

**CITY OF BLOOMINGTON
parks and recreation**

AGENDA

City of Bloomington Board of Park Commissioners
Special Meeting: Wednesday March 11, 2009 4:00 – 5:30 p.m.

Council Chambers
401 North Morton

CALL TO ORDER - ROLL CALL

A. PUBLIC HEARINGS/APPEARANCES

- B-1. Public Comment Period on Declaratory Resolution 09-02 of the Board of Park Commissioners to Issue Bonds in the Name of the City for Purchase of the Bloomington SportsPlex

C. OTHER BUSINESS

- C-1. Review/Approval of Confirmatory Resolution 09-03 of the Board of Park Commissioners(Mick Renneisen) To Issue Bonds in the Name of the City for Purchase of the Bloomington SportsPlex

ADJOURNMENT



CITY OF BLOOMINGTON
parks and recreation

A-1
03/23/09

Board of Park Commissioners
Regular Meeting
Minutes

Wednesday, March 11, 2009
4:00 – 5:30 p.m.

Council Chambers
401 N. Morton St.

CALL TO ORDER

The meeting was called to order by Mr. Carter at 4:00 p.m.

Board Present: John Carter, Les Coyne, Jane St. John

Board Absent: Joe Hoffmann

Staff Present: Mick Renneisen, Judy Seigle, Daren Eads, Julie Ramey, Lindsay Buuck, Dave Williams, Bev Johnson, Karen Serfling, Paula McDevitt, Sarah Nix, Rob Gilchrist, Becky Barrick, Kim Ecenbarger

Interns: Lysie Burton

City Administration: Danny Lopez, Dan Sherman

Consultants: Tom Guevara, Hans Steck

Other: Paul Gillard

A. PUBLIC HEARINGS/APPEARANCES

A-1. Public Comment Period

Mr. Renneisen addressed the Board and presented information to the public regarding the proposed acquisition of the SportsPlex. He stated that in addition to the sports facility, there is about 5 1/2 acres of undeveloped greenspace for a total of about 10 acres that would be added to the City's inventory. Through the years a number of citizen surveys have been completed with the most recent one completed in 2006. An indoor recreation facility has been identified as a need for the past 25 years. The 2006 Citizen Attitude and Interest Survey identified an indoor recreation facility as the 7th highest ranked need and a 2006 Senior Citizen Attitude and Interest Survey identified an indoor recreation facility as the 2nd highest ranked need. Both surveys indicated a high interest by the community in fitness and wellness programs. All ages identified health and wellness programs as being important to them. When asked of citizens age 50 and over how much household members spend per month on indoor and outdoor recreation facilities and activities, 29% of respondents state \$30 or more per month, 11% stated \$20-\$29 per month, with the others paying other amounts or nothing at all. Respondents stated that improving physical health and fitness is one of the most important benefits of parks and recreation facilities. This response was ranked number one in the survey. Mr. Renneisen provided some information on the current users at the SportsPlex. There are currently 2,700 paying fitness members, 2,100 participants in youth and adult basketball leagues, 1,800 participants in soccer leagues, 255 participants in flag football, 6,820 total participations in various special events and camps, and 450,000 – 500,000 total visits annually. The facility includes 5 hardwood court surfaces, an indoor soccer field, a 1/5 mile indoor elevated walking/jogging/fitness trail, a fitness center, an aerobic dance room, office space, and some common gathering space. Staff feels acquiring the SportsPlex would provide the opportunity to meet the need identified for an indoor recreation/fitness facility. It would also allow the department an opportunity to consolidate resources and provide quality health and wellness programs to the Bloomington community. The loss of the facility would have a significant impact on the delivery of the many programs and services currently provided at the SportsPlex. A financial feasibility study was completed by Crowe-Horwath consultants. The study

indicated the City could purchase the facility using a revenue bond. The study indicated that revenue generated from the facility could pay for the debt service and offset operational expenses. The appraised value of the facility is \$10 million. The agreed-upon purchase price is \$5.55 million. Annual revenue is currently in excess of \$1 million. In conclusion, the community has stated through two different Citizen surveys that indoor fitness and exercise, sports and recreation space is lacking in the City's inventory. The SportsPlex acquisition will not affect taxpayers as the facility purchase will be funded through a revenue bond. Revenue generated by the facility will pay for the cost of operation and debt service. The loss of this facility would have a negative impact on the delivery of many recreation and sports programs. The community's health, wellness, and recreation needs will be better served as a result of this acquisition. Mr. Renneisen introduced the financial consultant, Tom Guevara.

Mr. Guevara addressed the Board and stated that his firm works regularly with similar non-profits and serves as auditor to agencies such as the Monroe County YMCA and the Indianapolis YMCA and other recreational facilities. A review of the Parks and Recreation Department financials and the SportsPlex financials was completed and testing of this information was performed to compile an operating statement. A five year statement of operations was done to provide conservative information. Overall, compared to the 2008 SportsPlex budget, the total projected revenues used in the analysis are about 30% less than the SportsPlex current revenues are. This was done to remain conservative with the revenue estimates. In year one of operations, the net revenue available for debt service is estimated to be about \$486,000. Assuming that memberships and program participations will grow by about 5% per year and fees will grow by about 5% every other year, and assuming expenses will also grow every year, over time, growth in net operating revenue should increase to about \$643,000 by year five. He added that, at a 20 year bond life, the life expectancy of the SportsPlex should definitely exceed the life of the bond. The bond will be for \$6.5 million with about \$5.5 to be used for the purchase of the facility, \$327,000 to be used for renovations, and the remainder will be used as capitalized interest, so the department would not need to use revenue to make a bond payment until July, 2011. This also allows for a debt service reserve to build up. Mr. Guevara also addressed the questions that have arisen regarding the reason why the SportsPlex is interested in selling. He stated that over the years, the facility was able to generate a net operating income; however, when the debt service, depreciation, and amortization were factored in, it was a struggle. The Parks and Recreation Department has the advantage of obtaining lower financing costs and has experience running this type of facility. He reiterated these are all projections based on available information. He added that the City of Bloomington has a AA bond rating, which is very good, and the bond sale should have a positive outcome.

Mr. Steck, with Bingham McHale addressed the Board and provided them with an update on the process and what the next steps are. The Declaratory Resolution was approved at the February 24 Board meeting. Today the Board will consider confirming that resolution through the Confirmatory Resolution. The next step will be adoption of a formal bond resolution by the Park Board on March 23 and The City Council with a first reading on March 25 and final approval on April 1. If all of those steps are met with approval, the bond sale will be advertised with bids received and the closing taking place in April.

Mr. Coyne asked what the market is like currently for this type of bond purchase.

Mr. Steck stated that the market for an entity with a AA rating, which is what Bloomington is rated, remains fairly strong.

Public Comment:

Bruce Anderson – Arlington Park Drive Apartments:

Mr. Anderson thinks this is a big mistake because the bonds are being backed by tax dollars. He also expressed concern that the purchase of the facility is not doing anything to help sustain the community and increase employment opportunities.

Larry Keady – Bloomington:

Mr. Keady expressed concerns that there are no management costs (over \$200,000) included in the financial analysis. The assumption is made that current staff will assume management of the facility so these costs are not

included in the expense projections, and he feels that these costs should be included in the expenses. Another concern he has is the loss of the property taxes currently generated from the facility. He is concerned about the 5% increase in revenues that have been projected. He feels this may not be practical in today's economy. He feels this really appears more like a general obligation bond since the tax base is being used as a back-up should revenues fall short. He is concerned that depreciation is not factored in and what happens at the end of 20 years if there are no improvements to the facility?

Steve Wolter – Executive Director of the Eppley Institute at Indiana University:

Mr. Wolter expressed his support of this initiative. As the Parks and Recreation Administrator in 1995-96, he stated that the lack of an indoor recreation/sports facility has long been noted as a one of the biggest needs of the department. That need still exists with obesity on the rise in Indiana. He also feels this is the most credible organization to fill this mission in Bloomington and feels that this department has been risk takers and has proven to be successful. He cited the examples of Twin Lakes Sports Park, Olcott Park, Clear Creek and Jackson Creek Trails, and the expansion of Cascades Golf Course as being projects that the staff has taken on successfully. Finally, the Parks and Recreation Department has multiple programs that can be offered at the SportsPlex. In addition, other cities throughout the country similar to Bloomington have been successful in doing similar things in their own communities.

Mike McAfee –Director of the Bloomington/Monroe County Convention and Visitor's Bureau:

Mr. McAfee stated that the CVB currently partners with the SportsPlex and that partnership has been very successful. The youth sports tournaments and other events held at the SportsPlex tend to be trips that families are not canceling due to the economy. These events have a tremendous economic impact to the Bloomington Community and the hotel, restaurant and retail industries. He is very excited about the potential for growth and more partnerships should the City acquire this facility.

Mary Runnells – President of the Cutters Soccer Club – High Street

Ms. Runnells stated that she is very happy to hear the department acknowledge how important this facility is to the community. She is very supportive of the department's acquisition of the facility and hopes to see soccer continue at this venue. Her club registered over 1,100 players in 2008 and many of them utilize this space.

Craig Hayne – Bloomington resident

Mr. Hayne stated that he is neither for nor against the project, but he has concerns about some of the assumptions made in the financial analysis. He is also concerned about the loss of property taxes if it is removed from the tax rolls. He asked if the facility is about to go under and encouraged the Board to make sure the numbers provided by the SportsPlex are either audited or at least be reviewed for accuracy. He also asked about the current mortgage and stressed that the market value is much different than the appraised value of a facility. He urged the Board to look hard at the assumptions and not be in a hurry to move forward. He complimented Mr. Renneisen for being straightforward about the project and for answering all of his questions when contacted. He also wished the Board luck in the deliberations and said he hopes it all works out.

Anne Bright – East Kristen Ct – Bloomington

Ms. Bright stated that she moved here from a city in Michigan that had a Parks Board that overextended itself in purchasing land. The revenues expected to generate payments didn't come through and it created a lot of citizen unrest. She urged the Board to closely review the financing and be certain that the revenues will cover the expenses.

Marc Haggerty – Crestmont area – Bloomington

Mr. Haggerty stated that he was surprised to see this in the paper and wondered why the emergency to purchase the facility. He is concerned that purchasing the facility may pull resources from the near west side. He feels poor people lose out to affluence in this type of deal.

Mr. Keady addressed the Board again and asked if there was a real estate appraisal and what kind of appraisal was completed?

Mr. Renneisen stated it was a real estate appraisal that assumes the value of the land, the building, and to some degree, the value of the business. He added that three appraisers agreed to the amount of the appraisal.

Mr. Anderson addressed the Board again and expressed his concern about using the tax base as a fall back should the revenue generated

B. OTHER BUSINESS

B-1. Review/Approval of Confirmatory Resolution 09-03 of Board of Park Commissioners to Issue Bonds in the Name of the City for Purchase of the Bloomington SportsPlex

Ms. St. John offered her thanks to the public for coming out and expressing their comments. She added that today's meeting is simply to listen to the public.

Mr. Coyne echoed Ms. St. John's comments and feels the Board has a strong responsibility to make sound financial decisions.

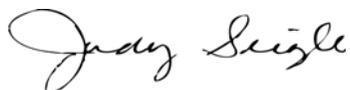
Mr. Carter reminded the public of future dates where public comments can be made: Monday, March 23 at 4:00; March 25 at 7:30 and April 1 at 7:30. All meetings are held in the Council Chambers.

Mr. Coyne made a motion to approve Confirmatory Resolution 09-03 to issue bonds in the name of the City for the purchase of the Bloomington SportsPlex. Ms. St. John seconded the motion. Motion unanimously carried.

ADJOURNMENT

Meeting adjourned at 5:10 p.m.

Respectfully Submitted,



Judy Seigle, Secretary Board of Park Commissioners