop flights to cities from coast to coast, as well as internationally, in recent years has made it more convenient for visitors to reach Indianapolis.

With more visitors coming to the city than ever before, the city has seen a strong growth in its culinary scene with new restaurants opening and restaurateurs expanding successful concepts. Neighborhoods like Mass Ave, Fountain Square, and Fletcher Place are bustling with foot and bike traffic from visitors looking to experience authentic Indianapolis fare. Fletcher Place’s Milktooth was named one of the best restaurants in the world by *Condé Nast Traveler*.

Indianapolis is the nation’s 16<sup>th</sup> largest city. According to the U.S. Census Bureau’s Statistics for 2018, the estimated population of Indianapolis is 867,125 and 2,048,703 for the Indianapolis Metropolitan Area. Indianapolis offers a multitude of cultural, educational, sporting, shopping and dining opportunities to both residents and visitors alike.

The Indy 500 celebrated its 103rd running in 2019, welcoming more than 300,000 fans to Indy. The Indianapolis Motor Speedway hosted several other major events including the Red Bull Air Race, the Brickyard 400, IndyCar Grand Prix and LPGA’s Indy Women in Tech Championship at the Brickyard Crossing. The NFL’s Indianapolis Colts, NBA’s Indiana Pacers, WNBA’s Indiana Fever, USL’s Indy Eleven, ECHL’s Indy Fuel hockey team, and IL’s AAA Indianapolis Indians baseball team are among the city’s other prominent sporting attractions, as well as countless amateur sporting events like the Big Ten Championship Football Game and the Men’s and Women’s Big Ten Basketball Tournaments.

The Indianapolis Cultural Trail and White River State Park offer two prominent attractions within walking distance of downtown hotels and CIB facilities. White River State Park is home to a scenic Central Canal Walk and seven major attractions, including the NCAA Headquarters and Hall of Champions, Indianapolis Zoo, Indiana State Museum, and the Eiteljorg Museum of American Indians and Western Art.

A short distance from downtown, visitors can enjoy the world's largest children's museum - the Children's Museum of Indianapolis, Indianapolis Motor Speedway, and Indianapolis Museum of Art at Newfields.

Indy's already robust arts and cultural scene continues to grow. Staples like the Indiana Repertory Theatre and Indianapolis Symphony Orchestra have been joined by First Friday gallery tours and smaller fringe theaters such as The Cabaret and Phoenix Theatre.

Indianapolis has garnered media attention for its livability, attractions, and way of life.

- #1 Convention City in the U.S. – *USA Today*
- Best Places to Go in 2020– *Frommers*
- Best Places to Visit in the US in 2020 - *Forbes*
- Airbnb's Hottest Cities - *Curbed*
- America's Favorite Places – *Travel + Leisure*
- America's Most Underrated City – *Forbes*
- #1 Airport in America – *Condé Nast Traveler*
- Best Airport in North America – *Airports Council International*

Indianapolis now welcomes more than 28.8 million visitors annually, providing \$5.4 billion in economic impact, producing \$1.26 billion in tax receipts, and generating 81,600 full-time-equivalent jobs in Central Indiana.

According to the Indiana Business Review, the Indianapolis-Carmel-Anderson economy continues to experience steady economic growth since the Great Recession ended. Unemployment, at 2.7% as of December, 2019, is low and below the national unemployment rate of 3.4% and job growth is steady. However, leading indicators suggest that 2020 will be a year of slower growth of between 1.5% and 2% for the Indianapolis-Carmel-Anderson metro area.

The hallmarks of the Indianapolis economy have long been its diversity and steady growth, which is part of the foundation of Indy's strong performance during the past several years. Indianapolis boasts of diverse strengths in the manufacturing, distribution, retail and service sectors while economic diversity keeps Indianapolis on a steady growth track. Additionally, Indiana's real estate availability affords a wide selection of available land, existing office space and industrial parks. Finally, many of the city's accomplishments, such as Victory Field, Bankers Life Fieldhouse, Circle Centre Mall, Lucas Oil Stadium, and the expanded Convention Center were all the result of successful partnerships between private and public sectors.

The stable economy and many attractions of Indianapolis, along with its central location within the nation, make it a prominent convention and tourist center and the reason it won the distinction of 'Best Convention City' by *USA TODAY* readers.

Visit Indy, Inc. (Visit Indy), the official "destination marketing organization" for Indianapolis, reports continued growth in convention market share since the completion of the ICCLOS expansion and the opening of the 1,012-room JW Marriott Indianapolis in 2011. In 2019, Visit Indy booked 840,899 future group hotel room-nights (conventions, major meetings, amateur sporting events in partnership with the Indiana Sports Corp., etc.).

Efforts to drive leisure travel to Indianapolis, which generates tax revenue for the CIB through hotel stays, food and beverage purchases, event tickets, car rentals and other spending, helped generate 1,282,155 Friday/Saturday non-group hotel room-nights in 2019. The ability to maintain or grow the city's convention and leisure business, and thus the CIB's tax and operations revenues, will be dependent in part on national/global economic conditions (which significantly influence travel), improvements to the visitor product in competitive cities, improvements to Indianapolis' own visitor product, and adequate resources to successfully promote the city and CIB assets.



## **Awards and Acknowledgements**

**Independent Audit:** The CIB has an annual audit of its financial statements performed by the Indiana State Board of Accounts. The independent auditor's report on the CIB's financial statements is included in the financial section of this report.

**Awards:** The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the CIB for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the 34th consecutive year that the CIB has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgements:** This report could not have been prepared without the assistance of numerous staff members and the Indiana State Board of Accounts.

Sincerely,



Andrew J. Mallon, Executive Director



Melina Kennedy, President

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Capital Improvement Board of Managers  
of Marion County, Indiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

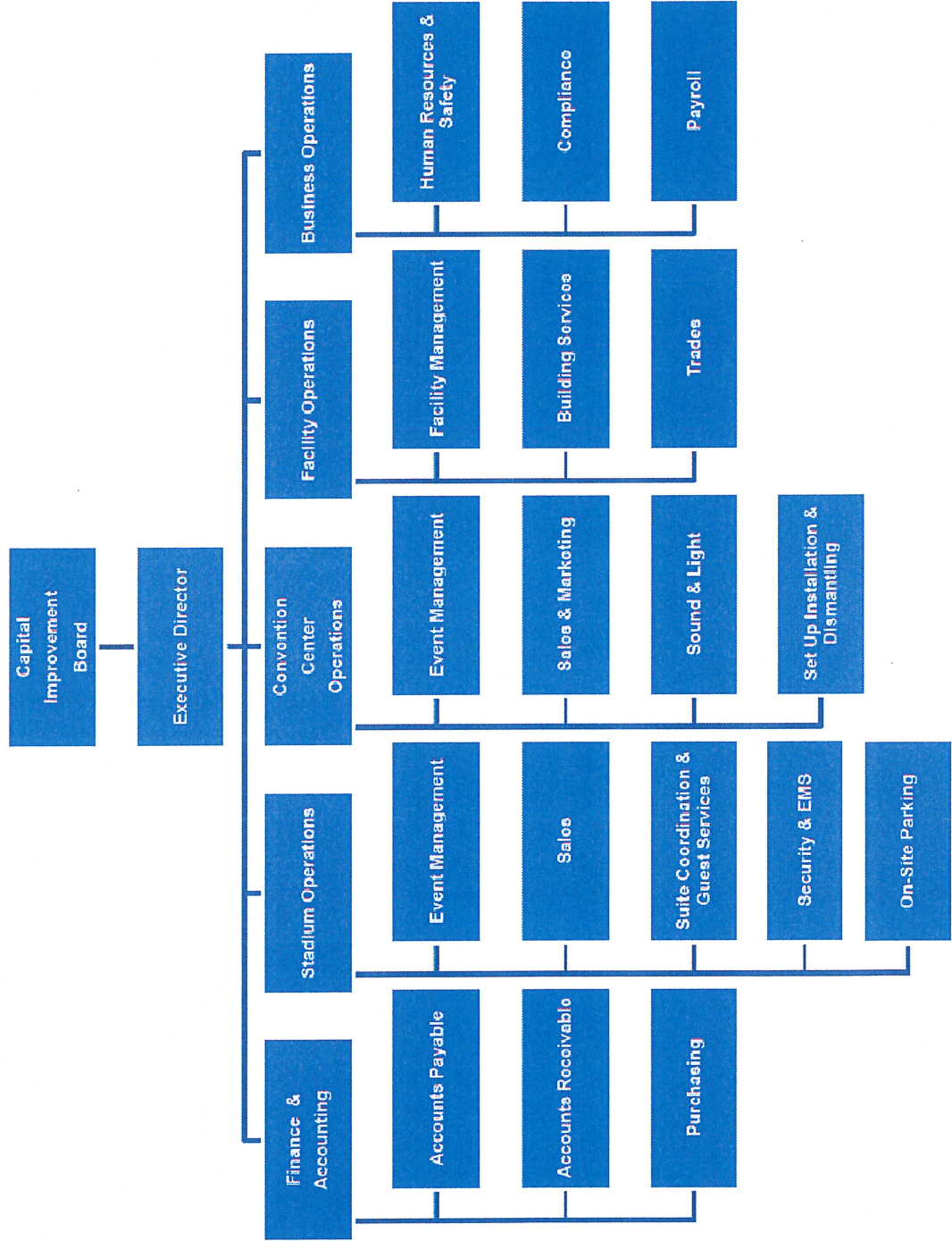
*Christopher P. Morill*

Executive Director/CEO

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# Capital Improvement Board of Managers of Marion County, Indiana

## Organization Table



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**Capital Improvement Board of Managers  
(of Marion County, Indiana)  
Principal Officers and Management**

Mayor, City of Indianapolis - The Honorable Joe Hogsett

**Board Members (during 2019)**

<b>Name</b>	<b>Title</b>	<b>Term Ending</b>	<b>Years of Service</b>	<b>Occupation</b>
Melina Kennedy	President	January 14, 2020	4	Vice President - Product Compliance and Regulatory Affairs at Cummins, Inc.
David E. Corbitt	Vice President	January 14, 2020	4	Partner, Krieg Devault LLP
Michael Terrell	Treasurer	January 14, 2020	4	Partner, Taft Stettinius & Hollister LLP
David Ruhmkorff	Secretary	January 14, 2020	4	International Vice President, IBEW Sixth District Office
Jim Dora, Jr.	Member	January 14, 2020	10	President & CEO, General Hotels Corporation
Sarah Fisher	Member	January 14, 2021	1	CEO and Owner, SMO Entertainment
Earl Goode	Member	January 14, 2021	1	Chief of Staff, Office of the Governor
Maggie Lewis	Member	January 14, 2020	8	City-County Councillor, District 10
Brenda Myers	Member	January 14, 2020	10	President & CEO, Hamilton County Tourism, Inc.

**Capital Improvement Board of Managers  
(of Marion County, Indiana)  
Principal Officers and Management (Continued)**

**Administrative Personnel**

<b>Name</b>	<b>Position</b>	<b>Years of Service</b>
Andy Mallon	Executive Director	1
Timothy M. Kuehr	Chief Financial Officer	6
Debbie Hennessey	Convention Center Director	7
Eric Neuburger	Stadium Director	3
Thomas L. Boyle	Director of Operations	25
Kobi M. Wright	Senior Staff Counsel and Business Operations Director	3

**Counsel to the Board** - Bingham Greenebaum Doll, LLP  
Indianapolis, Indiana



**Financial  
Section**

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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CAPITAL IMPROVEMENT BOARD  
OF MANAGERS OF MARION COUNTY, INDIANA

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Capital Improvement Board of Managers of Marion County (CIB), a component unit of the Consolidated City of Indianapolis - Marion County, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the CIB's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the CIB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CIB's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CIB, as of December 31, 2019 and 2018, and the respective changes in financial position and, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

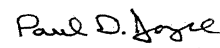
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of CIB's Proportionate Share of the Net Pension Liability, and Schedule of CIB Contributions, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CIB's basic financial statements. The accompanying Analysis of Certain Operating Expenses, and Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Analysis of Certain Operating Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Analysis of Certain Operating Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

  
Paul D. Joyce, CPA  
State Examiner

May 28, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### *Introduction*

The management of Capital Improvement Board of Managers of Marion County, Indiana ("CIB"), which is a component unit of the Consolidated City of Indianapolis-Marion County ("City") and conducts its business in the City, offers readers of the CIB's financial statements this narrative overview and analysis of the financial activities of the CIB for the fiscal years ended on December 31, 2019 and 2018. This Management's Discussion and Analysis is being presented to provide additional information regarding the activities of the CIB in connection with its financial statements and to meet the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The CIB is organized to finance, construct, equip, operate, and maintain capital improvements and thereby serve the convention and visitor industry and the commercial, industrial and cultural interests of Indiana and its citizens. This presently occurs principally through its operation of the Indiana Convention Center ("ICC") & Lucas Oil Stadium ("LOS"), and its use arrangements related to Victory Field and Bankers Life Fieldhouse.

### *Financial Highlights*

The following are some highlights from the CIB's financial statements for the year ended December 31, 2019:

- The CIB's financial position continued to improve in 2019. As was the case in 2018, the CIB ended 2019 with an increase in Net Position. The CIB's 2020 budget anticipates meeting 2020 expenditures with budgeted revenues and cash reserves.
- The CIB experienced a decrease in *Total assets and deferred outflows of resources* of about \$2.8 million, or .2% in 2019. *Current assets - unrestricted* increased by \$19.4 million primarily due to the increase in Accounts Receivable and Prepaid Expenses. *Current assets - restricted* decreased about \$4.0 million due to reductions in the stadium and convention center investment accounts, assets held for events, and state tax receivables. *Capital assets* decreased by about \$16.9 million due to depreciation expense, net of additions in 2019. *Other noncurrent assets* decreased by \$1.1 million due to the forgiveness of the Pacers note receivable balance. *Deferred outflows of resources* decreased by \$233 thousand due mainly to deferrals associated with the net pension liability.
- *Total liabilities and deferred inflows of resources* decreased by about \$59.4 million, or 5.9% in 2019. *Current liabilities* increased about \$6.8 million in 2019 largely due to an increase in accounts payable. *Noncurrent liabilities* decreased about \$65.1 million due to decreases in capital lease obligations and other bonds and notes payable. *Deferred inflows of resources* decreased by about \$1.1 million due mainly to amortization of deferred gains on debt refinancings.
- *Net position* increased by about \$56.6 million, or 14.8% in 2019.
- *Operating revenues* increased by \$1.0 million, or 3.1% in 2019, primarily due to increases in rental income, labor reimbursements and parking lot income.

- *Nonoperating revenues* increased by about \$12.1 million, or 6.8% in 2019 due to an increase in taxes and investment income and forgiveness of the Junior Subordinate loan of \$3.2 million.
- *Operating expenses* in 2019 decreased by approximately \$4.1 million, or 4.4%, in large part due to a decrease in depreciation expense, medical insurance expenses, and repairs and maintenance expenses.
- *Nonoperating expenses* increased by about \$1.7 million, or 2.1% due to an increase in the Bankers Life Fieldhouse operating expenses and reimbursements.

### ***Overview of Financial Statements***

This financial report of the CIB includes the following financial statements for the calendar years 2019 and 2018:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows

Also included are notes to the financial statements that provide more detailed data. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America promulgated by GASB.

The net position of the CIB is composed of three categories:

- *Net investment in capital assets* - this reflects the CIB's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The CIB uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the CIB's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- *Restricted* - this represents resources that are subject to external restrictions (which principally relate to trust agreements under which capital lease obligations and bonded indebtedness were incurred) on how they may be used.
- *Unrestricted* - this represents resources that may be used to meet the CIB's ongoing obligations to the public and creditors.

The Statement of Net Position reflects the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the CIB using the accrual basis of accounting. The CIB's net position represents one way to measure the CIB's financial health. In a general way, changes in net position that occur over time may also serve as an indicator of whether the financial position of the CIB is strengthening or softening. However, to assess the overall fiscal health of the CIB, readers of the CIB's financial statements should consider additional nonfinancial factors such as the ability of the CIB to retain and attract conventions, trade shows, tourism, sporting and cultural events and other activities that utilize the capital assets of the CIB; the general economic health and outlook in Indianapolis-Marion County in the hotel and motel, retail food and beverage and rental car industries, which are subject to certain local taxes that are committed to and financially support the CIB; and the general economic health and outlook locally (that is, Indianapolis-Marion County and the surrounding region) as well as nationally with regard to consumer appetite for scheduling, attending and supporting the events and activities at the facilities of the CIB.

## 2019 to 2018 Comparative Statements of Net Position

The comparative analysis below is a summary of the Statements of Net Position for the fiscal years ended December 31, 2019 and 2018:

	2019	2018	\$ Variance	% Variance
<b>Assets</b>				
Current assets - unrestricted	\$ 164,970	\$ 145,501	\$ 19,469	13.4 %
Current assets - restricted	149,610	153,649	(4,039)	(2.6)
Capital assets, net	1,039,995	1,056,899	(16,904)	(1.6)
Other noncurrent assets	24,950	26,012	(1,062)	(4.1)
Total assets	1,379,525	1,382,061	(2,536)	(0.2)
<b>Deferred Outflows of Resources</b>				
	822	1,055	(233)	(22.1)
Total assets and deferred outflows of resources	\$ 1,380,347	\$ 1,383,116	\$ (2,769)	(0.2)
<b>Liabilities</b>				
Current liabilities payable from unrestricted assets	\$ 14,505	\$ 8,072	\$ 6,433	79.7
Current liabilities payable from restricted assets	58,000	57,651	349	0.6
Noncurrent liabilities	862,142	927,254	(65,112)	(7.0)
Total liabilities	934,647	992,977	(58,330)	(5.9)
<b>Deferred Inflows of Resources</b>				
	5,178	6,250	(1,072)	(17.2)
Total liabilities and deferred inflows of resources	939,825	999,227	(59,402)	(5.9)
<b>Net Position</b>				
Net investment in capital assets	130,034	96,693	33,341	34.5
Restricted	144,051	145,275	(1,224)	(0.8)
Unrestricted	166,437	141,921	24,516	17.3
Total net position	440,522	383,889	56,633	14.8
Total liabilities, deferred inflows of resources and net position	\$ 1,380,347	\$ 1,383,116	\$ (2,769)	(0.2)

*Note:* Dollars above are in thousands.

The 2019 increase in *Current assets - unrestricted*, about \$19.5 million, or 13.4%, from the prior year is reflective of changes in the CIB's cash reserves, investments, receivables, and prepaids.

*Current assets - restricted* decreased by about \$4.0 million, or 2.6%, from the prior year, due to reductions in the stadium and convention center investment accounts, assets held for events, and state tax receivables.

*Capital assets* decreased by about \$16.9 million, or 1.6%, from the prior year. This decrease is due to depreciation expense of approximately \$38.5 million, which was offset by new capital asset additions 2019.

The decrease in *Other noncurrent assets* of \$1.0 million from the prior year is due to a portion of CIB's note receivable that was forgiven in 2019.

*Deferred outflows of resources* decreased by \$233 thousand, due to amounts associated with the CIB's net pension liability.

*Current liabilities payable from unrestricted assets* increased about \$6.4 million, or 79.7%, from the prior year due mainly to a \$2.7 million increase in accruals and a \$3.4 million increase in accounts payable.

*Current liabilities payable from restricted assets* increased \$349 thousand, or .6%, from the prior year. The current portion of long-term debt increased by approximately \$3.2 million, while funds held for others decreased by \$2.7 million.

*Noncurrent liabilities* decreased by about \$65.1 million, or 7.0%, from the prior year. The net decrease in noncurrent liabilities in 2019 is due to reductions of the capital lease obligations, the net pension liability, and other debt during the year.

*Deferred inflows of resources* decreased by \$1.1 million, or 17.2% from the prior year as a result of amortization of deferred gains on debt refinancing.

*Net position- Net investment in capital assets* increased about \$33.3 million, or 34.5%, in 2019, as a result of newly acquired capital assets and reductions of capital-related debt.

*Restricted net position* decreased about \$1.2 million, or .8%, in 2019, as a result of a decrease in cash equivalents held with fiscal agent. This represents tax revenues received to be used to pay down capital lease obligations.

The approximate \$24.5 million, or 17.3%, increase from the prior year in *Unrestricted net position* is primarily due to the increase in Other Accounts Receivable from the Bankers Life renovation reimbursement, increase in Prepaid Expenses, and payoff and loan forgiveness of the Treasurer of State Loan and Jr. Subordinate Note, respectively.



## 2018 to 2017 Comparative Statements of Net Position

The comparative analysis below is a summary of the Statements of Net Position for the fiscal years ended December 31, 2018 and 2017:

	2018	2017	\$ Variance	% Variance
<b>Assets</b>				
Current assets - unrestricted	\$ 145,501	\$ 136,264	\$ 9,237	6.8 %
Current assets - restricted	153,649	144,184	9,465	6.6
Capital assets, net	1,056,899	1,089,800	(32,901)	(3.0)
Other noncurrent assets	26,012	25,509	503	2.0
Total assets	<u>1,382,061</u>	<u>1,395,757</u>	<u>(13,696)</u>	<u>(1.0)</u>
<b>Deferred Outflows of Resources</b>	<u>1,055</u>	<u>2,289</u>	<u>(1,234)</u>	<u>(53.9)</u>
Total assets and deferred outflows of resources	<u>\$ 1,383,116</u>	<u>\$ 1,398,046</u>	<u>\$ (14,930)</u>	<u>(1.1)</u>
<b>Liabilities</b>				
Current liabilities payable from unrestricted assets	\$ 8,072	\$ 9,395	\$ (1,323)	(14.1)
Current liabilities payable from restricted assets	57,651	59,626	(1,975)	(3.3)
Noncurrent liabilities	927,254	979,356	(52,102)	(5.3)
Total liabilities	<u>992,977</u>	<u>1,048,377</u>	<u>(55,400)</u>	<u>(5.3)</u>
<b>Deferred Inflows of Resources</b>	<u>6,250</u>	<u>6,243</u>	<u>7</u>	<u>0.1</u>
Total liabilities and deferred inflows of resources	<u>999,227</u>	<u>1,054,620</u>	<u>(55,393)</u>	<u>(5.3)</u>
<b>Net Position</b>				
Net investment in capital assets	96,693	80,704	15,989	19.8
Restricted	145,275	132,419	12,856	9.7
Unrestricted	141,921	130,303	11,618	8.9
Total net position	<u>383,889</u>	<u>343,426</u>	<u>40,463</u>	<u>11.8</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,383,116</u>	<u>\$ 1,398,046</u>	<u>\$ (14,930)</u>	<u>(1.1)</u>

*Note:* Dollars above are in thousands.

The 2018 increase in *Current assets - unrestricted*, about \$9.2 million, or 6.8%, from the prior year is reflective of changes in the CIB's cash reserves, investments and receivables.

*Current assets - restricted* increased by about \$9.5 million, or 6.6%, from the prior year, due to increases in the stadium and convention center investment accounts, assets held for events, and the bid fund.

*Capital assets* decreased by about \$32.9 million, or 3.0%, from the prior year. This decrease is due to depreciation expense of approximately \$42.5 million, which was offset by new capital asset additions and in 2018.

The increase in *Other noncurrent assets* of \$.5 million from the prior year is due to a portion of CIB's note receivable that was forgiven in 2018.

*Deferred outflows of resources* decreased by about \$1.2 million, due to amounts associated with the CIB's net pension liability.

*Current liabilities payable from unrestricted assets* decreased about \$1.3 million, or 14.1%, from the prior year due mainly to a \$1.6 million decrease in accounts payable.

*Current liabilities payable from restricted assets* decreased about \$2.0 million, or 3.3%, from the prior year. The current portion of long-term debt increased by approximately \$1.4 million, while funds held for others decreased by \$3.3 million.

*Noncurrent liabilities* decreased by about \$52.1 million, or 5.3%, from the prior year. The net decrease in noncurrent liabilities in 2018 is due to reductions of the capital lease obligations, the net pension liability, and other debt during the year.

*Deferred inflows of resources* increased by \$7,000, or .1% from the prior year.

*Net investment in capital assets* increased about \$16.0 million, or 19.8%, in 2018, as a result of newly acquired capital assets and reductions of debt.

*Restricted net position* increased about \$12.9 million, or 9.7%, in 2018, as a result of an increase in cash equivalents held with fiscal agent. This represents tax revenues received to be used to pay down capital lease obligations.

The approximate \$11.6 million, or 8.9%, increase from the prior year in *Unrestricted net position* is primarily due to the increase in operating cash.

## 2019 to 2018 Comparative Statements of Revenues, Expenses and Changes in Net Position

The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended December 31, 2019 and 2018:

	2019	2018	\$ Variance	% Variance
<b>Operating Revenues</b>				
Rental income	\$ 10,542	\$ 10,276	\$ 266	2.6 %
Food service and concession commissions	4,488	5,236	(748)	(14.3)
Parking lot income	483	159	324	203.8
Labor reimbursements	17,740	16,457	1,283	7.8
Other operating income	2,092	2,168	(76)	(3.5)
Total operating revenues	<u>35,345</u>	<u>34,296</u>	<u>1,049</u>	<u>3.1</u>
<b>Nonoperating Revenues</b>				
Investment income	5,798	4,229	1,569	37.1
State and local taxes and other assistance	182,425	175,055	7,370	4.2
Other	3,208	-	3,208	-
Total nonoperating revenues	<u>191,431</u>	<u>179,284</u>	<u>12,147</u>	<u>6.8</u>
Total revenues	<u>226,776</u>	<u>213,580</u>	<u>13,196</u>	<u>6.2</u>
<b>Operating Expenses</b>				
Salaries and wages	15,292	14,834	458	3.1
Fringe benefits	5,033	6,515	(1,482)	(22.7)
Utilities	6,786	6,617	169	2.6
Repairs and maintenance	2,920	3,480	(560)	(16.1)
Insurance	1,585	1,243	342	27.5
Security	2,917	2,729	188	6.9
Contractual labor	7,364	7,256	108	1.5
Nondepreciable equipment, parts and supplies	4,674	4,375	299	6.8
Other	4,602	4,224	378	8.9
Depreciation and amortization	38,507	42,513	(4,006)	(9.4)
Total operating expenses	<u>89,680</u>	<u>93,786</u>	<u>(4,106)</u>	<u>(4.4)</u>
<b>Nonoperating Expenses</b>				
Interest expense	40,038	39,345	693	1.8
Compensation to Visit Indy, Inc.	13,058	12,678	380	3.0
Bankers Life Fieldhouse operating expenses and reimbursements	13,276	12,313	963	7.8
Pacers Basketball note receivable forgiveness	4,000	4,000	-	-
Colts inducements/Revenue Sharing and Day-of-Game expenses	5,500	5,500	-	-
Public safety support payments	2,296	2,168	128	5.9
Loss (Gain) on sale/disposal of capital assets	521	877	(356)	40.6
Other	2,322	2,450	(128)	(5.2)
Total nonoperating expenses	<u>81,011</u>	<u>79,331</u>	<u>1,680</u>	<u>2.1</u>
Total expenses	<u>170,691</u>	<u>173,117</u>	<u>(2,426)</u>	<u>(1.4)</u>
Capital Contributions	548	-	548	N/A
Increase in Net Position	56,633	40,463	16,170	40.0
Net Position, Beginning of Year	<u>383,889</u>	<u>343,426</u>	<u>40,463</u>	<u>11.8</u>
Net Position, End of Year	<u>\$ 440,522</u>	<u>\$ 383,889</u>	<u>\$ 56,633</u>	<u>14.8</u>

Note: Dollars above are in thousands.

*Total operating revenues* increased about \$1.0 million, or 3.1%. Labor reimbursements increased \$1.3 million, Rental income increased \$ 266 thousand, and Food service and concessions decreased \$748 thousand, in 2019 compared to 2018.

*Total nonoperating revenues* increased about \$12.1 million, or 6.8%, due to an increase in taxes and investment income and the forgiveness of the Junior Subordinate Note.

*Total operating expenses* decreased by \$4.1 million, or 4.4%. Fringe benefit costs decreased \$1.5 million due mainly to an addition to the medical accrual in 2018. Repairs and maintenance expense decreased \$560 thousand, and depreciation expense decreased \$4.0 million.

*Total nonoperating expenses* increased about \$1.7 million, or 2.1%. Bankers Life operating reimbursements increased \$963 thousand due to the new agreement with the Pacers that took effect in 2019. Interest expense increased by \$693 thousand due to higher interest rates.

*Capital contributions* increased by \$548 thousand in 2019.

## *2018 to 2017 Comparative Statements of Revenues, Expenses and Changes in Net Position*

The comparative analysis below is a summary of the Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended December 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>	<b>\$ Variance</b>	<b>% Variance</b>
<b>Operating Revenues</b>				
Rental income	\$ 10,276	\$ 11,167	\$ (891)	(8.0) %
Food service and concession commissions	5,236	6,066	(830)	(13.7)
Parking lot income	159	678	(519)	(76.5)
Labor reimbursements	16,457	17,716	(1,259)	(7.1)
Other operating income	2,168	2,502	(334)	(13.3)
Total operating revenues	<u>34,296</u>	<u>38,129</u>	<u>(3,833)</u>	<u>(10.1)</u>
<b>Nonoperating Revenues</b>				
Investment income	4,229	1,576	2,653	168.3
State and local taxes and other assistance	175,055	168,879	6,176	3.7
Other	-	5,227	(5,227)	(100.0)
Total nonoperating revenues	<u>179,284</u>	<u>175,682</u>	<u>3,602</u>	<u>2.1</u>
Total revenues	<u>213,580</u>	<u>213,811</u>	<u>(231)</u>	<u>(0.1)</u>
<b>Operating Expenses</b>				
Salaries and wages	14,834	14,437	397	2.7
Fringe benefits	6,515	5,805	710	12.2
Utilities	6,617	6,894	(277)	(4.0)
Repairs and maintenance	3,480	4,019	(539)	(13.4)
Insurance	1,243	1,159	84	7.2
Security	2,729	3,014	(285)	(9.5)
Contractual labor	7,256	6,896	360	5.2
Nondepreciable equipment, parts and supplies	4,375	3,502	873	24.9
Other	4,224	3,258	966	29.7
Depreciation and amortization	42,513	42,322	191	0.5
Total operating expenses	<u>93,786</u>	<u>91,306</u>	<u>2,480</u>	<u>2.7</u>
<b>Nonoperating Expenses</b>				
Interest expense	39,345	43,062	(3,717)	(8.6)
Compensation to Visit Indy, Inc.	12,678	12,308	370	3.0
Bankers Life Fieldhouse operating expenses and reimbursements	12,313	12,020	293	2.4
Pacers Basketball note receivable forgiveness	4,000	6,000	(2,000)	(33.3)
Colts inducements/Revenue Sharing and Day-of-Game expenses	5,500	5,590	(90)	(1.6)
Public safety support payments	2,168	2,099	69	3.3
Loss (Gain) on sale/disposal of capital assets	877	(3)	880	(29,333.3)
Other	2,450	2,705	(255)	(9.4)
Total nonoperating expenses	<u>79,331</u>	<u>83,781</u>	<u>(4,450)</u>	<u>(5.3)</u>
Total expenses	<u>173,117</u>	<u>175,087</u>	<u>(1,970)</u>	<u>(1.1)</u>
Capital Contributions	-	1,149	(1,149)	(100.0)
Increase in Net Position	40,463	39,873	590	1.5
Net Position, Beginning of Year	<u>343,426</u>	<u>303,553</u>	<u>39,873</u>	<u>13.1</u>
Net Position, End of Year	<u>\$ 383,889</u>	<u>\$ 343,426</u>	<u>\$ 40,463</u>	<u>11.8</u>

*Note:* Dollars above are in thousands.

*Total operating revenues* decreased about \$3.8 million, or 10.1%. Labor reimbursements decreased \$1.3 million and Rental income decreased \$.9 million in 2018 compared to 2017.

*Total nonoperating revenues* increased about \$3.6 million, or 2.1%, due to an increase in taxes and investment income.

*Total operating expenses* increased by \$2.5 million, or 2.7%. Legal services increased by \$.9 million and parts and supplies increased \$.8 million, while salaries and fringe benefit costs increased \$1.0 million.

*Total nonoperating expenses* decreased about \$4.4 million, or 5.3%. Interest expense decreased by \$3.7 million due to lower interest rates as well as debt payments being applied more toward principal than interest compared to 2017. Note receivable forgiveness decreased by \$2.0 million in 2018. Loss on disposal of capital assets increased by \$.9 million in 2018.

*Capital contributions* decreased by \$1.1 million as no capital contributions were received in 2018.

### ***Capital Asset and Debt Administration***

#### **Capital Assets**

As discussed, the CIB is organized to finance, construct, equip, operate, and maintain capital improvements and thereby serve the convention and visitor industry and the commercial, industrial and cultural interests of Indiana and its citizens. Because these assets are leased from other governmental units and ownership of the assets ultimately reverts to the CIB upon expiration or termination of these leases, they are accounted for as property owned under capital leases and are depreciated along with other assets owned by the CIB. Readers are referred to footnotes 4 and 5 to the financial statements for more detailed information on capital asset activity. These capital improvements (capital assets) consist primarily of the following:

#### **Indiana Convention Center & Lucas Oil Stadium**

Among the facilities managed by the CIB is a multi-purpose sports and convention facility, the Indiana Convention Center & Lucas Oil Stadium. Over the years, the ICC has been expanded to meet the ever-growing demand for convention space in Indianapolis, the capitol city of Indiana. As the lure of the City's many tourist, cultural and sports attractions grows around the country, so grows the appeal of Indianapolis for convention and trade show organizers. The Indiana Convention Center & Lucas Oil Stadium hosts numerous state and national conventions, trade shows, cultural and sporting events each year, bringing millions of visitors to Indianapolis and central Indiana.

The Indiana Convention Center & Lucas Oil Stadium were constructed, expanded and improved using a mix of private and public funds, including the proceeds from a number of tax-exempt and taxable bond offerings by Marion County Convention and Recreational Facilities Authority ("MCCRFA") and the Indiana Finance Authority ("IFA"). Lease agreements relating to these facilities secure the related bonds, along with certain state and local taxes which are used by the CIB to pay lease rentals. Such state and local taxes also secure certain bond and note indebtedness of the CIB and other lease obligations of the CIB related to other facilities.

In 2005, the CIB entered into a lease and other agreements with the Colts extending their relationship and commitment with the City of Indianapolis and setting forth the terms of their use of the CIB's facilities. The Colts will play their home NFL games in Indianapolis through their 2034 season. The CIB is obligated to operate, maintain and insure the Indiana Convention Center & Lucas Oil Stadium at its expense.

### Bankers Life Fieldhouse (formerly Conseco Fieldhouse)

Bankers Life Fieldhouse (including a connected parking facility) was completed in 1999 and is used for a variety of sporting events, concerts and other special events. Pacers Basketball, LLC, a National Basketball Association franchise (“Pacers”), is the exclusive operator of the facility. Other frequent users include the Indiana Fever (a Women’s National Basketball Association basketball franchise).

Bankers Life Fieldhouse was built using a mix of private and public funds, including the proceeds from a 1997 tax-exempt and taxable bond offering of MCCRFA. A lease agreement (between MCCRFA, as lessor, and the CIB, as lessee) related to Bankers Life Fieldhouse secures the related bonds, along with certain state and local taxes which are committed by the CIB to pay lease rentals.

In 2014, the CIB entered into an Amended and Restated Operating Agreement with the Pacers. In this amendment, the CIB secured a ten-year agreement with three one-year options. In addition, the language that would allow the Pacers to trigger an early termination right based on operating losses was removed. Language was added that would entitle the City of Indianapolis to a right of first offer. In exchange, the CIB agreed to assume certain operating expenses, such as off-site storage, general liability insurance, daily security and utilities. An annual operating payment of over \$7 million will be made to the Pacers and \$33.5 million will be provided in building improvements over the term of the agreement.

### Victory Field

MCCRFA completed construction of Victory Field in 1995. Victory Field is home to the Indianapolis Indians (“Indians”), a AAA minor league baseball franchise affiliated with the Pittsburgh Pirates organization.

Victory Field was built using a mix of public and private funds, including the proceeds from a taxable bond offering of MCCRFA. A lease agreement (between MCCRFA, as lessor, and the CIB, as lessee) related to Victory Field also secured the related bonds, along with certain state and local taxes which were committed by the CIB to pay lease rentals. In 2015, the CIB made its final lease payments in support of the underlying MCCRFA bonds, which were then paid in full. In anticipation of the reversion of title of Victory Field from MCCRFA to the CIB and thereafter to White River State Park Development Commission (“WRSP”) in 2016, a new lease agreement between WRSP and the CIB and a new sublease agreement between the CIB and the Indians were concurrently executed. See Note 11 for further information.

### Long-Term Debt

The CIB’s long-term debt is comprised of capital lease obligations, bond indebtedness and note indebtedness.

The CIB has acquired certain of its existing capital assets through capital leasing arrangements involving MCCRFA and, in 2005, began acquiring other capital assets through capital leasing arrangements involving the Indiana Office of Management and Budget (“IOMB”), the Indiana Stadium and Convention Building Authority (“ISCBA”), and the IFA (collectively and individually their interests being referred to in this discussion as “the State Leasing Entities”).

MCCRFA’s revenue bonds are payable solely from the respective trust estates under which they were issued and rely upon the receipt of debt service lease rentals to provide for their payment. The CIB’s lease payments to MCCRFA are funded and secured by a pledge of certain state and local tax revenues that varies depending on which debt is involved.

The IFA's revenue obligations are payable from and secured by ISCBA obligations that are supported by the ISCBA's leases with IOMB, as lessee, who in turn receives rent under subleases with the CIB, as sublessee. The CIB's lease payments to IOMB are funded and secured by a pledge of certain state and local tax revenues.

In addition to its lease obligations, the CIB has direct outstanding revenue bonds and note indebtedness of its own. Such borrowings were undertaken for a variety of purposes, including making certain capital improvements, meeting certain contractual commitments with recurring users of its facilities and providing working capital. Like its lease obligations, these indebtedness obligations are payable from, and secured by, certain state and local tax revenues, which pledges vary depending on which debt is involved. While the CIB has contractually agreed to certain debt-related limitations in connection with its capital lease obligations and bond indebtedness, certain provisions of Indiana law also limit the amount of bond and note indebtedness that it may incur.

Readers are referred to footnotes 5, 6, 7 and 8 to the financial statements for more detailed information on long-term debt activity and associated funding mechanisms.

### ***Economic Factors and Other Matters***

With the ICC expansion as a key driver, Indianapolis tourism and convention business continued to grow in 2019. As a convention and tourism business, the CIB is charged with the public purpose of promoting and publicizing Indianapolis and the central Indiana region. It continues to pursue this core purpose. The CIB's focus for the business of the ICC & LOS in 2020 includes maximizing the use of the facilities by concentrating on hosting large trade show events, consideration of its available rentable space (and amenities) to meet demand (and effectively compete with other national offerings) and minimizing the wear and tear on facilities (by proactively and continuously undertaking maintenance and repairs).

There are no events scheduled for CIB facilities that have been cancelled for 2020 that would adversely affect operations. Regardless, the CIB will pursue continuing efforts, including the CIB's marketing relationships with Visit Indy, to attract new and recurring conventions, trade shows, sports, tourism, cultural events and other activities to its facilities and in the Central Indiana region.

### ***Requests for Information***

This financial report is designed to provide a general overview of the CIB's finances and to demonstrate the CIB's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, your inquiries should be directed to:

Finance and Accounting Department  
Capital Improvement Board of Managers  
of Marion County, Indiana  
100 South Capitol Avenue  
Indianapolis, Indiana 46225-1071



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**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Statements of Net Position**  
**December 31, 2019 and 2018**

	2019	2018
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
<b>Unrestricted Assets</b>		
Cash and cash equivalents	\$ 114,411,856	\$ 113,828,549
Cash equivalents held with fiscal agent	3,208,664	3,204,793
Investments	16,674,369	19,333,045
Interest receivable	19,316	28,520
Accounts receivable	10,513,789	4,037,921
Current portion of note receivable	4,000,000	4,000,000
Prepaid expenses and other	16,141,859	1,067,704
Total unrestricted assets	164,969,853	145,500,532
<b>Restricted Assets</b>		
Cash and cash equivalents	16,670,913	18,990,950
Cash equivalents held with fiscal agent	87,927,464	103,637,829
Interest receivable	84,680	19,664
Receivable from State of Indiana	29,677,123	31,001,340
Prepaid Interest	15,250,307	-
Total restricted assets	149,610,487	153,649,783
Total current assets	314,580,340	299,150,315
<b>Noncurrent Assets</b>		
Investments	14,950,251	12,012,359
Note receivable	10,000,000	14,000,000
Nondepreciable capital assets	139,245,836	131,436,303
Depreciable capital assets, net	900,748,922	925,462,337
Total noncurrent assets	1,064,945,009	1,082,910,999
Total assets	1,379,525,349	1,382,061,314
<b>Deferred Outflows of Resources</b>	821,806	1,055,016
Total assets and deferred outflows of resources	\$ 1,380,347,155	\$ 1,383,116,330

	<u>2019</u>	<u>2018</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
<b>Payable From Unrestricted Assets</b>		
Accounts payable	\$ 12,823,926	\$ 6,673,175
Unearned revenue	211,849	105,671
Accrued expenses and withholdings	720,182	732,992
Current portion of grants payable	750,000	500,000
Accrued interest payable	-	59,792
Total current liabilities payable from unrestricted assets	<u>14,505,957</u>	<u>8,071,630</u>
<b>Payable From Restricted Assets</b>		
Funds held for others	2,632,333	5,314,480
Rental deposits	2,133,094	2,254,742
Accrued interest payable	793,762	805,349
Current portion of long-term debt	52,440,493	49,276,814
Total current liabilities payable from restricted assets	<u>57,999,682</u>	<u>57,651,385</u>
Total current liabilities	<u>72,505,639</u>	<u>65,723,015</u>
<b>Noncurrent Liabilities</b>		
Grants payable to Indiana Sports Corp. & Indiana Economic Development	1,750,000	2,000,000
Bonds and notes payable	2,842,959	17,311,247
Capital leases payable	850,726,264	900,829,226
Net pension liability	6,822,643	7,113,413
Total noncurrent liabilities	<u>862,141,866</u>	<u>927,253,886</u>
Total liabilities	934,647,505	992,976,901
<b>Deferred Inflows of Resources</b>		
	<u>5,177,981</u>	<u>6,250,442</u>
Total liabilities and deferred inflows of resources	<u>939,825,486</u>	<u>999,227,343</u>
<b>Net Position</b>		
Net investment in capital assets	130,033,796	96,692,413
Restricted		
For debt service	129,368,147	128,995,773
For capital projects	5,000,000	5,000,000
For facility operating costs	3,507,168	5,508,889
For economic development	6,175,983	5,770,550
Unrestricted	166,436,575	141,921,362
Total net position	<u>440,521,669</u>	<u>383,888,987</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,380,347,155</u>	<u>\$ 1,383,116,330</u>

**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2019 and 2018**

	2019	2018
<b>Operating Revenues</b>		
Rental income	\$ 10,541,862	\$ 10,276,422
Food service and concession commissions	4,487,573	5,235,852
Parking lot income	483,147	159,456
Labor reimbursements	17,739,674	16,457,193
Other operating income	2,092,423	2,167,306
	35,344,679	34,296,229
<b>Operating Expenses</b>		
Salaries and wages	15,292,189	14,833,240
Fringe benefits	5,032,664	6,514,734
Utilities	6,786,372	6,617,112
Repairs and maintenance	2,919,659	3,480,358
Insurance	1,585,035	1,242,962
Security	2,917,306	2,729,125
Contractual labor	7,363,651	7,256,424
Nondepreciable equipment, parts and supplies	4,673,722	4,376,071
Other	4,602,300	4,223,734
Depreciation and amortization	38,507,216	42,512,851
	89,680,114	93,786,611
<b>Operating Loss</b>	(54,335,435)	(59,490,382)
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	5,797,979	4,229,415
State and local taxes and other assistance	182,424,551	175,055,487
Interest expense	(40,037,978)	(39,345,466)
Compensation to Visit Indy, Inc.	(13,058,088)	(12,677,755)
Bankers Life Fieldhouse operating expenses and reimbursements	(13,276,092)	(12,312,930)
Pacers Basketball note receivable forgiveness	(4,000,000)	(4,000,000)
Inducements/revenue sharing to Indianapolis Colts	(3,500,000)	(3,500,000)
Indianapolis Colts' Day-of-Game expenses	(2,000,000)	(2,000,000)
Grants to other organizations	(2,306,570)	(850,000)
Public safety support payments	(2,296,404)	(2,168,306)
Loss on sale/disposal of capital assets	(520,531)	(877,131)
Other	3,193,233	(1,600,000)
	110,420,100	99,953,314
<b>Increase in Net Position Before Capital Contributions</b>	56,084,665	40,462,932
<b>Capital Contributions</b>	548,017	-
<b>Increase in Net Position</b>	56,632,682	40,462,932
<b>Net Position, Beginning of Year</b>	383,888,987	343,426,055
<b>Net Position, End of Year</b>	\$ 440,521,669	\$ 383,888,987

**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	2019	2018
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and users	\$ 26,229,918	\$ 31,757,736
Payments to suppliers and others	(28,568,774)	(30,953,463)
Payments to employees	(20,503,879)	(21,260,629)
Net cash used in operating activities	(22,842,734)	(20,456,356)
<b>Cash Flows From Noncapital Financing Activities</b>		
Payments to Visit Indy, Inc.	(13,058,088)	(12,677,755)
State and local taxes and other assistance	84,262,011	76,129,039
Grants paid to other organizations	(2,306,570)	(1,450,000)
Bankers Life Fieldhouse operating expenses and reimbursements	(13,276,092)	(12,312,929)
Payments out of Bid Fund	(15,000)	(1,600,000)
Public safety support payments	(2,296,404)	(2,168,306)
Payments to Indianapolis Colts	(5,500,000)	(5,500,000)
Net cash provided by noncapital financing activities	47,809,857	40,420,049
<b>Cash Flows From Capital and Related Financing Activities</b>		
Principal paid on long-term liabilities	(58,276,814)	(47,860,211)
Interest paid on long-term liabilities	(41,019,107)	(40,399,446)
Acquisition of capital assets	(18,292,674)	(10,643,625)
Prepayment of capital lease	(29,771,460)	-
Proceeds from sale of capital assets	-	1,629
State and local taxes and other assistance	99,486,757	96,754,160
Net cash used in capital and related financing activities	(47,873,298)	(2,147,493)
<b>Cash Flows From Investing Activities</b>		
Purchase of investment securities	(4,748,265)	(23,773,927)
Proceeds from sales and maturities of investment securities	4,713,099	24,145,000
Interest received on investment securities and cash equivalents	5,498,117	4,050,720
Net cash provided by investing activities	5,462,951	4,421,793
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	(17,443,224)	22,237,993
<b>Cash and Cash Equivalents, Beginning of Year</b>	239,662,121	217,424,128
<b>Cash and Cash Equivalents, End of Year</b>	\$ 222,218,897	\$ 239,662,121

**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Noncash Noncapital Financing Activities</b>		
Forgiveness of Pacers Basketball note receivable	\$ 4,000,000	\$ 4,000,000
<b>Noncash Capital and Related Financing Activities</b>		
Capital assets acquisitions included in accounts payable	3,664,787	381,613
Loss on disposal of assets	(520,531)	(878,760)
Increase in capital lease obligation	7,531	11,600
Long-term debt forgiven	3,142,000	-
Amortization of deferred gains and loss on lease refinancings	979,695	1,046,121
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (54,335,435)	\$ (59,490,382)
Adjustment to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	38,507,216	42,512,851
Nondepreciable equipment expense funded by capital lease obligation	7,531	11,600
Change in assets and liabilities		
Accounts receivable	(6,475,868)	857,637
Prepaid expenses	(553,002)	254,766
Deferred outflows related to pensions	171,682	1,616,771
Accounts payable	2,867,577	(1,286,697)
Unearned revenue	106,178	(90,419)
Accrued expenses and withholdings	(12,810)	147,155
Funds held for others	(2,682,147)	(3,274,979)
Rental deposits	(121,648)	(43,080)
Deferred inflows related to pensions	(31,238)	670,803
Net pension liabilities	(290,770)	(2,342,382)
Net cash used in operating activities	\$ (22,842,734)	\$ (20,456,356)

**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 1: Summary of Significant Accounting Policies**

The Capital Improvement Board of Managers (of Marion County, Indiana) (“CIB”) is a municipal body created under Indiana Code (“IC”) 36-10-9 and is governed by a nine-member board. Five of the nine board members are appointed by the Mayor of the City of Indianapolis, two are appointed by the Governor of the State of Indiana, one is appointed by the City-County Council of the Consolidated City of Indianapolis-Marion County, a unified form of government commonly referred to as “Unigov” (“City-County Council”) and one is appointed jointly by majority vote of a body consisting of one member of the board of the county commissioners of each county in which a food and beverage tax is in effect under IC 6-9-35 on January 1 of the appointment. The governments of the City of Indianapolis and Marion County, Indiana have been consolidated and operate under one elected City-County Council. The CIB has no stockholders or equity holders and all revenues and other receipts must be deposited and disbursed in accordance with provisions of this statute. The CIB is authorized to finance, construct, equip, operate and maintain any capital facilities or improvements of general public benefit or welfare which would tend to promote cultural, recreational, public or civic well-being of the community. Facilities used in sports, recreation and convention activities are leased and/or operated by the CIB in downtown Indianapolis.

***Reporting Entity***

The CIB is considered to be a component unit of the Consolidated City of Indianapolis-Marion County. The CIB has based this determination upon the fact that Unigov is financially accountable for the CIB and its operations. Financial accountability is evidenced by the following:

- a. The Mayor of Indianapolis, acting in his capacity as the executive of both the City and the County, appoints a voting majority of the CIB’s governing body;
- b. Unigov, through its elected City-County Council approves the CIB’s budget and may, at its discretion, choose to modify it;
- c. The CIB is fiscally dependent upon Unigov in that it may not issue revenue bond or general obligation bond debt without approval by the Mayor of Indianapolis and the City-County Council.

***Measurement Focus and Basis of Accounting and Financial Reporting***

The CIB is a business-type activity that prepares its financial statements on the accrual basis and economic resources measurement focus in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash, Cash Equivalents and Investments***

For purposes of the statements of cash flows, the CIB considers all highly liquid investments (including those that are held with fiscal agent and/or are restricted) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value (generally based upon quoted market prices).

***Receivable From State of Indiana***

The receivable from the State of Indiana represents certain derived tax revenues and fees accrued in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This balance is comprised of the following at December 31:

	<b>2019</b>	<b>2018</b>
State and local taxes	\$ 29,436,043	\$ 30,745,180
Specialty license plate fees	241,080	256,160
	\$ 29,677,123	\$ 31,001,340

***Restricted Assets***

Pursuant to Indiana statutes and the provisions of the CIB's Amended and Restated Capital Improvement Bond Fund Revenue Deposit Agreement and Amended and Restated Stadium and Convention Special Fund Revenue Deposit Agreement, certain tax revenues (state and local) and fees are allocated to the CIB and are pledged to secure and pay installments of rent under certain lease and sublease agreements and other obligations of the CIB discussed later in the notes.



**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

***Capital Assets***

Purchased capital assets are stated at cost. Donated capital assets and capital assets received in a service concession arrangement are stated at fair market value. Depreciation is charged as an expense of operations using the straight-line method. The CIB uses a capitalization threshold of \$20,000 for recording individual capital assets. Estimated useful lives used to compute depreciation are as follows:

	Years
Buildings and improvements	10-50
Land Improvements	10-20
Equipment, furniture and fixtures and other	3-25

The CIB capitalizes interest as a component of construction in progress, based on interest costs of borrowings specifically for the project. There was no interest capitalized during 2019 or 2018.

***Compensated Absences***

Employees earn vacation time based on their anniversary date. Employees may carry over from the previous year any accrued unused vacation days. No employee may have more than 30 unused vacation days on December 31 of any year. The CIB has recorded a current liability of \$476,238 and \$449,838 for accrued vacation and related benefits at December 31, 2019 and 2018, respectively, as these benefits are expected to be used within one year. No accrual for employees' sick pay or personal time is recorded since employees are not paid for unused sick leave or personal time upon termination of employment.

***Cost-Sharing Defined-Benefit Pension Plan***

The CIB participates in a cost-sharing multiple-employer defined-benefit pension plan ("Plan"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Original Issue Discounts and Premiums***

Original issue discounts and premiums on bonds are amortized using the interest method over the life of the bonds to which they relate.

**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

***Deferred Outflows of Resources***

As of December 31, 2019 and 2018, deferred outflows of resources consisted of the following:

	<u>2019</u>	<u>2018</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 210,671
Changes in assumptions - pension	1,519	16,948
Changes in proportion and differences between contributions recognized and proportionate share of contributions - pension	6,377	44,832
Difference between expected and actual experience - pension	180,661	93,030
CIB's contributions made subsequent to the measurement date of the net pension liability	602,060	596,818
Deferred loss on capital lease refinancing	<u>31,189</u>	<u>92,717</u>
Total deferred outflows of resources	<u>\$ 821,806</u>	<u>\$ 1,055,016</u>

***Deferred Inflows of Resources***

As of December 31, 2019 and 2018, deferred inflows of resources consisted of the following:

	<u>2019</u>	<u>2018</u>
Changes in proportion and differences between contributions recognized and proportionate share of contributions - pension	\$ 131,384	\$ 84,140
Difference between expected and actual experience - pension	322,489	486
Changes in assumptions - pension	741,672	1,142,157
Deferred gains on capital lease refinancings	<u>3,982,436</u>	<u>5,023,659</u>
Total deferred inflows of resources	<u>\$ 5,177,981</u>	<u>\$ 6,250,442</u>

***Revenue and Expense Recognition***

Operating revenues of the CIB are derived primarily from convention, trade show, sporting and other special events held at the Indiana Convention Center & Lucas Oil Stadium and consist mainly of rental income, food service and concession commissions and labor reimbursements. All expenses that relate to operating the Indiana Convention Center & Lucas Oil Stadium facilities are considered to be operating expenses of the CIB. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses or capital contributions.

When both restricted and unrestricted resources are available for use, it is the CIB's policy to use restricted resources first, then unrestricted resources as they are needed.

# Capital Improvement Board of Managers (of Marion County, Indiana)

(A Component Unit of the Consolidated City of Indianapolis-Marion County)

## Notes to Financial Statements

December 31, 2019 and 2018

### **Annual Budget**

The CIB incurs operating and capital expenditures only as provided in its approved budget. The CIB is required by law to adopt an operating and capital budget, which in total cannot be increased by the CIB without the approval of the City-County Council. While the CIB also budgets for certain debt service costs, payment of these costs does not require City-County Council approval. The CIB prepares its annual budget on the modified accrual basis, while the accompanying financial statements are on the accrual basis.

### **Net Position**

The CIB financial statements utilize a net position presentation. The components of net position are categorized as follows:

- *Net investment in capital assets* - this reflects the CIB's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The CIB uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the CIB's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- *Restricted* - this represents resources that are subject to restrictions (which principally relate to trust agreements under which capital lease obligations and bonded indebtedness were incurred) on how they may be used.
- *Unrestricted* - this represents resources that may be used to meet the CIB's ongoing obligations to the public and creditors.

### **Adoption of New Accounting Standard**

The CIB implemented GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* and GASB Statement No. 90, *Majority Equity Interests* during 2019. The implementation of these new standards did not impact net position or the change in net position of the CIB as of or for the year ended December 31, 2019, and did not result in any material fiduciary activities upon adoption.

### **Reclassifications**

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on the change in net position.

**Capital Improvement Board of Managers**  
**(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 2: Cash, Cash Equivalents and Investments**

***Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the CIB's deposits may not be returned to it. The CIB's deposit policy for custodial credit risk requires compliance with the provisions of Indiana statutes.

The CIB's cash deposits are insured up to \$250,000 at financial institutions insured by the Federal Deposit Insurance Corporation's ("FDIC"). Any cash deposits in excess of the \$250,000 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund ("Fund") via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

***Type of Investments Authorized***

Indiana statutes generally authorize the CIB to invest in United States obligations and issues of federal agencies, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, municipal securities of Indiana issuers that have not defaulted during the previous 20 years, certificates of deposit and open-end money market mutual funds.

The maturity ranges for the CIB's investment securities at December 31, 2019 and 2018 follow:

	<b>2019</b>		
	<b>Total Fair Value</b>	<b>Less Than 1 Year</b>	<b>1-2 Years</b>
U.S. Government-sponsored enterprise securities			
Federal Home Loan Bank	\$ 3,453,664	\$ 3,453,664	\$ -
Total U.S. Government-sponsored enterprise securities	3,453,664	3,453,664	-
U.S. Treasury notes/bonds	28,170,956	13,220,705	14,950,251
State external investment pool	31,400,166	31,400,166	-
Money market mutual funds	117,884,242	117,884,242	-
	<u>\$ 180,909,028</u>	<u>\$ 165,958,777</u>	<u>\$ 14,950,251</u>

# Capital Improvement Board of Managers (of Marion County, Indiana)

(A Component Unit of the Consolidated City of Indianapolis-Marion County)

## Notes to Financial Statements

December 31, 2019 and 2018

	2018		
	Total Fair Value	Less Than 1 Year	1-2 Years
U.S. Government-sponsored enterprise securities			
Federal Home Loan Bank	\$ 6,842,576	\$ 3,452,537	\$ 3,390,039
Total U.S. Government-sponsored enterprise securities	6,842,576	3,452,537	3,390,039
U.S. Treasury notes/bonds	24,502,828	15,880,508	8,622,320
State external investment pool	30,722,622	30,722,622	-
Money market mutual funds	144,413,490	144,413,490	-
	\$ 206,481,516	\$ 194,469,157	\$ 12,012,359

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the CIB is limited to investing in securities with a stated maturity of not more than five years after the date of purchase or entry into a repurchase agreement, as defined by Indiana Code. The CIB's investment policy for interest rate risk requires compliance with the provisions of Indiana statutes. The investment policy expires on February 7, 2021. Money market mutual funds are considered to have a maturity of less than one year because they are immediately redeemable in full.

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The CIB's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Further, Indiana statutes require that if the CIB invests in money market mutual funds, the underlying securities be rated AAAM by Standard and Poor's or Aaa by Moody's Investor's Service. The U.S. Government-sponsored enterprise securities are rated AA+/Aaa and the money market mutual funds are rated AAA/Aaa. The investments in the state external investment pool are not rated.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the CIB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The CIB's open-end money market mutual funds and the state external investment pool were not subject to custodial credit risk at December 31, 2019 and 2018, as their existence is not evidenced by securities that exist in physical or book entry form. The CIB's investment policy states that collateral securities and securities underlying repurchase agreements are to be held by an independent third party.

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**Concentration of Credit Risk** - All deposits of funds must be made with at least two financial institutions. The amount of funds on deposit in any one depository should not exceed the lesser of \$70 million or 60% of CIB's total investable funds. Except for securities backed by the US Treasury, money market mutual funds and interest-bearing deposit accounts, the CIB's total portfolio should consist of not more than 20% of any other type of investment.

**Foreign Currency Risk** - This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The CIB's investment policy prohibits foreign investments.

### **Summary of Carrying Values**

Deposits and investment securities included in the statements of net position are classified as follows:

	<b>2019</b>	<b>2018</b>
Carrying value		
Deposits	\$ 72,934,489	\$ 64,526,009
Investments	180,909,028	206,481,516
	\$ 253,843,517	\$ 271,007,525
Cash and cash equivalents		
Current - unrestricted	\$ 117,620,520	\$ 117,033,342
Current - restricted	104,598,377	122,628,779
Total cash and cash equivalents	222,218,897	239,662,121
Investment securities		
Current - unrestricted	16,674,369	19,333,045
Noncurrent - unrestricted	14,950,251	12,012,359
Total investment securities	31,624,620	31,345,404
	\$ 253,843,517	\$ 271,007,525

### **Investment Income**

Investment income for the years ended December 31, 2019 and 2018 consisted of:

	<b>2019</b>	<b>2018</b>
Interest and dividend income	\$ 5,395,848	\$ 4,025,903
Realized gain on investments	225,569	52,759
Unrealized gain on investments	176,562	150,753
	\$ 5,797,979	\$ 4,229,415

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**Cash Restrictions**

Cash, cash equivalents and investment securities are restricted as follows:

	<u>2019</u>	<u>2018</u>
Operating reserve - rental deposits	\$ 2,133,094	\$ 2,254,742
Bid fund	6,175,983	5,770,550
Bond fund	7,499,286	7,398,255
Renewal and replacement	5,000,000	5,000,000
Stadium and convention center sublease accounts	2,365,133	31,434,732
Stadium and convention center sublease reserve account	78,063,045	64,804,842
Box office	1,902,830	4,663,302
Meridian Center parking fund	1,459,006	1,302,356
	<u>\$ 104,598,377</u>	<u>\$ 122,628,779</u>

**Note 3: Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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### Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

At December 31, 2019

Fair Value Measurements Using

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
State external investment pools	\$ 31,400,166	\$ -	\$ -	\$ -	\$ 31,400,166
U.S. Government-sponsored enterprise securities	3,453,664	-	3,453,664	-	-
U.S. Treasury notes/bonds	28,170,956	28,170,956	-	-	-
Money market mutual funds	117,884,242	117,884,242	-	-	-
	<u>180,909,028</u>	<u>146,055,198</u>	<u>3,453,664</u>	<u>-</u>	<u>31,400,166</u>

At December 31, 2018

Fair Value Measurements Using

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
State external investment pools	\$ 30,722,622	\$ -	\$ -	\$ -	\$ 30,722,622
U.S. Government-sponsored enterprise securities	6,842,576	-	6,842,576	-	-
U.S. Treasury notes/bonds	24,502,828	24,502,828	-	-	-
Money market mutual funds	144,413,490	144,413,490	-	-	-
	<u>206,481,516</u>	<u>168,916,318</u>	<u>6,842,576</u>	<u>-</u>	<u>30,722,622</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.



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Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2019 and 2018.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Money market mutual funds invest in short-term debt securities and seek to provide greater returns than cash deposits. There are no unfunded commitments or restrictions on redemptions.

***Investments at NAV***

The State External Investment Pool (TrustINDiana) seeks to allow local units of government, as well as the State of Indiana, to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment. The Indiana Treasurer of State has been designated by statute as the administrator of the pool and the Deputy Treasurer of State maintains general oversight over the daily operation of the pool. The unit of account is each share held and the value of the CIB's position is equal to the fair value of the pool's share price multiplied by the number of shares held. There are no unfunded commitments or restrictions on redemptions.

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### Note 4: Capital Assets

A summary of changes to capital assets for the year ended December 31, 2019 and 2018 follows:

	Beginning Balance January 1, 2019	Transfers and Additions	Transfers and Disposals	Ending Balance December 31, 2019
Capital assets, not being depreciated:				
Land and land improvements	\$ 129,708,665	\$ 34,467	\$ -	\$ 129,743,132
Construction in progress	1,727,638	9,242,084	(1,467,018)	9,502,704
Total capital assets, not being depreciated	<u>131,436,303</u>	<u>9,276,551</u>	<u>(1,467,018)</u>	<u>139,245,836</u>
Capital assets, being depreciated:				
Buildings and improvements	1,302,216,500	3,243,392	-	1,305,459,892
Land improvements	5,561,070	552,245	-	6,113,315
Equipment, furniture and fixtures and other	110,109,579	10,518,694	(4,063,439)	116,564,834
Total capital assets, being depreciated	<u>1,417,887,149</u>	<u>14,314,331</u>	<u>(4,063,439)</u>	<u>1,428,138,041</u>
Less accumulated depreciation for:				
Buildings and improvements	(403,108,135)	(34,286,896)	-	(437,395,031)
Land improvements	(3,475,496)	(150,779)	-	(3,626,275)
Equipment, furniture and fixtures and other	(85,841,181)	(4,069,541)	3,542,909	(86,367,813)
Total accumulated depreciation	<u>(492,424,812)</u>	<u>(38,507,216)</u>	<u>3,542,909</u>	<u>(527,389,119)</u>
Total capital assets, being depreciated, net	<u>925,462,337</u>	<u>(24,192,885)</u>	<u>(520,530)</u>	<u>900,748,922</u>
Capital assets, net	<u>\$ 1,056,898,640</u>	<u>\$ (14,916,334)</u>	<u>\$ (1,987,548)</u>	<u>\$ 1,039,994,758</u>
	<b>Beginning Balance January 1, 2018</b>	<b>Transfers and Additions</b>	<b>Transfers and Disposals</b>	<b>Ending Balance December 31, 2018</b>
Capital assets, not being depreciated:				
Land and land improvements	\$ 129,854,628	\$ -	\$ (145,963)	\$ 129,708,665
Construction in progress	1,225,994	1,727,638	(1,225,994)	1,727,638
Total capital assets, not being depreciated	<u>131,080,622</u>	<u>1,727,638</u>	<u>(1,371,957)</u>	<u>131,436,303</u>
Capital assets, being depreciated:				
Buildings and improvements	1,299,902,124	10,055,014	(7,740,638)	1,302,216,500
Land improvements	6,013,148	931,675	(1,383,753)	5,561,070
Equipment, furniture and fixtures and other	115,205,860	3,487,692	(8,583,973)	110,109,579
Total capital assets, being depreciated	<u>1,421,121,132</u>	<u>14,474,381</u>	<u>(17,708,364)</u>	<u>1,417,887,149</u>
Less accumulated depreciation for:				
Buildings and improvements	(369,729,749)	(38,619,979)	5,241,593	(403,108,135)
Land improvements	(4,673,620)	(185,628)	1,383,752	(3,475,496)
Equipment, furniture and fixtures and other	(87,998,186)	(6,332,141)	8,489,146	(85,841,181)
Total accumulated depreciation	<u>(462,401,555)</u>	<u>(45,137,748)</u>	<u>15,114,491</u>	<u>(492,424,812)</u>
Total capital assets, being depreciated, net	<u>958,719,577</u>	<u>(30,663,367)</u>	<u>(2,593,873)</u>	<u>925,462,337</u>
Capital assets, net	<u>\$ 1,089,800,199</u>	<u>\$ (28,935,729)</u>	<u>\$ (3,965,830)</u>	<u>\$ 1,056,898,640</u>

Accumulated depreciation includes amortization of property and equipment acquired under capital lease obligations.

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### Note 5: Capital Leases Payable

Financing for a substantial portion of the CIB's capital projects has been obtained from the Indiana Finance Authority ("IFA") and the Marion County Convention and Recreational Facilities Authority ("MCCRFA") as hereafter described in greater detail.

The IFA issued approximately \$666,500,000 in Lease Appropriation Bonds (Series 2005A, 2007A and 2008A) for purposes of financing the costs of constructing Lucas Oil Stadium ("LOS") and approximately \$329,200,000 in Lease Appropriation Bonds (Series 2008A, 2009A and 2009B) in relation to expanding the Indiana Convention Center ("ICC Expansion"). The IFA loaned the resulting bond proceeds to the Indiana Stadium and Convention Building Authority ("ISCBA"), which was created for the purposes of acquiring, constructing, equipping, owning, leasing and financing facilities for lease to, or for the benefit of, a capital improvement board.

In connection with the above, legislation was passed in 2005 by the State of Indiana, which generally increased the percentages and, in some cases, expanded the areas of application for certain existing excise taxes ("2005 New Excise Tax Revenues"), increased the amount of revenues to be captured within the existing Professional Sports Development Area ("2005 PSDA Revenues") and established certain new fees. This legislation is further explained later in these notes.

The ISCBA leases the LOS and ICC Expansion through December 31, 2040 under separate Lease Agreements ("Stadium Lease Agreement" and "Convention Center Lease Agreement") to the Indiana Office of Management and Budget ("IOMB"). The IOMB, in turn, subleases LOS and the ICC Expansion under separate Sublease Agreements ("Stadium Sublease Agreement" and "Convention Center Sublease Agreement") to the CIB.

Sublease rentals are payable solely from, and are secured exclusively by a pledge of, the 2005 New Excise Tax Revenues, the 2005 PSDA Revenues and certain fees as later described in these notes, and starting in 2028 (following retirement of the previously outstanding lease and bond obligations of the CIB), certain of the CIB's existing state and local tax assistance revenues. Such amounts are pledged in accordance with an Amended and Restated Stadium and Convention Special Fund Revenue Deposit Agreement between the CIB, IOMB, the ISCBA, the IFA, the Indiana State Budget Director and the Deposit Trustee. Payment by the Deposit Trustee to the Stadium Bond or Convention Center Bond Trustee for the purpose of paying sublease rental payments under the Subleases constitutes lease rentals under the Leases and payment of amounts due under the respective loan agreements.

MCCRFA was created pursuant to IC 36-10-9.1 and is authorized thereunder to acquire one or more capital improvements from the CIB or other local governments, by purchase or lease and to fund or refund indebtedness incurred on account of such capital improvements to enable the respective government to make a savings on its debt service obligations.

Pursuant to its Master Lease Agreement with MCCRFA, the CIB is leasing a portion of the Indiana Convention Center through June 1, 2029. Under a separate Master Lease Agreement II, the CIB is leasing Bankers Life Fieldhouse (a multi-purpose arena) and an adjacent parking garage.

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Under each of the Master Lease and Sublease Agreements, the CIB has the option to purchase the leased facilities at a price equal to the amount required to provide for payment or redemption of all related outstanding debt obligations. Also, the CIB is obligated to pay certain expenses and all costs to operate, insure and maintain the leased facilities. The CIB's Master Lease and Sublease payment obligations are payable from and secured by a pledge of certain state and local taxes to be received by the CIB. Certain lease obligations have specific or senior liens on some of the state and local taxes.

A number of MCCRFA bond refundings have resulted in the restructuring of the CIB's Master Lease Agreements with MCCRFA. These transactions are described in the paragraphs that follow.

In May 2012, the CIB recorded a deferred outflow of resources of \$1,959,928 on the restructuring of its Master Lease Agreement with MCCRFA, which will be amortized over the period ending 2021. The restructuring was the result of the issuance of MCCRFA's Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2012A (the "2012A Senior Bonds"). The 2012A Senior Bonds were issued to refund a portion of MCCRFA's Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2003A. As a result of this refunding transaction, the CIB was able to restructure its lease obligation to MCCRFA and reduce its aggregate debt service payments by approximately \$3,000,000 and obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$2,950,000.

In relation to a 2003 refunding transaction for MCCRFA, the CIB recorded a deferred inflow of resources of \$2,445,312 on the restructuring of its Master Lease Agreement with MCCRFA, which was being amortized into income over the period ending in 2021. Due to the aforementioned 2012 refunding, \$675,456 of the then unamortized balance of \$809,010 of the 2003 deferred inflow of resources was included in the determination of the 2012 deferred outflow of resources on the restructuring of the Master Lease Agreement.

In November 2011, the CIB recorded a deferred inflow of resources of \$12,340,306 on the restructuring of its Master Lease Agreement II with MCCRFA, which will be amortized into income over the period ending 2026. The restructuring was the result of the issuance of MCCRFA's Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 2011A (the "2011A Subordinate Bonds"). The 2011A Subordinate Bonds were issued to refund MCCRFA's Excise Taxes Lease Rental Revenue Refunding Subordinate Bonds, Series 1997A. As a result of this refunding transaction, the CIB was able to restructure its lease obligation to MCCRFA and reduce its aggregate debt service payments by approximately \$11,640,000 and obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$11,320,000.

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In June 2011, the CIB recorded a deferred inflow of resources of \$910,000 on the restructuring of its Master Lease Agreement with MCCRFA, which will be amortized into income over the period ending in 2026. The restructuring was the result of the issuance of MCCRFA's Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011B ("2011B Senior Bonds"). The 2011B Senior Bonds were issued to refund MCCRFA's Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 1997A. As a result of this refunding transaction, the CIB was able to restructure its lease obligation to MCCRFA and reduce its aggregate debt service payments by approximately \$1,590,000 and obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$1,050,000.

In April 2011, the CIB recorded a deferred inflow of resources of \$2,100,896 on the restructuring of its Master Lease Agreement with MCCRFA, which will be amortized into income over the period ending in 2020. The restructuring was the result of the issuance of MCCRFA's Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2011A ("2011A Senior Bonds"). The 2011A Senior Bonds were issued to refund MCCRFA's Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2001A. As a result of this refunding transaction, the CIB was able to restructure its lease obligation to MCCRFA and reduce its aggregate debt service payments by approximately \$3,200,000 and obtain an economic gain (difference between the present values of the old and new debt service payments) of approximately \$3,080,000.

Assets held under these capital leases include substantially all of the CIB's land and depreciable capital assets. See Note 4 for a breakdown of assets by major asset class.

Future minimum lease payments at December 31, 2019, together with the present value of the net minimum lease payments, are as follows:

2020	\$ 88,127,907
2021	88,613,146
2022	86,625,289
2023	84,722,980
2024	84,723,980
2025-2029	353,988,023
2030-2034	284,365,523
2035-2039	174,464,678
Total future minimum lease payments	<u>1,245,631,526</u>
Amount representing interest	<u>(344,794,769)</u>
Present value of minimum lease payments	900,836,757
Current portion of capital lease obligations	<u>(50,110,493)</u>
Total long-term portion of capital lease obligations	<u>\$ 850,726,264</u>

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**Note 6: Long-Term Debt**

Long-term debt of the CIB (excluding capital lease obligations) consists of the following:

***Junior Subordinate Notes***

Under a borrowing arrangement executed in 1998, certain civic-minded local businesses (“Junior Lenders”) began lending to the CIB pursuant to junior notes certain funds paid to them from Circle Center Limited Partnership (an activity and investment that had civic origins and was unrelated to the CIB) for the purpose of assisting with the financing of Bankers Life Fieldhouse and other CIB activities. The Junior Lenders lent certain income and other proceeds that they received from their respective interests in Circle Centre Partners Limited Partnership. These notes were issued as junior obligations with a payment right similar to MCCRFA’s bondholders except they are, in all respects, subordinate.

The notes matured on December 31, 2017, with the exception of one note that was extended to December 31, 2022. Interest was earned at a per annum rate equal to a rolling monthly average of the yield on 13-week United States Treasury Bills and was payable annually. The notes could be prepaid at the CIB’s option at any time without penalty.

During 2019, the junior lenders forgave the remaining note in the aggregate amount of \$3,142,000. The aggregate balance of these loans at December 31, 2019 and 2018 was \$0 and \$3,142,000, respectively. Accrued and unpaid interest on these notes at December 31, 2019 and 2018 amounted to \$0 and \$59,792, respectively.

***Series 1999A Bonds***

During 1999, the CIB issued \$25,805,000 of Excise Taxes Revenue Subordinate Bonds, Series 1999A (the “1999A Subordinate Bonds”), and \$23,800,000 of Excise Taxes Revenue Subordinate Refunding Notes, Series 1999A (collectively, the “1999 Subordinate Bonds”). A portion of the proceeds from these debt issues was used to finance certain renovations and improvements to the Indiana Convention Center and the CIB’s former domed stadium facility, while the remaining proceeds were used to prepay a prior loan to the Colts. The Subordinate Refunding Notes were paid off in 2008. Information regarding the remaining Series 1999A Subordinate Bonds at December 31, 2019 and 2018 follows:

	<b>2019</b>	<b>2018</b>
Term bonds, maturing June 1, 2021. Interest at 5%, due semiannually on June 1 and December 1	\$ 5,175,000	\$ 7,395,000
Unamortized discount	(2,041)	(5,753)
	\$ 5,172,959	\$ 7,389,247
Total Series 1999A Subordinate Bonds		

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***Treasurer of State Junior Subordinate Notes***

The CIB entered into a Note Purchase Agreement with the Treasurer of the State of Indiana. On December 15, 2009, the CIB completed an initial State Treasurer Loan and issued a note (“2009 Note”) in the amount of \$9,000,000, bearing interest at a per annum rate of 5.25% with a maturity date of December 15, 2019. The note was reissued in July 2010 with an interest rate of 4.25% and again in November 2011 with an interest rate of 3%. The outstanding principal balance on the 2009 Note was paid in full during 2015.

On December 15, 2010, the CIB completed a second State Treasurer Loan and issued a note (“2010 Note”) in the amount of \$9,000,000, bearing interest at 3.46% with a maturity date of December 15, 2020. This note was reissued in November 2011 with an interest rate of 3%. Interest payments are required to be made annually thereafter on each December 1.

During 2015, the CIB established a bid fund, in accordance with Indiana Code 5-13-10.5-18 (as amended), to be used to assist the CIB, the Indianapolis Convention and Visitors Association (“Visit Indy, Inc.”) or the Indiana Sports Corporation in securing conventions, sporting events and other special events. In conjunction with the creation of the bid fund, the outstanding principal balance on the 2009 Note was required to be paid in full. Additionally, the interest payments due on the 2009 Note (had such note not been prepaid in 2015) were placed into the bid fund.

Also in conjunction with the creation of the bid fund as described above, all principal and interest payments that would otherwise be made on the 2010 Note shall be deposited into the bid fund, on an annual basis. The term of the 2010 Note was also extended from 2020 to 2025. If the CIB deposits amounts into the bid fund equal to the payments of principal and interest that would otherwise be due under the repayment schedule on the 2010 Note, the CIB is only required to repay the principal amount of the obligation to the Treasurer of the State of Indiana.

On July 25, 2019, the CIB made payment of the \$9,000,000 balance of the 2010 Note.

The debt service requirements to maturity for long-term debt of the CIB (excluding capital lease obligations) are as follows at December 31, 2019:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2,330,000	200,500	2,530,500
2021	2,845,000	71,125	2,916,125
	<u>\$ 5,175,000</u>	<u>\$ 271,625</u>	<u>\$ 5,446,625</u>

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**Note 7: Changes in Long-Term Obligations**

The following is a summary of long-term obligation transactions for the CIB for the years ended December 31, 2019 and 2018:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Current Portion
Long-term obligations					
Junior Subordinate Notes	\$ 3,142,000	\$ -	\$ (3,142,000)	\$ -	\$ -
Subordinate Bonds, Series 1999A	7,395,000	-	(2,220,000)	5,175,000	2,330,000
Treasurer of State Junior Subordinate Notes, Series 2010A	9,000,000	-	(9,000,000)	-	-
Capital Leases	947,886,040	7,531	(47,056,814)	900,836,757	50,110,493
Bond Discount	(5,753)	-	3,712	(2,041)	-
Net Pension Liability	7,113,413	1,528,022	(1,818,792)	6,822,643	-
Grants Payable	2,500,000	500,000	(500,000)	2,500,000	750,000
	<u>\$ 977,030,700</u>	<u>\$ 2,035,553</u>	<u>\$ (63,733,894)</u>	<u>\$ 915,332,359</u>	<u>\$ 53,190,493</u>
	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Current Portion
Long-term obligations					
Junior Subordinate Notes	\$ 3,142,000	\$ -	\$ -	\$ 3,142,000	\$ -
Subordinate Bonds, Series 1999A	9,510,000	-	(2,115,000)	7,395,000	2,220,000
Treasurer of State Junior Subordinate Notes, Series 2010A	9,000,000	-	-	9,000,000	-
Capital Leases	993,619,652	11,600	(45,745,212)	947,886,040	47,056,814
Bond Discount	(11,058)	-	5,305	(5,753)	-
Net Pension Liability	9,455,795	1,627,311	(3,969,693)	7,113,413	-
Grant Payable	3,000,000	-	(500,000)	2,500,000	500,000
	<u>\$ 1,027,716,389</u>	<u>\$ 1,638,911</u>	<u>\$ (52,324,600)</u>	<u>\$ 977,030,700</u>	<u>\$ 49,776,814</u>



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## **Note 8: State and Local Taxes and Other Assistance**

A summary of the various sources of state and local taxes and other assistance received by the CIB follows. These include certain Excise Taxes, PSDA Revenues, Ticket Fees, Specialty License Plate Fees and interlocal funding.

Excise Taxes consist of the Marion County Innkeeper's Tax, the Marion County Food and Beverage Tax, the Marion County Admissions Tax, the Marion County Supplemental Auto Rental Excise Tax, the Regional County Food and Beverage Tax and the Indiana Cigarette Tax, all of which are described in greater detail below.

### ***Marion County Innkeeper's Tax***

Since 1997, a 6% Marion County Innkeeper's Tax (the "Original Marion County Innkeeper's Tax") has been levied on every person engaged in the business of renting or furnishing, for periods of less than 30 days, any lodgings in any hotel, motel, inn, tourist camp, tourist cabin, or any other place in which lodgings are regularly furnished for a consideration. This tax is applied in addition to the Indiana Gross Retail and Use Taxes imposed under these circumstances. In accordance with IC 6-9-8 (as amended), one-sixth of the Innkeeper's Tax of 6% is to be used solely to fund lease rental payments (Senior or Subordinate) or other obligations related to convention center expansion projects.

The Marion County Innkeeper's Tax was increased in 2005 by an additional 3% (the "2005 Marion County Innkeeper's Tax") and again in 2009 (effective September 1, 2009) by an additional 1% (the "2009 Marion County Innkeeper's Tax").

### ***Marion County Food and Beverage Tax***

Since 1981, a 1% Marion County Food and Beverage Tax (the "Original Marion County Food and Beverage Tax") has been imposed on the gross retail income received by a retail merchant from any transaction within Marion County in which food or beverage is furnished, prepared or served. However, it does not apply to transactions exempt from Indiana Gross Retail Tax, as defined under Indiana statutes.

The Marion County Food and Beverage Tax was increased in 2005 by an additional 1% (the "2005 Marion County Food and Beverage Tax").

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***Marion County Admissions Tax***

Since 1997, a 5% Marion County Admissions Tax (the “Original Marion County Admissions Tax”) has been imposed on each person who pays a price of admission to certain events held in a facility financed in whole or in part by bonds or notes issued under IC 18-4-17 (before its repeal), IC 36-10-9 or IC 36-10-9.1. As stated in IC 6-9-13, the tax equals 5% of the price of admissions to such an event and is paid with the price of admission. Generally, events sponsored by educational, religious, political and charitable organizations are exempt.

The Marion County Admissions Tax was increased in 2005 by an additional 1% (the “2005 Marion County Admissions Tax”), and again in 2013 (effective March 1, 2013) by an additional 4% (the “2013 Marion County Admissions Tax”).

***Marion County Supplemental Auto Rental Excise Tax***

Since 1997, a 2% Marion County Supplemental Auto Rental Excise Tax (the “Original Marion County Supplemental Auto Rental Excise Tax”) has been imposed under IC 6-6-9.7 on the rental of certain passenger motor vehicles and trucks at a rate equal to 2% of the gross retail income received by a retail merchant for the rental. Certain exclusions apply.

The Marion County Supplemental Auto Rental Excise Tax was increased in 2005 by an additional 2% (the “2005 Marion County Supplemental Auto Rental Excise Tax”). Additionally, it was increased in 2013 (effective March 1, 2013) by an additional 2% (the “2013 Marion County Supplemental Auto Rental Excise Tax”).

***Regional County Food and Beverage Tax***

In 2005, a 1% Regional County Food and Beverage Tax was established (the “2005 Regional County Food and Beverage Tax”) by six of the counties surrounding Marion County, those being Boone, Johnson, Hamilton, Hancock, Hendricks and Shelby. The food and beverage tax, equal to 1%, is imposed on the gross retail income resulting from any transaction in which food or beverage is furnished, prepared or served by a retail merchant for consideration and for consumption at a location, or on equipment, provided by the retail merchant, including transactions in which food or beverage is served by a retail merchant off its premises. This tax is in addition to the Indiana Gross Retail Tax.

As long as there are any obligations owed by the CIB to the ISCBA or any state agency under a lease or other agreement entered into between the CIB and the ISCBA or any state agency, the CIB receives one-half of the amounts received from the 1% Regional County Food and Beverage Tax up to annual maximum of \$5 million.

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***Indiana Cigarette Tax***

IC 6-7 provides that the CIB shall receive \$350,000 annually from receipts of the Indiana Cigarette Tax. This tax is levied on each person who first sells, uses, consumes, handles or distributes cigarettes. The rate of tax depends upon the weight of the cigarettes and also applies to all cigarette papers, wrappers or tubes made or prepared for the purpose of making cigarettes to be sold, exchanged, bartered, given away or otherwise disposed of within Indiana.

***Original Excise Tax Revenues***

The Original Marion County Innkeeper's Tax, Original Marion County Food and Beverage Tax, Original Marion County Admissions Tax, Original Marion County Supplemental Auto Rental Excise Tax and the CIB's Indiana Cigarette Tax receipts (collectively, the "Original Excise Tax Revenues") are distributed to the CIB and are used to pay its outstanding obligations (other than those relating to LOS and the ICC Expansion) and otherwise further its operating purposes.

***2005 New Tax Revenues***

Currently, the 2005 Marion County Innkeeper's Tax, 2005 Marion County Food and Beverage Tax, 2005 Marion County Admissions Tax, 2005 Marion County Supplemental Auto Rental Excise Tax and 2005 Regional County Food and Beverage Tax receipts and, then starting in 2028 following retirement of the previously outstanding lease and bond obligations of the CIB, certain of the CIB's original state and local assistance tax revenues (collectively, the "2005 New Tax Revenues"), are to be distributed to the CIB and used to pay obligations relating to LOS and the ICC Expansion.

***Professional Sports Development Area Revenues***

Pursuant to IC 36-7-31, the Metropolitan Development Commission of the City of Indianapolis, Indiana, and of Marion County, Indiana (the "Commission"), may establish a professional sports development area which may include any facility (a) used in the training of a team engaged in professional sports events, or (b) financed in whole or in part by notes or bonds issued by a political subdivision or issued under the CIB's or the IFA's enabling act and used to hold a professional sporting event. Certain state and local taxes generated in the area are allocated to a professional sports development area fund and can be used to finance the construction and equipping of a designated capital improvement used for a professional sporting event. The taxes which may be allocated to the PSDA Fund include the Indiana Gross Retail Tax, the Indiana Use Tax, the Indiana Adjusted Gross Income Tax imposed on an individual, the Local Income Tax and the 2% Marion County Food and Beverage Tax as previously described (the "Covered Taxes").

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In 1997, the Commission adopted a resolution establishing the Marion County PSDA and the State Budget Agency approved such resolution. All Covered Taxes generated within the designated area are to be deposited into the PSDA Fund (the “Original PSDA Revenues”); provided, however, that the total amount of state revenue (i.e., Indiana Gross Retail Tax, Indiana Use Tax and Indiana Adjusted Gross Income Tax) captured by the PSDA may not exceed \$5,000,000 per year for 20 consecutive years (the “State PSDA Cap”). The Original PSDA Revenues are distributed to the CIB to be used to pay obligations relating to Bankers Life Fieldhouse.

In 2005, the PSDA was expanded to include the LOS site such that, commencing July 1, 2007, there may be captured in the PSDA up to \$11,000,000 per year in Covered Taxes comprising state revenues for up to 34 consecutive years ending December 31, 2040 (the “PSDA Revenues Increase”) in addition to the up to \$5,000,000 in Covered Taxes comprising state revenues originally to be captured in the PSDA. Such action also permitted the original \$5,000,000 per year State PSDA Cap to be extended beyond the original 20 years (which would have expired in 2017) to January 1, 2041 (the “Post-2017 Original PSDA Revenues”), so that the maximum amount of state revenue that may be captured by the PSDA is \$16,000,000 per year. The Post-2017 Original PSDA Revenues and the PSDA Revenues Increase are collectively referred to as the 2005 PSDA Revenues. The 2005 PSDA Revenues are distributed to the CIB to be used to pay obligations relating to LOS and the ICC Expansion.

The Covered Taxes to be collected within the tax area include the following:

Descriptions of Tax	IC Section	Current Rate
Indiana Gross Retail Tax	6-2.5-2-2	7.00% (generally)
Indiana Use Tax	6-2.5-3-3	7.00% (generally)
Indiana Adjusted Gross Income Tax for Individuals	6-3-2-1	3.23%
Marion County Local Income Tax for Individuals (resident and nonresident)	6-3.6-4-1	2.02%
Marion County Food and Beverage Tax	6-9-12-5	2.00%

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The Indiana Gross Retail Tax is imposed on all retail transactions made in Indiana. The person acquiring property in Indiana is liable for the tax, but retail merchants are responsible for collecting the tax. The Indiana Gross Retail Tax is imposed, at the time of sale, on the amount of gross retail income received by the retail merchant.

The Indiana Use Tax is imposed on the storage, use, or consumption of tangible personal property in Indiana. The Indiana Use Tax is similar to the Indiana Gross Retail Tax in that it is measured by the gross retail income received from a retail transaction and is computed using the same rates.

The Indiana Adjusted Gross Income Tax is imposed on both individuals (resident and nonresident) and corporations. The tax is applied to the adjusted gross income, as defined under Indiana statutes, of all resident individuals and to the part of the adjusted gross income derived from sources within Indiana of all nonresident individuals.

The Local Income Tax is imposed on the Indiana adjusted gross income of individual resident and nonresident county taxpayers of Marion County.

As noted previously, the Marion County Food and Beverage Tax is generally imposed on the gross retail income received by a retail merchant from any transaction within Marion County in which food or beverage is furnished, prepared or served.

The total amount of Indiana Gross Retail Tax, Indiana Use Tax and Indiana Adjusted Gross Income Tax for Individuals to be captured and deposited into the PSDA fund is limited. However, Marion County taxes are not limited.

In 2009, the Commission adopted a resolution expanding the Marion County PSDA and the State Budget Agency approved such resolution. The Commission resolution designates certain hotel, motel, or multi-brand complex of hotels and motels with significant meeting space that are located in the 2009 Tax Area Addition. By this designation and effective July 1, 2009, all Covered Taxes (except for Marion County Food and Beverage Taxes) generated from such hotel and motel facilities in the 2009 Tax Area Addition (the "2009 PSDA Revenues") are captured and distributed to the CIB to be used to pay operating expenses of the CIB facilities; provided, however, that the total amount captured by the PSDA expansion may not exceed \$8,000,000 per year. The 2009 Tax Area Addition designation expires January 1, 2041.

The expanded PSDA currently includes: (1) Bankers Life Fieldhouse, (2) the Indiana Convention Center & Lucas Oil Stadium, (3) Victory Field, (4) the Indianapolis Colts Practice Facility and (5) the area in Indianapolis bounded on the east by Illinois Street, on the south by Maryland Street, and on the west and north by Washington Street, as those streets were located on June 1, 2009 (the "2009 Tax Area Addition").

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***2009 New Tax Revenues***

The new 2009 Marion County Innkeeper's Tax receipts and 2009 PSDA Revenues (collectively, "the 2009 New Tax Revenues") are to be distributed to the CIB and are restricted to paying operating expenses of the CIB facilities.

***2013 New Tax Revenues***

The new 2013 Marion County Admissions Tax and 2013 Marion County Supplemental Auto Rental Excise Tax receipts are to be distributed to the CIB and are restricted to paying operating expenses of the CIB facilities.

In connection with a Public Safety Support Agreement dated March 1, 2013, between the CIB and the Consolidated City of Indianapolis-Marion County, the CIB paid to the Consolidated City of Indianapolis-Marion County 100% of the revenue from these increases for the first twelve months the increases were in effect. Thereafter, the CIB is to pay to the Consolidated City of Indianapolis-Marion County 25% of the revenue from these increases, but not to exceed \$3,000,000 annually. The term of the Public Safety Support Agreement extends to February 28, 2021 and thereafter automatically renews for additional four-year periods until terminated.

***Specialty License Plate Fees***

The Indiana Bureau of Motor Vehicles issues a National Football League franchised football team license plate as a specialty group recognition license plate, featuring the name and logo of the Indianapolis Colts. An annual fee of twenty dollars (\$20) is charged for the license plate in addition to standard license plate fees and is collected by the Indiana Bureau of Motor Vehicles at the time the plate is sold.

***Interlocal Agreement***

In 2010, an Interlocal Cooperation Agreement was established pursuant to which the Metropolitan Development Commission of Marion County, Indiana, acting in its capacity as the Redevelopment Commission of the City of Indianapolis, Indiana (the "Redevelopment Commission"), provides \$8,000,000 of funding annually to the CIB to further their mutual purposes, including to better assure the CIB's funding sources for Visit Indy, Inc. Visit Indy, Inc. is an important body through which the convention and visitor industry and the commercial, industrial and cultural interests of Indianapolis and its citizens are promoted and publicized, including the CIB's capital improvements. The CIB received \$8,000,000 of funding in 2019 and 2018. The agreement renews annually and assumes the same terms and level of funding, subject to certain factors, including, the availability of funds, and unless either party gives a six-month termination notice prior to the end of the annual cycle.

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**Summary of State and Local Taxes and Other Assistance**

State and local taxes and other assistance received or accrued by the CIB in 2019 and 2018 include the following components:

	<u>2019</u>	<u>2018</u>
Marion County food and beverage (1%)	\$ 26,002,526	\$ 25,449,939
Innkeeper's tax (5%)	30,209,153	28,423,045
Innkeeper's tax (1%)	6,041,831	5,684,609
Auto rental excise tax (2%)	2,702,759	2,969,768
Admissions tax (5%)	8,085,872	7,797,876
Cigarette tax	350,000	350,000
PSDA tax allocation	5,913,846	4,673,725
Total Original Excise Taxes and Original PSDA Revenues	<u>79,305,987</u>	<u>75,348,962</u>
Marion County food and beverage (1%)	26,002,526	25,449,939
Regional food and beverage (1%)	5,160,509	4,839,492
Innkeeper's tax (3%)	18,125,492	17,053,827
Auto rental excise tax (2%)	2,702,759	2,969,768
Admissions tax (1%)	1,617,174	1,559,575
PSDA tax allocation	17,657,735	16,559,182
Total 2005 New Tax Revenues and 2005 PSDA Revenues	<u>71,266,195</u>	<u>68,431,783</u>
Innkeeper's tax (1%)	6,041,831	5,684,609
PSDA tax allocation	8,158,280	7,871,946
Total 2009 New Tax Revenues and 2009 PSDA Revenues	<u>14,200,111</u>	<u>13,556,555</u>
Auto rental excise tax (2%)	2,702,760	2,969,768
Admissions tax (4%)	6,468,698	6,238,300
Total 2013 New Tax Revenues	<u>9,171,458</u>	<u>9,208,068</u>
Specialty License Plate Fees	<u>480,800</u>	<u>510,120</u>
Interlocal Agreement Funding	<u>8,000,000</u>	<u>8,000,000</u>
Total State and Local Taxes and Other Assistance	<u>\$ 182,424,551</u>	<u>\$ 175,055,487</u>

Total lease rental and other debt obligations paid with state and local taxes and fees for the year ended December 31, 2019 and 2018 amounted to \$90,078,629 and \$87,989,657, respectively.

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**Note 9: Agreements With Pacers Basketball, LLC**

During 1997, the CIB approved new Operating and Financial Agreements with Pacers Basketball, LLC (“Pacers”) that, among other things, governed the use of Bankers Life Fieldhouse. The agreements had a twenty-year initial term, commencing in 1999, with ten five-year extension options. In connection with these agreements, the Pacers received revenues from Fieldhouse operations, naming rights, signage, advertising and broadcast revenues and were responsible for making daily repairs to keep the facility operational. The CIB, however, was responsible for major repairs on the facility.

The Financial Agreement provided for targeted profitability for the Pacers. If this target was not reached, the CIB was required to reimburse the Pacers for certain operating expenses. In addition, the Pacers remained obligated, upon early termination of the Financial Agreement, to repay the CIB for advances made through 1999 for utility and maintenance costs of the CIB’s previous arena facility, Market Square Arena. At the conclusion of each NBA Season during the initial twenty-year term of the Financial Agreement, 5% of such cumulative advances were to be forgiven. At December 31, 2019 and 2018, the outstanding unamortized balance of advances aggregated \$3,983,347 and \$4,780,016, respectively.

In 2012 and 2010, the CIB, MCCRFA and the Pacers entered into amendments to the Operating Agreement which provided various amendatory and additional covenants. Under these amendments, the CIB agreed to provide three noninterest-bearing operating loans to the Pacers, which totaled \$40,000,000. The loans were subject to certain approval, repayment and forgiveness provisions. The amendments also required the CIB to make capital improvements to Bankers Life Fieldhouse of up to \$3,500,000.

During 2014, the CIB signed an Amended and Restated Operating Agreement with MCCRFA, Pacers Basketball, LLC and certain entities related to Pacers Basketball, LLC. This agreement, as further amended in 2015, supersedes the original Operating and Financial Agreements and related amendments. The initial term of the Amended and Restated Operating Agreement expires in 2024, with the Pacers possessing a unilateral option to extend the agreement for one year. The Amended and Restated Operating Agreement provides generally that the Pacers may terminate the agreement under certain circumstances as follows: (i) CIB’s failure to obtain, prior to any fiscal year, approval of an annual budget or other appropriation sufficient to satisfy its obligations under the Amended and Restated Operating Agreement, including its obligation to pay certain operating expense reimbursements (approximately \$7,100,000 in year one with 3% annual increases), pay certain operating expense items, pay the video/sound system license fee (approximately \$923,000 per year), fund its obligations with respect to scheduled capital repairs and replacements (aggregating \$7,000,000) and fund its obligations with respect to refresh improvements (aggregating \$26,500,000); (ii) CIB’s failure to pay (after receiving a final appropriation therefor) any operating expense reimbursements, operating expense items or video/sound system license for which it is responsible or the amount of any final non-appealable judgment rendered against the CIB under the Amended and Restated Operating Agreement; (iii) certain circumstances involving eminent domain, damage or destruction of the Fieldhouse; (iv) breach of the Pacers right to



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exclusively possess and operate the Fieldhouse; (v) default under the Fieldhouse lease related to the MCCRFA bonds that result in termination of such lease or possession by MCCRFA; (vi) CIB's failure to honor any indemnity obligation under the Amended and Restated Operating Agreement or Parking Agreement and such obligation is found by a court to be unenforceable; (vii) CIB's or MCCRFA's failure to fulfill any material obligation under the Amended and Restated Operating Agreement or the related Parking Agreement and such obligation is found by a court to be unenforceable; (viii) certain circumstances following the death of Herbert Simon under which certain Pacers loans are called or matured, the Pacers are unable to obtain replacement financing on a non-recourse basis (with the assistance of the CIB if it so chooses) and the CIB does not successfully execute its right of first offer; (ix) certain circumstances under which the NBA ceases to exist and the Pacers do not join a successor or replacement professional basketball league.

Additionally, the operating agreement provides that a sale of shares, which would constitute a controlling interest in the Pacers, or the sale of substantially all of the assets of the Pacers, is subject to the CIB's right of first refusal and, after the sale, the Pacers (or buyer, if sale of assets) will remain bound by the Amended and Restated Operating Agreement.

The Amended and Restated Operating Agreement also provides for scheduled annual forgiveness of previous operating loans that aggregated \$40,000,000 to the Pacers, so long as no event of default remains outstanding. At December 31, 2019 and 2018, the outstanding note receivable balance was \$14,000,000 and \$18,000,000, respectively. During 2019 and 2018, \$4,000,000 and \$4,000,000 of this note was forgiven by the CIB, respectively, in accordance with a mutually agreed-upon amortization schedule.

During 2015, the CIB entered into a Training Facility Use Agreement with Pacers Training Center, Inc. (an affiliate of the Pacers). This agreement grants Pacers Training Center, Inc. use of certain land, easements and existing improvements owned by CIB so that the Pacers may construct a state-of-the-art training and medical office facility that will facilitate development of downtown Indianapolis and the use of the Fieldhouse in furtherance of municipal purposes. The initial term of this agreement is 40 years at \$1 per year, effective December 14, 2015 with one ten year renewal option. All maintenance costs will be the responsibility of Pacers Training Center, Inc., with the exception of maintaining a vehicular ramp, which will be the responsibility of the CIB. Upon the occurrence of a Termination Event or Special Termination Event, as defined in the Training Facility Use Agreement, the CIB may elect to exercise a purchase option on the facility. Additionally, under a Termination Event, the CIB retains an Occupancy Option that would provide for the surrender of all or a portion of the facility to the CIB in return for an annual occupancy fee.

On April 17, 2019, the CIB signed a Second Amended and Restated Operating Agreement with MCCRFA, Pacers Basketball, LLC and certain entities related to Pacers Basketball, LLC. This agreement supersedes the original Operating and Financial Agreements and related amendments. The initial term of the Second Amended and Restated Operating Agreement expires in 2044, with the Pacers possessing a unilateral option to extend the agreement for one year and the Pacers and CIB possessing two mutual extension options. The Second Amended and Restated Operating Agreement provides generally that the Pacers may terminate the agreement under certain circumstances as follows: (i) CIB's failure to obtain, prior to any fiscal year, approval of an annual

budget or other appropriation sufficient to satisfy its obligations under the Second Amended and Restated Operating Agreement, including its obligation to pay certain operating expense reimbursements (approximately \$12,500,000 in year one with a 4.6% increase after six years), pay certain operating expense items, pay the video/sound system license fee (approximately \$923,000 per year), fund its obligations with respect to scheduled capital repairs and replacements (aggregating \$17,624,310), fund its obligations with respect to refresh improvements (aggregating \$296,641,331) and fund its obligations with respect to technology improvements (aggregating \$120,031,875; (ii) CIB's failure to pay (after receiving a final appropriation therefor) any operating expense reimbursements, operating expense items or video/sound system license for which it is responsible or the amount of any final non-appealable judgment rendered against the CIB under the Second Amended and Restated Operating Agreement; (iii) certain circumstances involving eminent domain, damage or destruction of the Fieldhouse; (iv) breach of the Pacers right to exclusively possess and operate the Fieldhouse; (v) default under the Fieldhouse lease related to the MCCRFA bonds that result in termination of such lease or possession by MCCRFA; (vi) CIB's failure to honor any indemnity obligation under the Second Amended and Restated Operating Agreement or Parking Agreement and such obligation is found by a court to be unenforceable; (vii) CIB's or MCCRFA's failure to fulfill any material obligation under the Second Amended and Restated Operating Agreement or the related Parking Agreement and such obligation is found by a court to be unenforceable; (viii) certain circumstances under which the NBA ceases to exist and the Pacers do not join a successor or replacement professional basketball league.

The Second Amended and Restated Operating Agreement also provides for scheduled annual forgiveness of previous operating loans that aggregated \$40,000,000 to the Pacers, so long as no event of default remains outstanding. As of the Execution Date the outstanding note receivable balance was \$18,000,000.

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**Note 10: Lease Agreement With the Indianapolis Colts**

Effective September 1, 2005, the CIB and the Colts entered into a lease agreement (the “Colts Lease Agreement”). Under the Colts Lease Agreement, the CIB is to receive \$250,000 annually from the Colts during the term of the agreement, provided that the Colts play at least ten pre-season, regular season or post-season games in Lucas Oil Stadium. If the Colts do not play at least ten games in the Stadium in any given NFL season, the annual rent will be reduced by \$25,000 for each game below the ten-game minimum that is not played in Lucas Oil Stadium. Also, the Colts agreed to reimburse the CIB for any Day-of-Game Personnel Expenses (as defined in the Colts Lease Agreement). The CIB, in turn, agreed to reimburse the Colts for all ordinary and reasonable Day-of-Game Expenses (as defined in the Colts Lease Agreement). The CIB also agreed to pay the Colts \$3,500,000 of annual revenues from Non-Colts Events (as defined in the Colts Lease Agreement) held at the Stadium. The Colts Lease Agreement expires on August 31, 2038. However, in the event the Colts are not among the top five NFL teams in total gross operating revenues for the 2030 fiscal year, the Colts have the right to terminate the lease without cause at their sole discretion effective as of August 31, 2035.

***Contractual Undertaking***

During 2007, the Colts undertook a \$34,000,000 loan through the NFL’s G-3 program and a \$66,000,000 loan through a series of transactions involving fixed rate bonds, with a par amount of \$74,050,000, issued by the City of Indianapolis (the “City’s Colts Loan”) and the Bond Bank to finance its commitment. To secure the Bond Bank’s bonds issued as part of the City’s Colts Loan, the CIB entered into a Contractual Undertaking (“Undertaking”), secured by a subordinate pledge on certain Original Excise Tax Revenues and the Indiana Cigarette Tax Revenues of the CIB, which would require payments to the Bond Bank by the CIB if the Colts fail to timely repay the City’s Colts Loan. The Colts are obligated to pay the City’s Colts Loan with interest such that no payments are anticipated on such Undertaking by the CIB. The Undertaking remains in effect until all of the associated Bond Bank bonds, the term of which extend through 2035, have been paid in full. The CIB’s obligation with regard to this Undertaking is not subject to acceleration, except as therein provided, and is treated as debt of the CIB with regard to its legal debt limit. The CIB is subrogated to the rights of the Bond Bank and the City if it is required to make any payments in connection with this Undertaking. There is no right of set-off for amounts the CIB pays to the Colts under the Colts Lease Agreement, if the Colts do not make a loan payment. However, if the CIB fails to pay amounts due under the Colts Lease Agreement, the Colts may offset such amounts against its required loan payments. The total amount subject to the Undertaking at December 31, 2019 and 2018, is approximately \$61,635,000 and \$63,425,000, respectively.

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**Note 11: Baseball Facility**

In 1994, the CIB entered into an agreement to lease (“Ground Lease”) certain real estate from the Indiana White River State Park Development Commission (“WRSP”), a State agency. The CIB constructed Victory Field, a professional baseball facility, on this land. The initial lease period of the Ground Lease commenced December 1, 1994, and expired March 31, 2016. Upon expiration of the initial lease term, ownership of Victory Field assets (net book value of \$13.8 million) reverted to WRSP.

In November 2015, the CIB entered into a new lease with WRSP for the real estate and all associated improvements thereon, including the professional baseball facility (collectively, the “Leased Premises”), and concurrently entered into a new sublease for the Leased Premises with the Indians, with both having initial terms commencing on April 1, 2016, and expiring March 31, 2036. The lease between the CIB and WRSP allows for extensions, provided that in no event shall the lease term and all extensions exceed in total 99 years. The sublease between the CIB and the Indians allows for up to four five-year extensions.

Under the new sublease, the Indians are not obligated to pay rent to the CIB during the initial term, and the CIB is not obligated to pay rent to WRSP. Over the first four years of the new sublease, the CIB committed to make up to \$2 million per year of capital repair, replacement and improvement projects to the Leased Premises, up to an aggregate maximum of \$6 million. The \$6 million commitment of the CIB was reached in 2019. The Indians are responsible for all operating costs of the Leased Premises and are also entitled to all revenue received from Indians events. Repair, replacement and maintenance costs for the Leased Premises are shared by the CIB and the Indians, as more specifically defined in the sublease agreement.

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**Note 12: Hudnut Commons**

The CIB and the City entered into agreements with developers in 1986 to construct and operate the Hudnut Commons (an open, public landscaped area), a parking facility beneath the Hudnut Commons and a convention hotel. The construction of the Hudnut Commons was funded by \$6,300,000 of private grants. The developers funded construction of the underground parking facility and the hotel. In 1988, the CIB obtained a leasehold interest in the garage and thereupon became the lessor in a long-term lease arrangement for the operation of the garage facility.

During 2004, the CIB, in conjunction with the City, determined that it was in the best interests of the City and Marion County, to allow for the construction of a new, high-rise, corporate headquarters facility on a portion of the existing Hudnut Commons site. The CIB entered into a Joint Development Agreement with the Department of Metropolitan Development of the Consolidated City of Indianapolis-Marion County (“DMD”) and an internationally known retail mall developer that generally provides the framework for various ancillary agreements governing the ownership, use and operation of the Hudnut Commons site and its associated underground parking garage. In short, the various agreements govern the transfer from the CIB to DMD of certain rights and interests related to the Hudnut Commons surface improvements and all air rights above the surface of such property, together with approximately one-half of the underground Hudnut Commons parking garage.

The CIB generally retains responsibility for one-third of all operating costs associated with the maintenance of the entire garage and for any necessary capital improvements to the Hudnut Commons site and one-half of the parking garage transferred to DMD. These responsibilities are more fully described in a separate Operating Agreement between the CIB and DMD and in the Second and Third Amendment and Restatement of Lease between the CIB and the garage tenant and operator. Both of these agreements have a term of 99 years, ending in 2105. In return for accepting these responsibilities, the CIB continues to receive a portion of all rental payments and/or Monthly Parking Allowance Payments, as defined in the agreements.

**Note 13: Risk Management**

The CIB is exposed to various risks of loss related to theft of, damage to and destruction of assets, as well as torts and natural disasters. The CIB purchases commercial insurance policies for such risks of loss. Certain of these policies allow for deductibles, which range from \$100 to \$250,000 per occurrence. Settled claims have not exceeded this commercial coverage in any of the past three years.

The CIB has elected to participate in a self-insured high-deductible health insurance plan that is offered to eligible current employees. There is a \$500,000 stop-loss coverage for each employee per annum. The CIB has contracted with a third party to service its health insurance claims. The CIB records a liability for the estimated outstanding claims at year-end, which is included in accounts payable in the Statement of Net Position. The liability at December 31, 2019 and 2018 was \$0 and \$584,048 respectively.

**Capital Improvement Board of Managers**  
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**Note 14: Retirement Plan**

***Plan Description***

The CIB contributes to the Indiana Public Employees' Retirement Fund ("PERF"), a cost-sharing multiple-employer defined-benefit plan established in accordance with IC 5-10.3. PERF is administered by the Indiana Public Retirement System ("INPRS") and is governed by the INPRS Board of Trustees ("INPRS Board"). PERF provides retirement, disability and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan and certain INPRS employees. Substantially all of the CIB's full-time employees are eligible to participate in this plan.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for PERF, and can be found at <http://www.inprs.in.gov/>. This report may also be obtained by writing to Indiana Public Retirement System, One North Capitol, Suite 001, Indianapolis, Indiana 46204, or by calling 844-464-6777.

There are two tiers to the PERF plan. The first is the Public Employee's Defined Benefit Plan ("PERF Hybrid Plan") and the second is the My Choice: Retirement Savings Plan for Public Employees ("My Choice"). During both 2019 and 2018, the CIB did not participate in the My Choice Plan.

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC5-10.3, and IC 5-10.5. There are two aspects to the PERF Hybrid Plan defined-benefit structure. The first portion is PERF DB, the monthly defined-benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Public Employees' Hybrid Members Defined Contribution Account ("DC Account"), formerly known as the Annuity Savings Account ("ASA"), which supplements the defined-benefit at retirement.

***Funding Policy***

The funding policies of INPRS provide for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

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The employer defined-benefit contribution rate is based on an actuarial valuation and is adopted, and may be amended, by the INPRS Board. For both 2019 and 2018, the CIB contributed 11.2% of employee compensation to the plan. The DC account consists of the employee contribution, which is set by statute at 3% of compensation, as defined by Indiana statutes, plus the interest/earnings or losses credited to the employee's account. The employer may choose to make the contributions on behalf of its participating employees, which the CIB has elected to do. In addition, under certain circumstances, employees may elect to make additional voluntary contributions of up to 10% of their compensation into their DC account. An employee's contribution and interest credits belong to the employee and do not belong to the state or the CIB. Investments in the members' DC accounts are self-directed, as participants direct the investment of their account balances among eight investment options, with varying degrees of risk and return potential. Members may direct changes to their investment fund allocations daily and investments are reported at fair value.

***Retirement Benefits***

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the employee's DC account. Retirement benefits vest after ten years of creditable service. The vesting period is eight years for certain elected officials. Employees are immediately vested in their DC account. At retirement, an employee may choose to receive a lump-sum payment of the amount credited to the employee's DC account, receive the amount as an annuity, rollover the amount to another eligible retirement plan, or leave the contributions invested with INPRS.

Vested employees leaving a covered position, who wait 30 days after termination, may withdraw their DC account and will not forfeit creditable service or a full retirement benefit. However, if an employee is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the DC account. A non-vested employee who terminates employment prior to retirement may withdraw his/ her ASA after 30 days, but by doing so, forfeits his/her creditable service. An employee who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

An employee who has reached: (1) age 65 and has at least 10 years of creditable service; (2) age 60 and has at least 15 years of creditable service; or (3) at least age 55 and whose age plus number of years of creditable service is at least 85 is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.10% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the 20 calendar quarters of creditable service in which the employee's annual compensation was the highest. All 20 calendar quarters do not have to be continuous, but they must be in groups of four consecutive calendar quarters. The same calendar quarter may not be included in two different groups. Employee contributions paid by the employer on behalf of the employee and severance pay up to \$2,000 are included as part of the employee's salary.

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An employee who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. An employee retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the employee's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

The monthly pension benefits for employees in pay status may be increased periodically as cost of living adjustments ("COLA"). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

***Disability and Survivor Benefits***

The PERF Hybrid Plan also provides disability and survivor benefits. An employee who has at least five years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the employee has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month, or the actuarial equivalent.

Upon the death in service of an employee with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the employee had been married for two or more years, or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the employee had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of an employee who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service. The authority to establish or amend benefit provisions of PERF rests with the Indiana General Assembly.

***Contributions***

Employer contribution rates are adopted annually by the INPRS Board for PERF. The contributions are actuarially determined based on the funding policy, actuarial assumptions and actuarial methods established by the INPRS Board. Contributions determined by the actuarial valuation become effective either 12 or 18 months after the valuation date, depending on the applicable employer. In the case of the CIB, contribution rates and amounts determined by the June 30, 2019 actuarial valuation and adopted by the INPRS Board therefore become effective on January 1, 2020. The CIB's contractually required contribution rate for both 2019 and 2018 was 11.2% of annual payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the years ended December 31, 2019 and 2018, the CIB's actual contributions made were equal to the actuarially required contributions.



# Capital Improvement Board of Managers (of Marion County, Indiana)

(A Component Unit of the Consolidated City of Indianapolis-Marion County)

## Notes to Financial Statements

December 31, 2019 and 2018

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2019 and 2018, the CIB reported a liability of \$6,822,643 and \$7,113,413, respectively, for its proportionate share of PERF's net pension liability. The net pension liabilities were measured as of June 30, 2019, and June 30, 2018, respectively. In each instance, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those respective dates. Member census data for the year preceding the measurement period was used in developing each actuarial valuation. Standard actuarial roll forward techniques were then used to project the total pension liability to the measurement date. Wages reported by the CIB relative to the collective wages of the plan served as the basis to determine the CIB's proportionate share. This basis of allocation is consistent with the manner in which contributions to the pension plan are determined. At June 30, 2019, the CIB's proportion was 0.20643%, which was a decrease of 0.00297% from its proportion measured as of June 30, 2018.

For the years ended December 31, 2019 and 2018, the CIB recognized pension expense of \$1,049,607 and \$1,146,377, respectively. At December 31, 2019 and 2018, the CIB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	At December 31, 2019		At December 31, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180,661	\$ -	\$ 93,030	\$ 486
Net difference between projected and actual earnings on pension plan investments	-	322,489	210,671	-
Changes in assumptions	1,519	741,672	16,948	1,142,157
Changes in proportion and differences between the CIB's contribution and proportionate share of contributions	6,377	131,384	44,832	84,140
CIB's contributions subsequent to the measurement date	602,060	-	596,818	-
Total	\$ 790,617	\$ 1,195,545	\$ 962,299	\$ 1,226,783

# Capital Improvement Board of Managers (of Marion County, Indiana)

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## Notes to Financial Statements

December 31, 2019 and 2018

At December 31, 2019 and 2018, the CIB reported \$602,060 and \$596,818, respectively, as deferred outflows of resources related to pensions resulting from CIB's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as net deferred outflows of resources at December 31, 2019, related to pensions will be recognized in pension expense as follows:

	2020	\$	(311,195)
	2021		(543,401)
	2022		(127,353)
	2023		(25,039)
			(1,006,988)
		\$	(1,006,988)

### **Actuarial Assumptions**

The total pension liabilities in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

#### **2019 Assumptions**

Inflation	2.25%
Salary increases	2.5% - 4.25% average, including inflation
Long-term expected rate of return	6.75%, net of pension plan investment expense
Ad hoc cost of living adjustments	2020-2021 - 13th check, 2022-2033 - 0.40%, 2034-2038 - 0.50% 2039 and on - 0.60%

#### **2018 Assumptions**

Inflation	2.25%
Salary increases	2.5% - 4.25% average, including inflation
Long-term expected rate of return	6.75%, net of pension plan investment expense
Ad hoc cost of living adjustments	2019-2020 - 13th check, 2021-2032 - 0.40%, 2033-2037 - 0.50% 2038 and on - 0.60%

Mortality tables for healthy members were based on the RP-2014 Total Data Set Mortality Table and mortality tables for disabled members were based on the RP-2014 Disabled Mortality Table, with Social Security Administration generational improvement scale from 2014.

The actuarial assumptions used in the June 30, 2019 and June 30, 2018 valuations were based on the results of an actuarial experience study performed for the period June 30, 2010 through June 30, 2014.

**Capital Improvement Board of Managers**  
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**Notes to Financial Statements**  
**December 31, 2019 and 2018**

The long-term expected rate of return on pension plan investments was determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted-average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>At June 30, 2019</b>	
	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public equity	22%	4.9%
Private equity	14%	7.0%
Fixed income - ex inflation linked	20%	2.5%
Fixed income - inflation linked	7%	1.3%
Commodities	8%	2.0%
Real estate	7%	6.7%
Absolute return	10%	2.9%
Risk parity	12%	5.3%
	100%	

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75% for the years ended June 30, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that participating employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the PERF's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Capital Improvement Board of Managers  
(of Marion County, Indiana)**

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**Notes to Financial Statements**

**December 31, 2019 and 2018**

***Sensitivity of the CIB's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The CIB's proportionate share of the net pension liability has been calculated using a discount rate of 6.75%. The following presents the CIB's proportionate share of the net pension liability calculated using a discount rate of 1% higher and 1% lower than the current rate for the year ended December 31, 2019.

	<b>At December 31, 2019</b>		
	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
CIB's proportionate share of PERF's net pension liability	\$ 10,957,255	\$ 6,822,643	\$ 3,374,060

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERF financial report.

**Note 15: Commitments and Contingencies**

***Visit Indy, Inc.***

In return for its assistance in attracting users to the Indiana Convention Center & Lucas Oil Stadium, the CIB has agreed to compensate Visit Indy, Inc. ("Visit Indy") monthly. The contractual agreement is for a term of one year and renewed annually. The fee paid to Visit Indy was \$1,056,479 per month in 2018 and \$1,088,174 per month in 2019. The base fee to be paid to Visit Indy for calendar year 2020 is \$1,120,819 per month.

**Capital Improvement Board of Managers**  
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**Notes to Financial Statements**  
**December 31, 2019 and 2018**

***Department of Metropolitan Development***

As mentioned previously in these notes, the CIB has also entered into an Interlocal Agreement with the Department of Metropolitan Development of Marion County, Indiana. This agreement provides \$8,000,000 of annual assistance that will be used to help fund the CIB's payments to Visit Indy.

***Indiana Sports Corporation***

During 2014, the CIB approved a multi-year grant to the Indiana Sports Corporation to assist with the ongoing repairs and maintenance of the Indiana University Natatorium on the campus of Indiana University-Purdue University at Indianapolis. The grant amounts to \$500,000 annually for a term of 10 years, beginning in 2014. As of December 31, 2019 and 2018, the unpaid portion of this grant was \$2,000,000 and \$2,500,000, respectively.

***Indiana Economic Development Corporation***

During 2019, the CIB approved a multi-year grant to the Indiana Economic Development Corporation to assist its state promotion fund. The grant amounts to \$250,000 annually for a term of 2 years, beginning in 2020. As of December 31, 2019 the unpaid portion of this grant was \$500,000.

***Litigation***

The CIB is involved in certain litigation, which is considered by management to be incidental to the conduct of CIB operations. In the opinion of management, the ultimate outcome of these matters, in the aggregate, is not currently expected to have a materially adverse effect upon the financial position, changes in financial position and cash flows of the CIB.

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**Required Supplementary Information (Unaudited)**

**Capital Improvement Board of Managers  
(of Marion County, Indiana)**  
**(A Component Unit of the Consolidated City of Indianapolis of Marion County)**  
**Required Supplementary Information**  
**Schedule of CIB's Proportionate Share of the Net Pension Liability**  
**Indiana Public Employees' Retirement Fund (PERF)**  
**Last 10 Fiscal Years\***

	2019	2018	2017	2016	2015	2014
CIB's proportion of the net pension liability	0.20643%	0.20940%	0.21194%	0.20846%	0.20918%	0.19860%
CIB's proportionate share of the net pension liability	\$ 6,822,643	\$ 7,113,413	\$ 9,455,795	\$ 9,460,841	\$ 8,519,697	\$ 5,219,079
CIB's covered payroll	\$ 10,755,314	\$ 10,685,046	\$ 10,514,645	\$ 9,990,592	\$ 10,019,254	\$ 9,696,453
CIB's proportionate share of the net pension liability as a percentage of its covered payroll	63%	67%	90%	95%	85%	54%
Plan fiduciary net position as a percentage of the total pension liability <sup>1</sup>	80%	79%	73%	71%	73%	81%

\*The amounts presented for each fiscal year were determined as of June 30 (measurement date).

<sup>1</sup> 2014-2017 were adjusted to reflect Defined Benefit activity only due to the Defined Benefit/Defined Contribution split effective January 1, 2018

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.



**Capital Improvement Board of Managers  
(of Marion County, Indiana)  
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Required Supplementary Information  
Schedule of CIB Contributions  
Indiana Public Employees' Retirement Fund (PERF)  
Last 10 Fiscal Years\***

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,203,478	\$ 1,201,186	\$ 1,163,102	\$ 1,159,266	\$ 1,118,899	\$ 1,110,227
Contributions in relation to the contractually required contribution	\$ 1,203,478	\$ 1,201,186	\$ 1,163,102	\$ 1,159,266	\$ 1,118,899	\$ 1,110,227
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CIB's covered payroll	\$ 10,728,817	\$ 10,842,076	\$ 10,555,932	\$ 10,384,033	\$ 10,209,311	\$ 9,929,553
Contributions as a percentage of covered payroll	11.22%	11.08%	11.02%	11.16%	10.96%	11.18%

\*The amounts presented for each fiscal year were determined as of December 31.

Note: Ten years of information is required to be disclosed and will be added as the information becomes available.

**Notes to Schedule:**

**Benefit changes:**

- Legislation was passed through House Enrolled Act No. 1059 to expand the current pre-retirement death benefit to apply to all active and inactive members who have at least 10 years of service, the current general vesting requirement. This provides new coverage for active and inactive members with 10 to 15 years of service (before age 65) and inactive members who die prior to age 50.

**Changes of assumptions:** none during 2019

**Changes in actuarial methods:** none during 2019

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## **Other Supplementary Information**

# Capital Improvement Board of Managers (of Marion County, Indiana)

(A Component Unit of the Consolidated City of Indianapolis-Marion County)

## Analysis of Certain Operating Expenses

Years Ended December 31, 2019 and 2018

	2019	2018
<b>Salaries and Wages</b>		
Administration	\$ 5,471,391	\$ 5,425,974
Mechanical	3,509,414	3,520,828
Service	1,818,614	1,775,615
Temporary	4,492,770	4,110,823
	\$ 15,292,189	\$ 14,833,240
<b>Fringe benefits</b>		
Social security taxes	1,134,800	1,093,530
Public employees' retirement fund	1,049,607	1,146,377
Employees' insurance	1,966,144	3,478,977
State unemployment taxes	27,188	2,276
Workers' compensation	88,867	130,009
Other	766,058	663,565
	\$ 5,032,664	\$ 6,514,734
<b>Utilities</b>		
Electricity	2,943,796	2,964,117
Steam	764,450	776,776
Chilled Water	2,479,306	2,321,005
Water and sewer	538,850	480,979
Gas	59,970	74,235
	\$ 6,786,372	\$ 6,617,112
<b>Repairs and Maintenance</b>		
Control systems maintenance contract	111,746	99,774
Elevator and escalator maintenance contract	241,086	260,630
Computer maintenance contracts	601,469	600,561
Major repairs	1,351,288	1,858,041
Grounds maintenance	233,030	258,130
Sprinkler system	4,490	5,658
Trash removal	87,954	78,160
Communications repairs	50,659	67,545
LOS maintenance contracts	237,937	251,859
	\$ 2,919,659	\$ 3,480,358

**Capital Improvement Board of Managers  
(of Marion County, Indiana)**

**(A Component Unit of the Consolidated City of Indianapolis-Marion County)**

**Analysis of Certain Operating Expenses (Continued)**

**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Insurance</b>		
Fire and extended coverage	\$ 1,142,794	\$ 806,738
Public liability	340,521	331,276
Fidelity bond	101,720	104,948
	\$ 1,585,035	\$ 1,242,962
<b>Security</b>		
Security staff	\$ 2,917,306	\$ 2,729,125
<b>Contractual labor</b>	\$ 7,363,651	\$ 7,256,424
<b>Nondepreciable Equipment, Parts and Supplies</b>	\$ 4,673,722	\$ 4,376,071
<b>Other</b>		
Advertising and promotion	319,123	714,045
Telephone	122,222	124,699
Legal fees	2,032,105	1,537,631
Accounting and audit fees	76,022	70,399
Consulting fees	396,742	331,152
Architects and engineers	76,508	54,121
Equipment rental	409,267	459,793
Postage	4,842	6,684
Travel	3,946	7,499
Dues and subscriptions	13,537	12,601
Suite cable service	49,722	43,076
Medical services - Indianapolis Colts games	43,833	48,545
Parking	332,738	318,329
Miscellaneous	721,693	495,160
	\$ 4,602,300	\$ 4,223,734

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# Statistical Section

## (Unaudited)

*This section of the CIB's comprehensive annual financial report presents detailed, contextual information and data to assist the reader in understanding what the information contained in the financial statements, note disclosures and supplementary information says about the CIB's overall financial health.*

<b><u>Contents</u></b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the CIB's financial performance and well-being have changed over time.	76-79
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the CIB's most significant own-source revenues.	80-86
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the CIB's current levels of outstanding debt and the CIB's ability to issue additional debt in the future.	87-92
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the CIB's financial activities take place and to facilitate comparisons of financial statement information over time and among governments.	93-94
<b>Operating Information</b> These schedules contain operational and infrastructure data to help the reader understand how the information in the CIB's financial report relates to the services the CIB provides and the activities it performs.	95-97

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

Table I

**Capital Improvement Board of Managers  
Net Position by Component  
Last Ten Fiscal Years**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Net investment in capital assets	\$ 118,659,477	\$ 116,153,760	\$ 95,592,243	\$ 78,477,465
Restricted	66,208,915	77,675,379	80,315,975	88,318,223
Unrestricted	<u>24,487,590</u>	<u>45,821,793</u>	<u>80,300,385</u>	<u>106,381,211</u>
Total net position	<u>209,355,982</u>	<u>239,650,932</u>	<u>256,208,603</u>	<u>273,176,899</u>



	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$	69,317,267	\$ 80,353,882	\$ 73,417,024	\$ 80,704,542	\$ 96,692,413	\$ 130,033,796
	93,177,379	98,275,245	113,957,673	132,418,871	145,275,212	144,051,298
	<u>117,761,296</u>	<u>114,195,547</u>	<u>116,178,392</u>	<u>130,302,642</u>	<u>141,921,362</u>	<u>166,436,575</u>
	<u>280,255,942</u>	<u>292,824,674</u>	<u>303,553,089</u>	<u>343,426,055</u>	<u>383,888,987</u>	<u>440,521,669</u>

Table II

**Capital Improvement Board of Managers**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	2010	2011	2012	2013
Operating revenues				
Rental income	\$ 6,313,472	\$ 9,059,609	\$ 8,550,211	\$ 10,416,132
Food service and concession commissions	3,070,691	4,751,669	3,970,814	7,100,477
Parking lot income	1,498,870	1,008,637	1,430,227	1,209,008
Labor reimbursements	7,780,220	11,052,122	14,088,686	13,057,670
Other operating income	413,886	1,486,114	1,056,423	579,418
Total operating revenues	<u>19,077,139</u>	<u>27,358,151</u>	<u>29,096,361</u>	<u>32,362,705</u>
Nonoperating revenues				
Investment income	207,154	240,385	336,931	274,569
State and local taxes and other assistance	120,583,069	128,797,124	138,776,422	142,921,658
Other	80,746	88,709	102,990	221,136
Total nonoperating revenues	<u>120,870,969</u>	<u>129,126,218</u>	<u>139,216,343</u>	<u>143,417,363</u>
<b>Total Revenues</b>	<u>139,948,108</u>	<u>156,484,369</u>	<u>168,312,704</u>	<u>175,780,068</u>
Operating expenses				
Salaries, wages and fringe benefits	11,908,137	13,961,602	16,500,874	16,535,475
Utilities	5,414,506	5,427,906	5,398,935	5,413,326
Repairs, maintenance, equipment, parts and supplies	5,244,483	7,445,010	8,249,662	8,278,729
Insurance	1,116,622	1,246,862	1,515,684	1,399,559
Security and other contractual labor	6,353,577	7,189,037	7,953,187	7,328,146
Other	2,892,414	3,855,046	6,522,062	2,973,618
Depreciation and amortization	32,531,535	36,402,218	40,413,230	40,528,314
Total operating expenses	<u>65,461,274</u>	<u>75,527,681</u>	<u>86,553,634</u>	<u>82,457,167</u>
Nonoperating expenses				
Interest expense	48,649,587	48,878,681	50,981,983	52,017,898
Bankers Life Fieldhouse expenses and reimbursements	-	-	-	-
Pacers Basketball note receivable forgiveness	-	-	-	-
Compensation to Visit Indy, Inc.	9,191,660	9,035,902	9,105,000	10,605,000
Payments to Indianapolis Colts	4,940,000	5,260,000	5,200,000	5,200,000
Grants to other organizations	-	705,894	450,000	488,501
Loss (Gain) on sale/disposal of capital assets	(11,028)	1,059,636	127,086	1,411,290
Other	-	-	-	-
Public safety support payments	-	-	-	7,720,125
Total nonoperating expenses	<u>62,770,219</u>	<u>64,940,113</u>	<u>65,864,069</u>	<u>77,442,814</u>
<b>Total Expenses</b>	<u>128,231,493</u>	<u>140,467,794</u>	<u>152,417,703</u>	<u>159,899,981</u>
<b>Capital Contributions</b>	<u>6,892,503</u>	<u>14,278,375</u>	<u>812,137</u>	<u>1,088,209</u>
<b>Increase in Net Position</b>	<u>\$ 18,609,118</u>	<u>\$ 30,294,950</u>	<u>\$ 16,707,138</u>	<u>\$ 16,968,296</u>

Certain reclassifications of expenses were made during 2019. As a result, classification of certain expenses between operating and nonoperating were made to 2018 and 2017.

	2014	2015	2016	2017	2018	2019
\$	9,900,660	\$ 10,170,929	\$ 9,438,144	\$ 11,166,940	\$ 10,276,422	\$ 10,541,862
	5,386,550	6,162,083	5,150,223	6,065,970	5,235,852	4,487,573
	856,771	669,487	594,841	677,818	159,456	483,147
	13,037,347	12,710,518	14,487,112	17,715,677	16,457,193	17,739,674
	1,244,052	1,694,869	1,881,768	2,502,361	2,167,306	2,092,423
	<u>30,425,380</u>	<u>31,407,886</u>	<u>31,552,088</u>	<u>38,128,766</u>	<u>34,296,229</u>	<u>35,344,679</u>
	327,490	371,195	632,005	1,575,622	4,229,415	5,797,979
	152,226,092	158,780,475	169,238,548	168,879,239	175,055,487	182,424,551
	141,641	665,363	1,040,500	5,227,375	-	3,208,233
	<u>152,695,223</u>	<u>159,817,033</u>	<u>170,911,053</u>	<u>175,682,236</u>	<u>179,284,902</u>	<u>191,430,763</u>
	<u>183,120,603</u>	<u>191,224,919</u>	<u>202,463,141</u>	<u>213,811,002</u>	<u>213,581,131</u>	<u>226,775,442</u>
	16,479,664	18,003,915	18,415,895	20,327,496	21,347,974	20,324,853
	8,873,546	8,470,529	8,712,985	6,894,060	6,617,112	6,786,372
	9,738,019	8,512,272	7,290,350	7,520,814	7,856,429	7,593,381
	1,852,980	1,796,854	1,651,311	1,159,012	1,242,962	1,585,035
	8,540,927	10,002,570	9,789,021	9,909,824	9,985,548	10,280,957
	4,108,595	3,681,699	3,248,583	3,172,084	4,223,734	4,602,300
	40,550,478	41,584,565	47,145,100	42,322,003	42,512,851	38,507,216
	<u>90,144,209</u>	<u>92,052,404</u>	<u>96,253,245</u>	<u>91,305,293</u>	<u>93,786,610</u>	<u>89,680,114</u>
	51,838,276	47,790,546	44,959,975	43,062,412	39,345,466	40,037,978
	7,921,022	8,255,037	8,474,999	12,019,353	12,312,931	13,276,092
	-	6,000,000	6,000,000	6,000,000	4,000,000	4,000,000
	10,708,000	11,499,992	11,950,000	12,308,499	12,677,755	13,058,088
	5,300,362	5,120,000	5,390,000	5,590,000	5,500,000	5,500,000
	5,450,000	450,000	650,000	2,705,000	850,000	2,306,570
	(15,453)	70,104	17,176,509	(2,799)	877,131	520,531
	-	-	-	-	1,600,000	15,000
	<u>5,230,144</u>	<u>1,995,335</u>	<u>1,879,998</u>	<u>2,099,048</u>	<u>2,168,306</u>	<u>2,296,404</u>
	<u>86,432,351</u>	<u>81,181,014</u>	<u>96,481,481</u>	<u>83,781,513</u>	<u>79,331,589</u>	<u>81,010,663</u>
	<u>176,576,560</u>	<u>173,233,418</u>	<u>192,734,726</u>	<u>175,086,806</u>	<u>173,118,199</u>	<u>170,690,777</u>
	535,000	-	1,000,000	1,148,770	-	548,017
\$	<u>7,079,043</u>	<u>\$ 17,991,501</u>	<u>\$ 10,728,415</u>	<u>\$ 39,872,966</u>	<u>\$ 40,462,932</u>	<u>\$ 56,632,682</u>

**Table III**

**Capital Improvement Board of Managers**

**Event Statistics**

**Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Number of Events</b>				
Entertainment	10	5	6	2
Trade Shows	15	19	19	13
Local, Regional, Business and Social	174	148	130	130
State Convention Business	79	84	74	71
National and International Convention Business	43	83	85	115
Competition	62	101	97	78
	<u>383</u>	<u>440</u>	<u>411</u>	<u>409</u>
<b>Event Days</b>				
Entertainment	15	7	8	2
Trade Shows	39	47	66	37
Local, Regional, Business and Social	206	175	163	145
State Convention Business	137	129	118	128
National and International Convention Business	123	216	270	304
Competition	92	155	149	108
	<u>612</u>	<u>729</u>	<u>774</u>	<u>724</u>
<b>Attendance</b>				
Entertainment	93,344	11,886	52,709	7,420
Trade Shows	160,239	168,136	652,201	209,611
Local, Regional, Business and Social	77,008	71,640	57,067	133,327
State Convention Business	85,331	66,408	69,687	74,510
National and International Convention Business	303,882	468,324	413,477	509,242
Competition	1,103,387	1,222,636	1,196,333	1,188,153
	<u>1,823,191</u>	<u>2,009,030</u>	<u>2,441,474</u>	<u>2,122,263</u>

Source: Sales Office - Capital Improvement Board of Managers

<sup>1</sup> - Beginning in 2017, this table no longer includes "in-conjunction-with" events. These are ancillary events that are booked in addition to the main event, i.e. rehearsal rooms booked alongside a band competition.

2014	2015	2016	2017 <sup>1</sup>	2018 <sup>1</sup>	2019 <sup>1</sup>
4	4	1	1	1	3
18	15	15	11	10	15
140	135	141	106	102	85
79	56	66	50	51	40
106	95	52	61	54	52
86	75	71	40	58	69
<u>433</u>	<u>380</u>	<u>346</u>	<u>269</u>	<u>276</u>	<u>264</u>
6	4	1	1	1	5
44	45	40	24	28	47
164	157	220	122	138	122
129	92	113	74	90	69
290	267	158	191	176	173
119	131	108	43	77	104
<u>752</u>	<u>696</u>	<u>640</u>	<u>455</u>	<u>510</u>	<u>520</u>
22,066	81,161	3,718	37,992	51,798	4,870
246,567	320,027	186,404	80,244	117,243	279,491
125,578	65,080	72,825	323,283	104,442	83,544
100,844	56,717	84,516	82,722	146,432	81,189
635,701	401,486	417,300	710,731	507,660	569,280
1,267,171	1,158,898	1,096,800	821,850	913,583	1,029,488
<u>2,397,927</u>	<u>2,083,369</u>	<u>1,861,563</u>	<u>2,056,822</u>	<u>1,841,158</u>	<u>2,047,862</u>

Table IV

**Capital Improvement Board of Managers  
Largest Customers**

	December 31, 2019						Total	
	Rental Income		Labor Reimbursements		Food Service Commissions		\$ Amount	% of Total
	\$ Amount	% of Total	\$ Amount	% of Total	\$ Amount	% of Total		
Customer 1	\$ 254,320	2.41%	\$ 2,796,934	15.77%	\$ -	0.00%	\$ 3,051,254	9.31%
Customer 2	468,510	4.44%	819,583	4.62%	155,317	3.46%	1,443,410	4.40%
Customer 3	391,296	3.71%	477,105	2.69%	216,531	4.83%	1,084,932	3.31%
Customer 4	577,387	5.48%	409,108	2.31%	86,820	1.93%	1,073,315	3.28%
Customer 5	28,152	0.27%	739,905	4.17%	171,834	3.83%	939,891	2.87%
Customer 6	395,910	3.76%	262,841	1.48%	261,492	5.83%	920,243	2.81%
Customer 7	410,723	3.90%	459,832	2.59%	157,326	3.51%	1,027,881	3.14%
Customer 8	63,617	0.60%	571,393	3.22%	124,774	2.78%	759,784	2.32%
Customer 9	230,832	2.19%	318,725	1.80%	96,134	2.14%	645,691	1.97%
Customer 10	230,872	2.19%	344,687	1.94%	46,601	1.04%	622,160	1.90%
Subtotal	3,051,619	28.95%	7,200,113	40.59%	1,316,829	29.34%	11,568,561	35.30%
Balance from other customers	7,490,243	71.05%	10,539,561	59.41%	3,170,744	70.66%	21,200,548	64.70%
	\$ 10,541,862	100.00%	\$ 17,739,674	100.00%	\$ 4,487,573	100.00%	\$ 32,769,109	100.00%

	December 31, 2010						Total	
	Rental Income		Labor Reimbursements		Food Service Commissions		\$ Amount	% of Total
	\$ Amount	% of Total	\$ Amount	% of Total	\$ Amount	% of Total		
Customer 1	\$ 250,000	4.30%	\$ 738,207	9.49%	\$ -	0.00%	\$ 988,207	5.93%
Customer 2	324,011	5.57%	501,819	6.45%	91,120	2.97%	916,950	5.48%
Customer 3	286,480	4.93%	471,616	6.06%	84,627	2.76%	842,723	5.06%
Customer 4	-	0.00%	233,630	3.00%	487,120	15.86%	720,750	4.33%
Customer 5	227,554	3.91%	212,644	2.73%	83,013	2.70%	523,211	3.14%
Customer 6	112,411	1.93%	138,699	1.78%	141,552	4.61%	392,662	2.36%
Customer 7	104,717	1.80%	87,850	1.13%	85,067	2.77%	277,634	1.67%
Customer 8	-	0.00%	237,838	3.06%	38,619	1.26%	276,457	1.66%
Customer 9	125,873	2.17%	96,116	1.24%	50,603	1.65%	272,592	1.64%
Customer 10	177,990	3.06%	60,310	0.78%	32,886	1.07%	271,186	1.63%
Subtotal	1,609,036	27.68%	2,778,729	35.72%	1,094,607	35.65%	5,482,372	32.90%
Balance from other customers	4,204,436	72.32%	5,001,491	64.28%	1,976,084	64.35%	11,182,011	67.10%
	\$ 5,813,472	100.00%	\$ 7,780,220	100.00%	\$ 3,070,691	100.00%	\$ 16,664,383	100.00%

Sources: Rental income and labor reimbursement amounts obtained from the Sales Office - Capital Improvement Board of Managers.  
Food Service Commissions obtained from Service America.

Table V

Capital Improvement Board of Managers  
 Rate Schedule - Exhibits  
 Last Ten Fiscal Years

Type of Rate	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Base Rent (Per Net Square Foot <sup>1</sup> )										
One to Four Open Days	\$ 0.90	\$ 0.95	\$ 0.98	\$ 1.01	\$ 1.04	\$ 1.07	\$ 1.10	\$ 1.13	\$ 1.16	\$ 1.19
Five to Seven Open Days	0.95	1.00	1.03	1.11	1.14	1.17	1.20	1.23	1.26	1.29
After Seven Days - ICC	1.00	1.05	1.05	1.16	1.19	1.22	1.25	1.28	1.31	1.34
After Seven Days - LOS	1.07	1.07	1.15	1.16	1.19	1.22	1.25	1.33	1.36	1.39

<sup>1</sup> - Net square feet consists of actual display area used, less normal aisles and corridors.

Note: Customers are allowed up to three (3) move-in/out days at no charge; rates for additional days are based upon gross square footage of each venue.

Source: Sales Office - Capital Improvement Board of Managers

Table VI

Capital Improvement Board of Managers  
 Rate Schedule - Meetings  
 Last Ten Fiscal Years

Type of Rate	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Convention Meetings</b>										
Base Rent (Per Net Square Foot)	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06
Halls				0.17	0.17	0.18	0.18	0.19	0.19	0.20
Sagamore Ballrooms	0.15	0.16	0.16	0.17	0.17	0.18	0.18	0.19	0.19	0.20
Wabash Ballrooms	0.15	0.16	0.16	0.17	0.17	0.18	0.18	0.19	0.19	0.20
500 Ballroom/Reception Room	0.11	0.13	0.13	0.13	0.13	0.16	0.16	0.17	0.17	0.20
Meeting Rooms <sup>1</sup>	0.12	0.16	0.16	0.17	0.17	0.18	0.18	0.18	0.18	0.20
<b>Non-Convention Meetings</b>										
Base Rent (Per Net Square Foot)	\$ 0.07	\$ 0.07	\$ 0.07	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.09	\$ 0.09	\$ 0.09
Halls				0.19	0.19	0.20	0.20	0.21	0.21	0.22
Sagamore Ballrooms	0.17	0.18	0.18	0.19	0.19	0.20	0.20	0.21	0.21	0.22
Wabash Ballrooms	0.17	0.18	0.18	0.19	0.19	0.20	0.20	0.21	0.21	0.22
500 Ballroom/Reception Room	0.12	0.14	0.14	0.15	0.15	0.18	0.18	0.19	0.19	0.22
Meeting Rooms <sup>1</sup>	0.16	0.16	0.16	0.17	0.17	0.20	0.20	0.20	0.20	0.20
<b>Lucas Oil Stadium</b>										
Base Rent (Per Net Square Foot)	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27
Stadium				0.05	0.06	0.06	0.06	0.06	0.06	0.06
Halls	0.05	0.05	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.06
Meeting Rooms	0.27	0.27	0.27	0.27	0.31	0.31	0.31	0.31	0.31	0.31
Party Piazas	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Club Lounges	0.06	0.06	0.06	0.06	0.14	0.14	0.14	0.14	0.14	0.14

<sup>1</sup> - Rates vary by meeting room; rates presented are blended.

Source: Sales Office - Capital Improvement Board of Managers



Table VII

**Capital Improvement Board of Managers  
Rate Schedule - Hourly Labor Reimbursement Rates  
Last Ten Fiscal Years**

Position:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Carpenters <sup>3</sup>	\$ 33.47	\$ 34.44	\$ 35.12	\$ 35.46	\$ 36.33	\$ 36.85	\$ 36.85	\$ 40.00	\$ 40.00	\$ 40.00
Painters <sup>3</sup>	31.32	32.23	32.86	33.18	33.98	34.48	34.48	37.00	37.00	37.00
Electricians <sup>3</sup>	36.45	37.52	38.25	38.62	40.84	40.14	40.14	43.00	43.00	43.00
Stagehands (House) <sup>4</sup>	35.54	36.55	37.20	37.57	38.51	41.21	41.21	45.00	47.00	49.00
Stagehands (Call In) <sup>4</sup>	35.54	36.55	37.20	37.57	38.51	41.21	41.21	45.00	47.00	49.00
Welders and Pipefitters <sup>3</sup>	35.99	38.53	39.29	39.69	39.69	41.71	41.71	46.00	46.00	46.00
Housekeeping <sup>2</sup>	21.53	21.53	21.96	21.96	22.82	23.50	23.50	30.25	30.25	32.00
Set-up <sup>2</sup>	21.53	21.53	21.96	21.96	22.82	23.50	23.50	35.00	35.00	37.00
Change-Over Labor <sup>2</sup>	28.00	28.00	28.00	28.00	28.00	28.00	28.00	35.00	35.00	37.00
Riggers <sup>4</sup>	48.98	50.50	51.26	51.76	53.05	56.76	56.76	62.00	64.00	66.00
Rent-A-Buddy <sup>2</sup>	28.00	28.00	28.00	28.00	28.00	28.00	28.00	35.00	35.00	35.50
Ticket Sellers <sup>1</sup>	18.57	18.57	19.13	19.13	19.13	19.13	19.13	19.13	19.00	19.00
Assistant Treasurer/Treasurer <sup>1</sup>	22.43	22.43	23.10	23.10	23.10	23.10	23.10	23.10	23.00	23.00
Fire Marshals <sup>3</sup>	17.56	17.50	17.50	17.50	17.50	17.50	17.50	21.00	21.00	21.00
Telecommunications <sup>3</sup>	28.44	29.26	29.84	30.12	30.85	31.30	31.30	34.00	34.00	34.00
Part-Time Teamsters <sup>2</sup> :										
Housekeeping	13.75	13.75	13.89	13.89	14.21	14.63	14.63	14.75	15.00	15.50
Set-Up	13.75	13.75	13.89	13.89	14.21	14.63	14.63	14.75	15.00	15.50
Installation and Dismantling (Advance Rate)	26.65	27.05	27.50	27.50	28.30	29.00	29.00	30.25	30.75	31.25
Installation and Dismantling (Show Rate)	32.00	32.50	33.00	33.00	34.00	35.00	35.00	36.50	37.25	37.75

<sup>1</sup> - Hourly rates currently change January 1 of each year

<sup>2</sup> - Hourly rates currently change July 1 of each year

<sup>3</sup> - Hourly rates currently change November 1 of each year

<sup>4</sup> - Hourly rates currently change December 1 of each year

Source: Schedule of Show Rates, Per Capital Improvement Board of Managers

**Table VIII****Capital Improvement Board of Managers  
Food Service and Concession Revenues  
Last Ten Fiscal Years**

	<b>Revenues</b>	<b>Expenses</b>	<b>Indy Eleven Proceeds<sup>1</sup></b>	<b>CIB Profit<sup>2</sup></b>
<b>2010</b>	12,792,675	9,721,984	-	3,070,691
<b>2011</b>	15,122,275	10,370,606	-	4,751,669
<b>2012</b>	14,474,034	10,503,220	-	3,970,814
<b>2013</b>	22,374,396	15,273,919	-	7,100,477
<b>2014</b>	20,451,249	15,064,699	-	5,386,550
<b>2015</b>	22,876,654	16,714,571	-	6,162,083
<b>2016</b>	20,751,393	15,601,170	-	5,150,223
<b>2017</b>	23,473,087	17,407,117	-	6,065,970
<b>2018</b>	23,442,875	18,074,891	132,132	5,235,852
<b>2019</b>	23,436,723	18,815,179	133,971	4,487,573

<sup>1</sup> - During 2018 and 2019, Lucas Oil Stadium was the site for home games of the Indy Eleven soccer team. Net concessions proceeds from these games were split 50/50 between the CIB and Indy Eleven.

<sup>2</sup> - The CIB retains net profits from Convention Center events and Non-Colts events at Lucas Oil Stadium.

Source: Service America (d/b/a Centerplate) Monthly Commission Reports

Table IX

Capital Improvement Board of Managers  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Junior Subordinate Notes <sup>1</sup>	Subordinate Revenue Bonds <sup>1,3</sup>	Due to State <sup>2</sup>	Capital Lease Obligations		Other	Total	Per Event Attendee	Per Capita	% of Personal Income
				Subordinate Revenue	Capital Lease					
2010	33,759,000	21,658,178	265,535,629	900,730,275	18,000,000	1,239,683,082	680	706	1.80%	
2011	33,759,000	20,162,694	-	1,152,047,761	18,000,000	1,223,969,455	609	688	1.67%	
2012	33,759,000	18,596,076	-	1,143,268,830	18,000,000	1,213,623,906	497	675	1.57%	
2013	33,759,000	16,953,271	-	1,123,051,172	18,000,000	1,191,763,443	562	654	1.51%	
2014	33,759,000	15,224,218	-	1,097,569,587	18,000,000	1,164,552,805	486	591	1.71%	
2015	33,242,000	13,408,856	-	1,066,752,122	9,000,000	1,122,402,978	539	564	1.17%	
2016	32,199,000	11,502,120	-	1,032,341,183	9,000,000	1,085,042,303	583	541	1.09%	
2017	3,142,000	9,498,942	-	993,619,652	9,000,000	1,015,260,594	494	500	0.95%	
2018	3,142,000	7,389,247	-	947,886,040	9,000,000	967,417,287	525	472	0.87%	
2019	-	5,172,959	-	900,836,757	-	906,009,716	442	n/a	n/a	

<sup>1</sup> - These obligations are payable from and secured by a pledge of certain state and local assistance, but the lien on such revenues is subordinate to that of certain lease payment obligations of the CIB.

<sup>2</sup> - This obligation represents the accumulation of amounts spent and accrued on the Lucas Oil Stadium and Convention Center Expansion Projects. Once the projects were completed and the related lease payments for the facilities began, the related obligations were reclassified as capital lease obligations.

<sup>3</sup> - Amounts are net of discounts and premiums.

<sup>4</sup> - The Indianapolis-Carmel-Anderson Metropolitan Statistical Area (MSA) includes Boone, Brown, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, Putnam, and Shelby Counties in Central Indiana, as defined by the U.S. Office of Management and Budget.

n/a = Information is not available.

Table X

**Capital Improvement Board of Managers  
State and Local Taxes and Other Assistance  
Last Ten Fiscal Years**

	2010	2011	2012	2013
Innkeeper's Tax (5%)	\$ 16,897,910	\$ 20,058,708	\$ 22,594,512	\$ 22,146,073
Innkeeper's Tax (1%)	3,379,581	4,011,742	4,518,902	4,429,215
Food and Beverage Tax (1%)	18,114,074	19,456,828	21,363,190	21,003,275
Admissions Tax (5%)	6,196,366	4,944,580	6,537,019	6,893,128
Auto Rental Excise Tax (2%)	2,000,674	2,051,253	2,349,515	2,143,664
Cigarette Tax	350,000	350,000	350,000	350,000
PSDA Allocation	11,053,696	7,691,826	7,212,774	7,456,830
<b>Total Original Excise Taxes and Original PSDA Revenues</b>	<u>57,992,301</u>	<u>58,564,937</u>	<u>64,925,912</u>	<u>64,422,185</u>
Innkeeper's Tax (3%)	10,138,743	12,035,225	13,556,707	13,287,644
Food and Beverage Tax (1%)	18,114,075	19,456,828	21,363,190	21,003,275
Admissions Tax (1%)	1,239,273	988,916	1,307,404	1,365,402
Auto Rental Excise Tax (2%)	2,000,674	2,051,253	2,349,515	2,143,664
PSDA Allocation	6,020,354	7,444,361	8,544,320	9,622,556
Regional Food and Beverage Tax (.5%)	4,952,111	5,387,617	5,193,634	5,208,134
<b>Total 2005 New Tax Revenues and 2005 PSDA Revenues</b>	<u>42,465,230</u>	<u>47,364,200</u>	<u>52,314,770</u>	<u>52,630,675</u>
Innkeeper's Tax (1%)	3,379,581	4,011,742	4,518,902	4,429,215
PSDA Allocation	7,844,077	9,959,285	8,270,978	8,196,782
<b>Total 2009 New Tax Revenues and 2009 PSDA Revenues</b>	<u>11,223,658</u>	<u>13,971,027</u>	<u>12,789,880</u>	<u>12,625,997</u>
Auto Rental Excise Tax (4%) <sup>1</sup>	-	-	-	1,817,460
Admissions Tax (4%) <sup>1</sup>	-	-	-	2,688,901
<b>Total 2013 New Tax Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,506,361</u>
<b>Specialty License Plate Fees</b>	<u>901,880</u>	<u>896,960</u>	<u>745,860</u>	<u>736,440</u>
<b>Interlocal Agreement Funding</b>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
<b>Total State and Local Taxes and Other Assistance</b>	<u>\$ 120,583,069</u>	<u>\$ 128,797,124</u>	<u>\$ 138,776,422</u>	<u>\$ 142,921,658</u>

<sup>1</sup> - The 2013 2% Auto Rental Excise Tax and the 2013 4% Admissions Tax are effective March 1, 2013.

	2014	2015	2016	2017	2018	2019
\$	24,442,590	\$ 25,846,373	\$ 28,040,681	\$ 27,663,371	\$ 28,423,045	\$ 30,209,153
	4,888,518	5,169,275	5,608,136	5,532,674	5,684,609	6,041,831
	22,197,299	23,855,213	25,949,205	24,407,366	25,449,939	26,002,526
	6,466,187	6,559,420	6,651,843	7,576,679	7,797,876	8,085,872
	2,329,548	2,223,861	2,454,540	2,413,052	2,969,768	2,702,759
	350,000	350,000	350,000	350,000	350,000	350,000
	7,711,600	7,895,163	8,753,020	3,749,437	4,673,725	5,913,846
	<u>68,385,742</u>	<u>71,899,305</u>	<u>77,807,425</u>	<u>71,692,579</u>	<u>75,348,962</u>	<u>79,305,987</u>
	14,665,554	15,507,824	16,824,409	16,598,023	17,053,827	18,125,492
	22,197,287	23,855,213	25,949,205	24,407,366	25,449,939	26,002,526
	1,293,237	1,311,884	1,330,369	1,515,336	1,559,575	1,617,174
	2,329,548	2,223,861	2,454,540	2,413,052	2,969,768	2,702,759
	8,692,067	9,189,759	9,995,639	15,683,349	16,559,182	17,657,735
	5,404,418	5,167,191	5,016,616	5,000,000	4,839,492	5,160,509
	<u>54,582,111</u>	<u>57,255,732</u>	<u>61,570,778</u>	<u>65,617,126</u>	<u>68,431,783</u>	<u>71,266,195</u>
	4,888,518	5,169,275	5,608,136	5,532,674	5,684,609	6,041,831
	8,162,404	8,315,926	7,806,354	8,971,965	7,871,946	8,158,280
	<u>13,050,922</u>	<u>13,485,201</u>	<u>13,414,490</u>	<u>14,504,639</u>	<u>13,556,555</u>	<u>14,200,111</u>
	2,329,548	2,223,861	2,454,540	2,413,052	2,969,768	2,702,760
	5,172,949	5,247,536	5,321,475	6,061,343	6,238,300	6,468,698
	7,502,497	7,471,397	7,776,015	8,474,395	9,208,068	9,171,458
	<u>704,820</u>	<u>668,840</u>	<u>669,840</u>	<u>590,500</u>	<u>510,120</u>	<u>480,800</u>
	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
\$	<u>152,226,092</u>	<u>\$ 158,780,475</u>	<u>\$ 169,238,548</u>	<u>\$ 168,879,239</u>	<u>\$ 175,055,487</u>	<u>\$ 182,424,551</u>

Table XI

**Capital Improvement Board of Managers**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

	2010	2011	2012	2013
<b>Original Excise Tax Revenues - Pledged on a Senior Basis to Secure Lease Rental Obligations</b>				
Innkeeper's Tax (5%)	\$ 16,897,910	\$ 20,058,708	\$ 22,594,512	\$ 22,146,073
Innkeeper's Tax (1%)	3,379,581	4,011,742	4,518,902	4,429,215
Food and Beverage Tax (1%)	18,114,074	19,456,828	21,363,190	21,003,275
Admissions Tax (5%)	6,196,366	4,944,580	6,537,019	6,893,128
Auto Rental Excise Tax (2%)	2,000,674	2,051,253	2,349,515	2,143,664
Cigarette Tax	350,000	350,000	350,000	350,000
Total Tax Receipts	<u>46,938,605</u>	<u>50,873,111</u>	<u>57,713,138</u>	<u>56,965,355</u>
<b>Disbursements - Senior Lease Rental Obligations <sup>1</sup></b>				
1995 Lease	(1,006,000)	(1,006,000)	(1,006,000)	(1,006,000)
1997 Lease	(1,046,000)	(523,000)	-	-
2001 Lease	(4,846,490)	(2,424,023)	-	-
2003 Lease	(6,271,250)	(6,271,750)	(4,281,805)	(2,134,413)
2011 Lease	-	(1,399,679)	(4,225,282)	(5,827,617)
2012 Lease	-	-	(500,219)	(3,192,081)
Total Disbursements - Senior Lease Rental Obligations	<u>(13,169,740)</u>	<u>(11,624,452)</u>	<u>(10,013,306)</u>	<u>(12,160,111)</u>
<b>Original Excise Tax Revenues in Excess of Senior Lease Rental Obligations</b>	<u>33,768,865</u>	<u>39,248,659</u>	<u>47,699,832</u>	<u>44,805,244</u>
<b>Original Excise Tax Revenues - Pledged Only to Secure Subordinate Lease Rental Obligations and Other Debt</b>				
PSDA Allocation	<u>11,053,696</u>	<u>7,691,826</u>	<u>7,212,774</u>	<u>7,456,830</u>
<b>Disbursements - Subordinate Lease Rental Obligations and Other Debt <sup>1</sup></b>				
1997 Lease	(14,775,500)	(7,453,000)	-	-
1999 Subordinate Bonds/Notes	(2,555,872)	(2,185,556)	(991,400)	(2,540,400)
2011 Lease	-	(2,989,100)	(9,098,125)	(13,561,925)
Total Disbursements - Subordinate Lease Rental Obligations and Other Debt	<u>(17,331,372)</u>	<u>(12,627,656)</u>	<u>(10,089,525)</u>	<u>(16,102,325)</u>
<b>Excess Available for CIB Operations</b>	<u>\$ 27,491,189</u>	<u>\$ 34,312,829</u>	<u>\$ 44,823,081</u>	<u>\$ 36,159,749</u>
<b>Coverage Ratio - Senior Obligations</b>	<u>3.56</u>	<u>4.38</u>	<u>5.76</u>	<u>4.68</u>
<b>Coverage Ratio - Senior and Subordinate Obligations</b>	<u>1.90</u>	<u>2.41</u>	<u>3.23</u>	<u>2.28</u>

<sup>1</sup> - Senior Lease Rental and Subordinate Lease Rental Obligation payments are gross and do not take into account amounts paid from capitalized interest or any other sources.

Note: The 2005 New Tax Revenues, 2009 Innkeeper's Tax, 2009 PSDA Revenues, and 2013 New Tax Revenues are not included in this schedule since they are not pledged to secure these Obligations.

	2014	2015	2016	2017	2018	2019
\$	24,442,590	\$ 25,846,373	\$ 28,040,681	\$ 27,663,371	\$ 28,423,045	\$ 30,209,153
	4,888,518	5,169,275	5,608,136	5,532,674	5,684,609	6,041,831
	22,197,299	23,855,213	25,949,205	24,407,366	25,449,939	26,002,526
	6,466,187	6,559,420	6,651,843	7,576,679	7,797,876	8,085,872
	2,329,548	2,223,861	2,454,540	2,413,052	2,969,768	2,702,759
	350,000	350,000	350,000	350,000	350,000	350,000
	<u>60,674,142</u>	<u>64,004,142</u>	<u>69,054,405</u>	<u>67,943,142</u>	<u>70,675,237</u>	<u>73,392,141</u>
	(408,867)	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(5,844,389)	(5,845,745)	(5,844,550)	(5,844,400)	(5,845,900)	(5,846,900)
	<u>(5,780,226)</u>	<u>(6,206,014)</u>	<u>(6,267,417)</u>	<u>(6,267,496)</u>	<u>(6,268,759)</u>	<u>(6,270,454)</u>
	<u>(12,033,482)</u>	<u>(12,051,759)</u>	<u>(12,111,967)</u>	<u>(12,111,896)</u>	<u>(12,114,659)</u>	<u>(12,117,354)</u>
	<u>48,640,660</u>	<u>51,952,383</u>	<u>56,942,438</u>	<u>55,831,246</u>	<u>58,560,578</u>	<u>61,274,787</u>
	<u>7,711,600</u>	<u>7,895,163</u>	<u>8,753,020</u>	<u>3,749,437</u>	<u>4,673,725</u>	<u>5,913,846</u>
	-	-	-	-	-	-
	(2,543,900)	(2,540,300)	(2,537,200)	(2,535,750)	(2,537,625)	(2,534,250)
	<u>(14,903,975)</u>	<u>(15,397,100)</u>	<u>(15,893,400)</u>	<u>(15,894,750)</u>	<u>(15,894,250)</u>	<u>(15,893,250)</u>
	<u>(17,447,875)</u>	<u>(17,937,400)</u>	<u>(18,430,600)</u>	<u>(18,430,500)</u>	<u>(18,431,875)</u>	<u>(18,427,500)</u>
\$	<u>38,904,385</u>	<u>\$ 41,910,146</u>	<u>\$ 47,264,858</u>	<u>\$ 41,150,183</u>	<u>\$ 44,802,428</u>	<u>\$ 48,761,133</u>
	<u>5.04</u>	<u>5.31</u>	<u>5.70</u>	<u>5.61</u>	<u>5.83</u>	<u>6.06</u>
	<u>2.32</u>	<u>2.40</u>	<u>2.55</u>	<u>2.35</u>	<u>2.47</u>	<u>2.60</u>

Table XI, continued

**Capital Improvement Board of Managers  
Pledged Revenue Coverage - 2005 Sublease Rental Obligations  
Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>2005 New Tax Revenues - Pledged to Secure the Sublease Rental Obligations</b>										
Innkeeper's Tax (3%)	\$ 10,138,743	\$ 12,035,225	\$ 13,556,707	\$ 13,287,644	\$ 14,665,554	\$ 15,507,824	\$ 16,824,409	\$ 16,598,023	\$ 17,053,827	\$ 18,125,492
Marion County Food and Beverage Tax (1%)	18,114,075	19,456,828	21,363,190	21,003,275	22,197,287	23,855,213	25,949,205	24,407,366	25,449,939	26,002,526
Regional Food and Beverage Tax (.5%)	4,952,111	5,387,617	5,193,634	5,208,134	5,404,418	5,167,191	5,016,616	5,000,000	4,839,492	5,160,509
Admissions Tax (1%)	1,239,273	988,916	1,307,404	1,365,402	1,293,237	1,311,884	1,330,369	1,515,336	1,559,575	1,617,174
Auto Rental Excise Tax (2%)	2,000,674	2,051,253	2,349,515	2,143,664	2,329,548	2,223,861	2,454,540	2,413,052	2,969,768	2,702,759
PSDA Tax Allocation	6,020,354	7,444,361	8,544,320	9,622,556	8,692,067	9,189,759	9,995,639	15,683,349	16,559,182	17,657,735
Colts License Plate Fees	901,880	896,960	745,860	736,440	704,820	668,840	669,840	590,500	510,120	480,800
	<u>43,367,110</u>	<u>48,261,160</u>	<u>53,060,630</u>	<u>53,367,115</u>	<u>55,286,931</u>	<u>57,924,572</u>	<u>62,240,618</u>	<u>66,207,626</u>	<u>68,941,903</u>	<u>71,746,995</u>
<b>Disbursements - Sublease Rental Obligations<sup>2</sup></b>										
Stadium Sublease Agreement	(41,000,000)	(39,077,337)	(35,827,338)	(34,565,458)	(34,852,287)	(35,594,766)	(35,567,835)	(36,003,312)	(39,983,017)	(43,340,339)
Convention Center Sublease Agreement	-	(4,501,609)	(9,588,640)	(12,792,212)	(15,606,775)	(15,751,405)	(16,042,129)	(17,879,713)	(17,460,106)	(16,193,436)
Rental Obligations	<u>(41,000,000)</u>	<u>(43,578,946)</u>	<u>(45,415,978)</u>	<u>(47,357,670)</u>	<u>(50,459,062)</u>	<u>(51,346,171)</u>	<u>(51,609,964)</u>	<u>(53,883,025)</u>	<u>(57,443,123)</u>	<u>(59,533,775)</u>
<b>2005 New Tax Revenues in Excess of Sublease Rental Obligations<sup>1</sup></b>	<u>\$ 2,367,110</u>	<u>\$ 4,682,214</u>	<u>\$ 7,644,652</u>	<u>\$ 6,009,445</u>	<u>\$ 4,827,869</u>	<u>\$ 6,578,401</u>	<u>\$ 10,630,654</u>	<u>\$ 12,324,601</u>	<u>\$ 11,498,780</u>	<u>\$ 12,213,220</u>
<b>Coverage Ratio - Senior Obligations</b>	<u>1.06</u>	<u>1.11</u>	<u>1.17</u>	<u>1.13</u>	<u>1.10</u>	<u>1.13</u>	<u>1.21</u>	<u>1.23</u>	<u>1.20</u>	<u>1.21</u>

<sup>1</sup> - Excess 2005 New Tax Revenues are not available to the CIB for operations and may only be used at the direction of the Indiana Office of Management and Budget to: (1) pay obligations of the ISCSA arising out of the design, development and construction of the LOS or the Convention Center Expansion Project, (2) prepay the 2005 Sublease Rental Obligations, or (3) fund certain extraordinary improvements to LOS or the Convention Center Project to which the Sublease Rental Obligations relate.

<sup>2</sup> - Sublease Rental Obligation payments are gross and do not take into account amounts paid from capitalized interest or any other sources. These payments began in 2009, so there will be no prior years presented.

Note: The Original Excise Tax Revenues, 2009 PSDA Revenues, and 2013 New Tax Revenues are not included in this schedule since they are not pledged to secure these Sublease Rental Obligations. In this schedule since they are not pledged to secure these Sublease Rental Obligations.



**Table XII**

**Capital Improvement Board of Managers  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Year	Population	Indianapolis-Carmel-Anderson MSA <sup>1</sup>		
		Personal Income (in millions)	Per Capita Personal Income	Annual Average Unemployment Rate
2010	1,756,241	68,888	39,225	8.4%
2011	1,778,568	73,298	41,212	8.2%
2012	1,798,634	77,492	43,084	7.9%
2013	1,823,479	78,929	43,285	5.8%
2014 <sup>2</sup>	1,971,274	86,770	44,017	5.7%
2015	1,988,817	96,004	48,272	4.1%
2016	2,004,230	99,573	49,681	4.2%
2017	2,028,614	106,415	52,457	3.3%
2018	2,048,703	110,997	54,179	3.2%
2019	n/a	n/a	n/a	3.1%

<sup>1</sup> - The Indianapolis-Carmel-Anderson Metropolitan Statistical Area (MSA) includes Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby counties in Central Indiana, as defined by the U.S. Office of Management and Budget.

<sup>2</sup> - During 2014, the city of Anderson and the counties of Madison and Morgan were added to the Indianapolis-Carmel-Anderson MSA

n/a = Information is not available.

Source: Indiana Department of Workforce Development ([www.hoosierdata.in.gov](http://www.hoosierdata.in.gov))

Table XIII

Capital Improvement Board of Managers  
Principal Employers <sup>1</sup>

Employer Name	2019		2010	
	Employees	% of Total	Employees	% of Total
IU Health/Clarian Health Partners, Inc.	23,187	2.14%	21,863	2.51%
Ascension St. Vincent Health	17,398	1.60%	11,075	1.27%
Community Health	11,328	1.04%	8,079	0.93%
Eli Lilly and Company	10,737	0.99%	12,068	1.39%
Wal-Mart	8,926	0.82%	-	0.00%
Kroger	7,675	0.71%	-	0.00%
Fed-Ex Express	5,000	0.46%	6,311	0.72%
Anthem	4,866	0.45%	3,950	0.45%
Meijer	4,594	0.42%	-	0.00%
Roche Diagnostics	4,500	0.41%	4,300	0.00%
Indiana University-Purdue University Indpls.	4,354	0.40%	-	0.00%
Franciscan St. Francis Health	4,300	0.40%	3,628	0.42%
IU School of Medicine	4,040	0.37%	-	0.00%
Rolls-Royce	4,000	0.37%	4,316	0.49%
UPS	4,000	0.37%	-	0.00%
Allison Transmission	2,600	0.24%	3,800	0.44%
Covance	2,450	0.23%	-	0.00%
	<u>123,955</u>	<u>11.43%</u>	<u>79,390</u>	<u>8.62%</u>

<sup>1</sup> - Principal employers for the Indianapolis MSA (Local, state and federal employers are excluded).

Sources: Principal Employers - The Indy Partnership ([www.indypartnership.com](http://www.indypartnership.com))

Table XIV

**Capital Improvement Board of Managers  
Number of Employees (FTEs) by Identifiable Activity  
Last Ten Fiscal Years**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Position:</b>										
Carpenters	4	4	8	4	5	4	4	4	3	3
Electricians	13	15	20	17	17	16	15	13	15	12
Grounds	5	5	5	5	6	5	5	5	5	5
Housekeeping	40	37	33	29	30	25	23	23	24	19
Pipefitters	14	14	14	13	15	13	12	13	12	11
Painters	3	3	3	3	4	3	3	2	2	2
Sound and lighting	24	33	31	44	43	48	43	59	57	53
Set-up	15	14	13	13	13	12	12	15	14	14
Installation and dismantling	6	8	10	9	12	12	12	10	8	7
Box office	4	4	6	4	4	4	4	4	4	4
Administrative	62	68	73	77	78	80	83	85	89	101
Miscellaneous clerical	4	6	7	7	5	4	5	5	4	5
Telecommunications	4	6	5	5	6	4	4	5	4	3
Fire Marshals	-	-	-	-	-	-	-	1	1	1
Guest services	4	4	4	5	5	6	5	6	6	6
<b>Total Full-Time Equivalent Employees</b>	<b>202</b>	<b>221</b>	<b>232</b>	<b>235</b>	<b>243</b>	<b>236</b>	<b>230</b>	<b>250</b>	<b>248</b>	<b>246</b>

Notes:

- 1) The Capital Improvement Board outsources its security force and its food services personnel to outside contractors. Personnel figures for these activities are not included in this table.
- 2) Fluctuations can result from year to year due to the type of labor that is required and the amount of labor the CIB is able to secure on a contractual basis.
- 3) The FTE number for Administrative employees have been changed from prior years' presentations due to a calculation correction.

Source: Capital Improvement Board of Managers - Payroll/HR records

Table XV

**Capital Improvement Board of Managers  
Occupancy Statistics <sup>1</sup>  
Last Ten Fiscal Years**

Venue	2010 Event Occupancy	Total Occupancy	2011 Event Occupancy	Total Occupancy
<b>Exhibit Halls</b>				
Hall A	29.3%	58.1%	31.2%	65.8%
Hall B	29.0%	58.6%	28.8%	64.1%
Hall C	29.6%	62.2%	26.0%	62.2%
Hall D	31.5%	62.7%	30.7%	66.8%
Hall E	27.9%	60.8%	25.5%	61.4%
Hall F	20.0%	41.9%	23.0%	53.7%
Hall G	14.2%	32.9%	21.1%	51.5%
Hall H <sup>3</sup>	-	-	18.5%	45.7%
Hall I <sup>3</sup>	-	-	19.7%	47.4%
Hall J <sup>3</sup>	-	-	23.4%	52.0%
Hall K <sup>3</sup>	-	-	19.9%	47.7%
<b>Ballrooms</b>				
500 Ballroom	22.7%	42.5%	30.7%	39.7%
Sagamore Ballrooms <sup>2</sup>	23.7%	45.9%	31.6%	45.2%
Wabash Ballrooms <sup>2</sup>	23.2%	39.6%	39.8%	48.2%
<b>Lucas Oil Stadium</b>				
Stadium	16.2%	36.2%	18.4%	31.8%
Exhibit Halls <sup>2</sup>	14.9%	28.1%	14.1%	26.8%
Quarterback Club	18.9%	22.7%	12.1%	13.9%
Lounges <sup>2</sup>	14.7%	23.9%	13.4%	18.9%
Concourse	18.4%	31.0%	19.2%	28.8%
North Terrace	-	-	-	-
	2015 Event Occupancy	Total Occupancy	2016 Event Occupancy	Total Occupancy
<b>Exhibit Halls</b>				
Hall A	25.5%	54.5%	29.0%	58.5%
Hall B	24.7%	51.2%	29.5%	59.0%
Hall C	25.2%	55.6%	27.9%	59.6%
Hall D	26.8%	56.4%	26.0%	55.2%
Hall E	22.7%	50.1%	23.8%	51.9%
Hall F	20.8%	47.9%	26.2%	57.1%
Hall G	20.0%	46.3%	22.7%	51.9%
Hall H <sup>3</sup>	20.5%	49.9%	24.3%	56.8%
Hall I <sup>3</sup>	24.1%	55.3%	30.3%	65.3%
Hall J <sup>3</sup>	28.2%	61.6%	32.8%	65.3%
Hall K <sup>3</sup>	27.1%	60.5%	32.2%	63.9%
<b>Ballrooms</b>				
500 Ballroom	27.4%	36.4%	31.7%	43.4%
Sagamore Ballrooms <sup>2</sup>	33.2%	47.1%	31.5%	48.0%
Wabash Ballrooms <sup>2</sup>	30.2%	39.9%	33.3%	44.0%
<b>Lucas Oil Stadium</b>				
Stadium	20.6%	43.3%	20.5%	35.5%
Exhibit Halls <sup>2</sup>	11.7%	32.2%	17.0%	32.1%
Quarterback Club	17.0%	19.8%	11.2%	14.8%
Lounges <sup>2</sup>	12.7%	31.5%	10.2%	18.9%
Concourse	17.1%	38.3%	18.0%	28.4%
North Terrace	-	-	-	-

<sup>1</sup> - Occupancy formulas:

Per Venue Event Occupancy = number of event days divided by number of days in the month.

Per Venue Total Occupancy = total days divided by number of days in the month.

(total days = number of event days plus number of move-in/out days).

<sup>2</sup> - Average for all associated space.

<sup>3</sup> - Halls H, I, J and K opened on 1/20/2011 as part of Convention Center expansion.

Source: Sales Office - Capital Improvement Board of Managers

2012		2013		2014	
Event Occupancy	Total Occupancy	Event Occupancy	Total Occupancy	Event Occupancy	Total Occupancy
25.7%	57.7%	26.8%	54.2%	25.5%	52.6%
29.5%	64.8%	27.1%	55.3%	24.1%	50.7%
23.5%	59.6%	26.6%	59.2%	25.2%	54.8%
27.3%	63.7%	28.5%	61.9%	27.1%	58.6%
26.8%	61.2%	26.0%	59.2%	24.4%	56.4%
28.4%	63.7%	27.1%	60.5%	22.7%	50.4%
21.3%	54.4%	22.2%	53.2%	20.3%	47.4%
23.5%	55.5%	27.9%	59.2%	23.8%	53.7%
25.7%	60.1%	27.7%	63.3%	23.3%	53.4%
29.5%	63.4%	28.8%	63.3%	26.0%	58.4%
23.2%	56.6%	28.5%	62.2%	24.7%	57.0%
33.6%	49.7%	35.1%	47.4%	32.6%	43.6%
32.2%	51.0%	35.3%	51.7%	32.6%	47.9%
30.8%	44.6%	36.7%	48.3%	32.1%	43.2%
17.3%	40.3%	19.5%	43.2%	20.4%	41.1%
14.2%	35.7%	14.0%	33.5%	16.0%	32.1%
14.6%	26.1%	11.1%	12.7%	14.4%	17.4%
14.4%	31.1%	10.9%	23.4%	15.4%	29.4%
18.1%	39.5%	16.0%	30.4%	20.1%	37.8%
2017		2018		2019	
Event Occupancy	Total Occupancy	Event Occupancy	Total Occupancy	Event Occupancy	Total Occupancy
28.1%	53.0%	31.2%	57.5%	30.9%	60.7%
28.1%	53.3%	30.1%	56.7%	30.9%	65.3%
26.2%	56.8%	28.2%	55.9%	32.5%	70.5%
31.4%	63.1%	30.4%	60.5%	31.1%	65.8%
27.0%	56.8%	28.2%	58.1%	28.1%	62.6%
27.3%	60.4%	28.8%	63.0%	29.2%	61.7%
28.1%	60.4%	28.5%	62.7%	25.7%	60.7%
31.1%	70.5%	32.6%	69.3%	31.1%	67.5%
34.2%	70.8%	33.2%	69.0%	32.5%	66.7%
37.2%	74.0%	34.5%	70.7%	36.1%	68.6%
32.2%	70.5%	32.6%	66.8%	35.2%	67.5%
38.0%	48.1%	34.2%	46.0%	37.7%	56.8%
32.5%	52.2%	29.7%	44.8%	30.8%	50.5%
30.9%	43.2%	32.7%	44.8%	35.4%	53.3%
22.4%	52.7%	24.4%	49.0%	27.3%	55.2%
19.3%	40.6%	19.2%	37.9%	20.5%	42.2%
13.9%	17.5%	6.8%	7.9%	6.0%	8.2%
12.7%	23.5%	12.8%	20.7%	13.7%	17.6%
20.8%	35.0%	23.0%	33.4%	22.4%	31.7%