

Vigo County

Improvements Board

Senator Luke Kenley
Chair
Indiana State Budget Committee
200 West Washington St
Room 212
Indianapolis, IN 46204

Dear Chairman Kenley and members of the State Budget Committee:

There has been a great amount of misinformation coming from our partner on the Vigo County Capital Improvement Board (CIB) regarding our ability to meet our financial commitment for matching funds for the Hulman Center Conference and Convention Center. From the time we first heard about the opportunity to partner with Indiana State University to help them transform their underutilized Hulman Center Arena into a dynamic university and community asset of a combined arena and conference/convention center, we have been enthused about the opportunities it can provide for transformation of our community and university. We stepped up to the plate immediately to define available funding sources to help meet our obligations along with dedicating many hours to the establishment of the Vigo County Capital Improvement Board.

Through the support of Indiana State University the CIB engaged the resources of Crowe Horwath LLP (Crowe), to serve as our Municipal Advisor and assist us in developing a financing plan for our portion of the project. We support the attached plan that was developed by Crowe and are prepared to take the procedural steps necessary to formalize this plan accordingly to move this project forward as originally presented to the community. Components of this plan include:

- A commitment of \$25 million in net project funds dedicated to the construction of the conference and convention center. The bonds would be issued through the CIB and backed by Vigo County with the ability for the county to intercept annual bond payments from revenues received for the distribution to both the CVB and City of Terre Haute. The proposed total issuance would be composed from the following:
 - \$5 million from the Convention and Visitors Bureau (CVB) from dedicated Innkeepers tax revenues. In 2016 total CVB revenues amounted to \$1,884,420.84 and the CVB has a cash balance at year-end of \$2,326,330. The Vigo County Innkeepers tax is currently 6.5%, but has statutory capacity of 8.0%. Annual debt service would be less than \$350,000 throughout the life of the proposed financing.
 - \$10 million committed from Vigo County from dedicated EDIT funds. The total receipts from EDIT funds in 2016 totaled \$5,062,064. The balance in the Vigo County EDIT fund totaled \$14,944,694.68 as of December 31, 2016. This healthy cash balance will allow the county to make their commitment and provide appropriate backing on the projected bonds. In this proposed structure the county will pay a greater portion of the debt service in the earlier years and taper downward. First year payments would total \$880,000 under this estimate.
 - \$10 million committed from the City of Terre Haute from dedicated EDIT funds. In 2016 the city had \$4,689,710.98 in receipts from EDIT and expenditures of \$4,751,865.63 with a year-end balance of \$4,199,648.78. Estimates call for Terre Haute to begin with an annual payment of \$500,000 and ramp up their contribution throughout the life of the bonds.

Therefore, we are requesting the State Budget Committee postpone the vote regarding Hulman Center for 90 days. We believe this will allow the CIB an opportunity to regroup and help advance the community project.

Steve Witt, Terre Haute EDC

Greg Gibson, Terre Haute CVB

Duke Bennett, Mayor

Jon Marvel, Vigo County

Judy Anderson, Vigo County