

From: Mayor John Hamilton
To: "Group of 20"
Date: November 25, 2019
Re: PROPOSAL re: Convention Center Expansion

After three meetings of the "group of 20" electeds, it appears we've made progress with several shared understandings:

- A 60,000 square foot expansion of our convention center is appropriate
- Financing through the Food & Beverage Tax allocated to the City appears sufficient to fund the estimated \$44 million expansion with a 20- or 25-year bond
- Financing for a \$15 million new garage appears sufficient from various City options
- Two possible governance options appear to be the creation of a Capital Improvement Board (CIB) or the establishment of a new nonprofit corporation (a 501c3 tax-exempt organization)

Two pending issues have delayed progress:

- Is the Site Plan recommended by the Steering Committee -- the "North" option with new expansion to north of and hotel designated east of the existing center -- acceptable to the Commissioners?
- How will the design and build process be governed, and subsequently how will the new expanded facility be governed?

Despite numerous conversations and efforts around these elements, they remain undecided. It does appear that resolving the governance question may allow the Site Plan decision to be made by a new entity.

At the meeting of November 21, the Commissioners stated that they would not proceed with the project without prior agreement on "equal representation of membership on the oversight board." The Mayor at that meeting affirmed support for a "full and equal partnership" but indicated the membership questions were not simple or obvious and required additional review.

In the interest of progress we propose a path forward, reflecting several realities:

- Two oversight boards will most significantly and directly control the design/build and operation of the new center (beyond the built-in independent authorities of each fiscal body and the Food & Beverage Tax Advisory Commission):
 - The existing Convention and Visitors Commission (CVC) allocates necessary annual operating funds sourced from the Innkeepers Tax, and
 - A new entity (CIB or 501c3) will oversee the design and building of the new center sourced with funds from the Food & Beverage Tax appropriated by the City, as well as using existing land and buildings owned by the County, the City and/or the Building Corporation (the entity will also presumably own and operate the expanded facility after construction)
- The City, by action of the Administration and the City Council, would transfer approximately \$59 million in cash funds to the new governing entity to design and build the new expanded facility and garage
- The County, the City and the Building Corporation would make available their respective properties for the project, as appropriate, to the new governing entity

Reflecting these and other realities, and acknowledging and embracing the request for equal membership, we propose the following:

1. We affirm the goal of equal membership for the two major governing bodies
2. In light of the major investment of new dollars for construction that will be appropriated by the City, the City membership should be the majority in the new entity (either CIB or 501c3) that will design and build the project
3. The County should have a commensurate majority on the CVC board overseeing funding of ongoing operations for the new facility

For example, the City would propose a 4-3 ratio, City majority, in a CIB/501c3 board, and a 3-2 ratio, County majority, for the CVC board. Or if the County would prefer, it could be a 5-2 ratio for City and 4-1 for County, respectively. Either would provide equal representation of overall membership on the two oversight bodies.

One noteworthy aspect is that Indiana law provides for annual County Council fiscal oversight for both the CVC and any CIB. That could pose challenges for a CIB, given the fiscal responsibility City officials would owe their constituents in connection with delivering nearly \$60 million for investment, and the symbiotic relationship between the expanded center and so much other downtown development that the City leads or steers. This may counsel the flexibility of a 501c3 to allow greater collaboration and appropriate accountability.

All these options would require interlocal agreements to implement them and assure their longevity and reliability.

And finally, we continue to believe that if we were to sit down and discuss actual persons to populate a new oversight board, we may find prompt and efficient agreement on that, as we discuss and determine together the best legal structure(s) going forward.