



STATE OF INDIANA
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November 27, 2023

Board of Directors
Indiana Stadium and Convention Building Authority
c/o Indiana Finance Authority
One North Capitol Ave., Suite 900
Indianapolis, Indiana 46204

We have received the audit report of the Indiana Stadium and Convention Building Authority, which was opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Indiana Stadium and Convention Building Authority as of June 30, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2023 and 2022



**INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF INDIANA)**

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Independent Auditor's Report

Board Members
Indiana Stadium and Convention Building Authority

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Indiana Stadium and Convention Building Authority, a component unit of the State of Indiana, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Indiana Stadium and Convention Building Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Stadium and Convention Building Authority, as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Indiana Stadium and Convention Building Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Stadium and Convention Building Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Indiana Stadium and Convention Building Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Stadium and Convention Building Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023, on our consideration of Indiana Stadium and Convention Building Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Indiana Stadium and Convention Building Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Stadium and Convention Building Authority's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2023 and 2022

As management of Indiana Stadium and Convention Building Authority (the Building Authority), we offer readers of the basic financial statements this narrative overview, Management's Discussion and Analysis (MD&A), of the financial activities of the Building Authority for the fiscal years ended June 30, 2023, 2022 and 2021.

ORGANIZATIONAL STRUCTURE AND BACKGROUND

Organizational Structure: Effective May 15, 2005, Indiana Stadium and Convention Building Authority was established pursuant to House Bill 1120, which is codified at Ind. Code 5-1-17, as an entity of the State to finance, design, construct and own the new Indiana Stadium in Indianapolis and the expansion of the adjacent Indiana Convention Center.

The Building Authority is governed by a seven-member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. Day-to-day operations of the Building Authority are managed by the Executive Director.

Indiana Finance Authority (IFA) facilitated a portion of the project funding through the issuance of \$1 billion of lease appropriation bonds to finance a portion of the construction projects. IFA then entered into loan agreements with the Building Authority structured with a payment schedule to meet debt service requirements on the bonds.

IFA has specific responsibilities as the issuer under the trust indenture that provides guidance for the treatment of sources and uses of funds. Relevant to the Building Authority's financial statement reporting, IFA's responsibilities include, but are not limited to:

- Authorization to the trustee for the release of trust funds (cash disbursements),
- Monitoring of cash receipts to the trust in accordance with the trust indenture,
- Monitoring of the trust investment policies and coordination of the nature, timing and extent of investment activity within the trust accounts.

Because IFA performs these activities that impact the Building Authority's financial statements, the Building Authority has formalized an agreement with IFA dated May 21, 2007, specifying IFA's responsibilities with regards to personnel management, investments, cash receipts, and cash disbursements.

Project Background: The Indiana Stadium is named Lucas Oil Stadium, pursuant to a naming rights agreement between the Indianapolis Colts (the Colts) and Lucas Oil. Lucas Oil Stadium was completed in 2008. Lucas Oil Stadium is leased to Indiana's Office of Management and Budget (the IOMB) and subleased to and operated by the Capital Improvement Board of Managers of Marion County (the CIB). The CIB has, in turn, entered into a sublease with the Colts, pursuant to which the Colts will play their home NFL games within Lucas Oil Stadium. Lucas Oil Stadium is marketed by the CIB, in conjunction with the Indianapolis Convention and Visitors Association, to host NCAA and other sporting events, conventions, concerts, trade shows, and other major public events.

In order to expand the Convention Center, the Building Authority demolished the RCA Dome and proceeded to finance, design, construct and own an expansion to the Indiana Convention Center, which is located on the former site of the RCA Dome. The Convention Center Expansion was substantially completed in 2011 and is also leased to the IOMB and then subleased to, and operated by, the CIB. The CIB continues to own and operate the existing Indiana Convention Center.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2023 and 2022

OVERVIEW OF THE PROJECT COSTS

The combined development and construction budget for Lucas Oil Stadium and the Convention Center Expansion, exclusive of financing and issuance costs and certain other costs related to the pedestrian connector, was originally approximately \$998.8 million. This included approximately \$723.8 million for Lucas Oil Stadium and approximately \$275 million for the Convention Center Expansion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Building Authority's basic financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows as well as the related notes to the financial statements. The Building Authority is reported as an enterprise fund. An enterprise fund uses the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short- and long-term financial information about the activities an entity operates like a business.

The statement of net position includes all of the Building Authority's assets, deferred outflows, liabilities, and net position. Assets and liabilities are classified as either current or noncurrent. The statement of revenues, expenses and changes in net position reports all of the revenues and expenses during the year regardless of when cash is received or paid. The statement of cash flows reports the cash provided and used by operating activities as well as other cash sources and uses. The financial statements also include notes that explain and support the information in the statements.

FINANCIAL ANALYSIS

**Indiana Stadium and Convention Building Authority
Statements of Net Position (in thousands of dollars)
June 30,**

	2023	2022	2021
Current assets	\$ 35,451	\$ 33,558	\$ 80,196
Noncurrent assets	943,292	966,197	907,290
Total assets	978,743	999,755	987,486
 Deferred outflows of resources	55,888	62,626	160,437
 Current liabilities	33,203	33,201	28,352
Noncurrent liabilities	1,010,264	1,037,225	1,094,413
Total liabilities	1,043,467	1,070,426	1,122,765
 Restricted net position	(8,836)	(8,045)	25,158
Total net position	\$ (8,836)	\$ (8,045)	\$ 25,158

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2023 and 2022

FINANCIAL ANALYSIS (Continued)

The majority of current assets include investments that represent direct-financing loan payments received from the CIB. Noncurrent assets consist of direct-financing loans receivables for Lucas Oil Stadium and the Convention Center Expansion. Direct-financing loans receivable are used to account for the amounts due under the lease agreements, which are considered financed sales of the underlying assets in accordance with the standards of the Governmental Accounting Standards Board.

Historically, deferred outflows of resources were primarily related to changes in the fair value of hedging derivatives. The balance, historically, had a corresponding noncurrent derivative instrument liability. In 2022, the swap was terminated. Deferred outflows of resources also relate to a deferred loss and swap termination cost from the refunding of various bonds/notes and the termination of interest rate swaps in 2015. These balances are being amortized into interest and financing expense over the life of the refunding bonds/notes.

The majority of current liabilities include interest payable and notes payable to IFA that are due within one year. The majority of noncurrent liabilities include notes payable to IFA in respect of its Lease Appropriation Bonds issued for the purpose of financing the costs of the Stadium and Convention Center Expansion Projects that are due after one year.

In fiscal year 2022, IFA issued Series 2022A Bonds for \$346.85 million and a premium of \$75.69 million, which was used to refund Series 2005A Bond, 2007A and 2008A under the Stadium Expansion, and to make a swap termination payment of \$81.35 million. IFA entered into underlying note agreements with the Building Authority.

During 2023, direct-financing loans receivable decreased \$21.91 million due to scheduled payments. During 2022, direct-financing loans receivable increased \$59.97 million due to the refunding and swap termination requiring an increase in the amounts to be received.

Indiana Stadium and Convention Building Authority
Statements of Revenues, Expenses and Changes in Net Position (in thousands of dollars)
Years ended June 30,

	2023	2022	2021
Operating revenues			
Loan financing revenue	\$ 36,390	\$ 16,750	\$ 50,509
Build America Bonds rebate	4,170	4,518	4,188
Interest income	869	26	40
Other income	13	-	-
Total revenues	<u>41,442</u>	<u>21,294</u>	<u>54,737</u>
Operating expenses			
Interest and financing expense	41,847	51,853	52,040
Other expenses	386	2,644	358
Total expenses	<u>42,233</u>	<u>54,497</u>	<u>52,398</u>
Change in net position	(791)	(33,203)	2,339
Net position, beginning of year	<u>(8,045)</u>	<u>25,158</u>	<u>22,819</u>
Net position, end of year	<u>\$ (8,836)</u>	<u>\$ (8,045)</u>	<u>\$ 25,158</u>

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2023 and 2022

FINANCIAL ANALYSIS (Continued)

Loan financing revenue consists of real estate loan revenue earned from the CIB for the property of Lucas Oil Stadium and the Convention Center Expansion. Interest and financing expense and Build America Bonds rebate relate to financing of the Lucas Oil Stadium and Convention Center Expansion through IFA notes to the Building Authority. In 2022, revenue was budgeted to decrease, compared to prior years based on the estimated availability of cash on hand and in anticipation of the refunding transaction. In 2023, revenue was budgeted to increase and receive normal loan financing revenue in anticipation of scheduled debt service payments. As part of the refunding and swap termination in 2022, there was cost of issuance recorded in other expenses, which is why it was higher than the other years. Also, the refunding and swap termination in 2022 led to interest expense decreasing in 2023.

DIRECT-FINANCING LOANS RECEIVABLE AND DEBT ADMINISTRATION

Direct-Financing Loans Receivable

**Indiana Stadium and Convention Building Authority
Direct-Financing Loans Receivable (in thousands of dollars)
June 30,**

	2023	2022	2021
Direct-financing loans receivable:			
Lucas Oil Stadium	\$ 661,514	\$ 680,066	\$ 617,606
Convention Center Expansion	<u>296,818</u>	<u>300,180</u>	<u>302,669</u>
	<u>\$ 958,332</u>	<u>\$ 980,246</u>	<u>\$ 920,275</u>

Additional information can be found in Note 4 to the financial statements. The loans receivable balance increased in 2022, due to the refunding transaction and swap termination. There were no other significant changes in activity over the three years other than scheduled receipts on the direct financing loans.

Long-term Debt - The entire notes payable amount represents debt secured by specified revenue sources.

**Indiana Stadium and Convention Building Authority
Outstanding Debt (in thousands of dollars)
Years ended June 30,**

	2023	2022	2021
Lucas Oil Stadium	\$ 694,641	\$ 717,250	\$ 661,328
Convention Center Expansion	<u>329,828</u>	<u>333,189</u>	<u>335,678</u>
	<u>\$ 1,024,469</u>	<u>\$ 1,050,439</u>	<u>\$ 997,006</u>

Additional information on the Building Authority's debt can be found in Notes 5 and 7 to the financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2023 and 2022

DIRECT-FINANCING LOANS RECEIVABLE AND DEBT ADMINISTRATION (Continued)

In fiscal year 2022, the Building Authority issued Series 2022A Bond for \$346.85 million, which was a refunding of Series 2005A, 2007A, 2008A Bond under the Lucas Oil Stadium.

REQUESTS OF INFORMATION

This financial report is designed to provide a general overview of the Building Authority's finances for all those with an interest in the Building Authority's finances. Questions concerning any of the information should be addressed to the Indiana Stadium and Convention Building Authority, One North Capitol, Suite 900, Indianapolis, Indiana 46204.

BASIC FINANCIAL STATEMENTS

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
 STATEMENTS OF NET POSITION
 June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Investments	\$ 20,410,775	\$ 19,508,334
Direct-financing loans receivable, current portion	<u>15,040,000</u>	<u>14,050,000</u>
Total current assets	<u>35,450,775</u>	<u>33,558,334</u>
Noncurrent assets		
Direct-financing loans receivable, less current portion	<u>943,292,089</u>	<u>966,196,256</u>
Total noncurrent assets	<u>943,292,089</u>	<u>966,196,256</u>
Total assets	<u>978,742,864</u>	<u>999,754,590</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	15,472,453	17,353,522
Deferred swap termination	<u>40,415,990</u>	<u>45,272,342</u>
Total deferred outflows of resources	<u>55,888,443</u>	<u>62,625,864</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	42,801	11,686
Interest payable	18,119,875	19,139,462
Current maturities of notes payable	<u>15,040,000</u>	<u>14,050,000</u>
Total current liabilities	<u>33,202,676</u>	<u>33,201,148</u>
Noncurrent liabilities		
Purchase agreement obligation	835,000	835,000
Notes payable, less current maturities	<u>1,009,429,224</u>	<u>1,036,389,470</u>
Total noncurrent liabilities	<u>1,010,264,224</u>	<u>1,037,224,470</u>
Total liabilities	<u>1,043,466,900</u>	<u>1,070,425,618</u>
NET POSITION		
Externally restricted for Stadium and Convention Center Expansion Projects	<u>(8,835,593)</u>	<u>(8,045,164)</u>
Total net position	<u>\$ (8,835,593)</u>	<u>\$ (8,045,164)</u>

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Years ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Loan financing revenue	\$ 36,390,476	\$ 16,750,135
Build America Bonds rebate	4,170,389	4,517,921
Interest income	868,981	25,830
Other income	12,800	-
Total operating revenues	41,442,646	21,293,886
OPERATING EXPENSES		
Interest and financing expenses	41,846,765	51,852,660
Professional fees	80,076	121,679
Personnel related expenses	10,252	10,801
Insurance expense	199,267	175,425
Parking expense	96,715	92,510
Cost of issuance and underwriter discount	-	2,243,955
Total operating expenses	42,233,075	54,497,030
DECREASE IN NET POSITION	(790,429)	(33,203,144)
NET POSITION		
Beginning of year	(8,045,164)	25,157,980
End of year	\$ (8,835,593)	\$ (8,045,164)

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Loan financing payments received	\$ 36,390,476	\$ 15,890,134
Other receipts	12,800	860,000
Payments for administrative and general	<u>(355,195)</u>	<u>(403,700)</u>
Net cash provided by operating activities	<u>36,048,081</u>	<u>16,346,434</u>
INVESTING ACTIVITIES		
Purchase of investments	(63,356,813)	(133,982,858)
Sales of investments	62,454,372	178,923,947
Interest received on investments	<u>868,981</u>	<u>25,830</u>
Net cash provided (used) by investing activities	<u>(33,460)</u>	<u>44,966,919</u>
CAPITAL AND FINANCING ACTIVITIES		
Loan financing principal receipts	21,914,167	-
Proceeds from note debt issuance	-	345,639,606
Proceeds from note debt issuance - premium	-	75,692,565
Escrow payments - debt refunding	-	(226,667,504)
Principal payments - debt redemption from refunding	-	(120,595,000)
Swap termination payment	-	(81,395,000)
Costs of issuance	-	(2,243,955)
Principal payments during the year on note debt	(14,050,000)	(12,985,000)
Build America Bonds rebate received	4,170,389	6,255,583
Interest and other financing payments	<u>(48,049,177)</u>	<u>(45,014,648)</u>
Net cash used by capital and financing activities	<u>(36,014,621)</u>	<u>(61,313,353)</u>
NET CHANGE IN CASH	-	-
CASH, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF DECREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Decrease in net position	\$ (790,429)	\$ (33,203,144)
Adjustments to reconcile decrease in net position to net cash provided by operating activities:		
Build America Bonds rebate revenue	(4,170,389)	(4,517,921)
Interest income	(868,981)	(25,830)
Interest and financing expenses	41,846,765	54,096,615
Changes in certain assets and liabilities:		
Accounts payable and accrued expenses	<u>31,115</u>	<u>(3,286)</u>
Net cash provided by operating activities	<u>\$ 36,048,081</u>	<u>\$ 16,346,434</u>

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The Indiana Stadium and Convention Building Authority (the Building Authority) was established as a new public body corporate and politic of the State of Indiana (the State) to finance, design, construct and own Lucas Oil Stadium and the Indiana Convention Center Expansion in Indianapolis. The Building Authority is considered a component unit of the State of Indiana and is discretely presented in the State's financial statements. Now that Lucas Oil Stadium is complete, it is leased to Indiana's Office of Management and Budget (the IOMB) and subleased to and operated by the Capital Improvement Board of Managers of Marion County (the CIB). The CIB has, in turn, entered into a sublease with the Indianapolis Colts (the Colts), pursuant to which the Colts play their home NFL games within Lucas Oil Stadium. Lucas Oil Stadium is also marketed by the CIB, in conjunction with the Indianapolis Convention and Visitors Association, to host NCAA and other sporting events, conventions, concerts, trade shows, and other major public events. Lucas Oil Stadium was completed in August 2008. In order to expand the Convention Center, the Building Authority demolished the RCA Dome and proceeded to finance, design, construct and own an expansion to the Indiana Convention Center, which is located on the former site of the RCA Dome. The Convention Center Expansion was substantially completed in 2011 and is also leased to the IOMB and then subleased to, and operated by, the CIB. The CIB continues to own and operate the existing Indiana Convention Center. The accompanying basic financial statements conform with accounting principles generally accepted in the United States of America as applied to governments. The Building Authority's significant accounting policies are as follows:

Basis of Presentation and Accounting: The Building Authority is reported as an Enterprise Fund. An enterprise fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated non-exchange revenues and voluntary non-exchange revenues and certain grants and entitlements are recognized in the period when all applicable eligibility requirements have been met.

Application of Accounting Principles Generally Accepted in the United States: The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Building Authority follows GASB pronouncements. The following new pronouncements were implemented effective July 1, 2022:

- GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, describes financial reporting for a government with a contract to use another party's information technology (IT) software. There was no impact on the Building Authority.
- GASB 94, *Public-Private and Public-Public Partnerships (P3s) and Availability Payment Arrangements (APAs)*, describes financial reporting for a contract between a governmental and another entity to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. There was no impact on the Building Authority.

Estimates: Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Restricted net position represents net position with constraints placed on use that are either (i) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or (ii) imposed by law through constitutional provisions or enabling legislation, as defined in the GASB Codification. The Building Authority's entire net position is externally restricted for Stadium and Convention Center expansion projects.

Cash: Cash is considered to be cash on hand and demand deposits at a bank. The cash balance was \$0 at June 30, 2023 and 2022. All account balances at the bank would be insured by the Federal Deposit Insurance Corporation (FDIC).

Investments: Investments are money market funds recorded at fair value (see Note 3) and held by the Building Authority at the reporting date. For investments at June 30, 2023 and 2022, fair value of investments approximated historical cost. Changes in the fair value of investments, including interest, dividends, realized and unrealized gains and losses are included in the statements of revenues, expenses and changes in net position.

Build America Bonds Rebate Receivable: The IFA has a Series 2009B bond for the Convention Center that was designated as Direct Payment Build America Bond. This bond provides a subsidy from the Internal Revenue Service to cover up to 35% of the interest costs paid back to the issuer which is remitted to the Building Authority.

Direct-Financing Loan Receivable: As described in Note 4, the Building Authority has entered into lease agreements as a lessor with IOMB. Because the agreements transfer ownership of the underlying assets to the lessee by the end of the contracts and do not contain termination options, the agreements are reported as financed sales of the underlying assets. The agreements are not within the scope of the accounting requirements for leases under the GASB Codification, which require lessors to recognize lease receivables and deferred inflows of resources. Instead, the Building Authority reports direct-financing loans receivable related to the agreements at the principal amounts outstanding.

Long-Term Debt: Notes payable are recorded at the principal amount outstanding, net of any applicable premium or discount.

Deferred Outflows of Resources represent a consumption of net assets that is applicable to a future reporting period. The Building Authority's deferred outflows of resources relate to losses on bond/note refunding transactions and a deferred swap termination. The deferred swap termination and the loss on bond/note refunding are being amortized into interest and financing expense over the life of the refunding bonds.

Loan Financing Revenue Recognition: Loan financing revenue is recognized over the term of the direct-financing loan receivable agreement using the interest rate method that mirrors the underlying long-term debt.

Expense Classification: Expenses have been classified using functional and activity classifications using direct costs and estimated indirect cost allocations based upon time allocation and benefit.

Subsequent Events: Management has evaluated the financial statements for subsequent events occurring through October 23, 2023, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments Background: Indiana statutes generally authorize investments in United States obligations and issues of federal agencies, repurchase agreements fully collateralized by U.S. Government or U.S. Government Agency securities, bank certificates of deposit, and open-end money market mutual funds.

All investments of the Building Authority are contained within the provisions of the trust indenture related to Indiana Finance Authority's (IFA) issuance of revenue bonds. At year end, all investments are held by, or in the name of, The Bank of New York Trust Company, N.A., as trustee under certain indentures of trusts (Trust Indentures) pertaining to IFA Lease Appropriation Bonds, 2015A and 2022A (Stadium Project), and Series 2009A, 2015A, 2019B, and 2019G (Convention Center Project).

The provisions of the Trust Indentures state that all investments shall be made under prudent investment standards reasonably expected to produce the greatest investment yields while seeking to produce principal without causing any of the bonds to be arbitrage bonds as defined in Section 148 of the Code. Monies shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which monies will be required for disbursement or transfer, provided that any such investment securities in the debt service reserve account shall have a term to maturity not greater than five years. The Trustee was also directed to invest substantial proceeds in Investment Agreements (also referred to as guaranteed investment contracts) as specified in the Trust Indentures.

The Building Authority formalized an agreement with IFA dated May 21, 2007, specifying IFA's responsibilities pertaining to personnel management, investments, cash receipts, and cash Disbursements. IFA has legal responsibility, as the issuer under the Trust Indentures, for monitoring of the Trust Indentures' investment policies and coordination of the nature, timing and extent of investment activity within trust accounts. Due to IFA's responsibilities and the limitations on investments within the Trust Indentures, the Building Authority has not adopted a formal investment policy.

The following disclosures provide information on the risk elements and related Trust Indentures' policies:

Allowable Investments: IFA, as the issuer under the Trust Indentures, is only permitted to invest in securities authorized by the applicable bond indenture. The Trust Indentures' provisions only relate to the investment of cash within the bond indenture. Under the provisions of the bond indenture, IFA is to limit allowable investments to the following list of securities.

- United States Government Securities fully and unconditionally guaranteed
- United States Agency Obligations which are fully guaranteed
 - Export-Import Bank of the United States
 - Federal Housing Administration (FHA)
 - Government National Mortgage Association (GNMA)
 - Small Business Administration (SBA)
 - Housing and Urban Development (HUD)
 - Federal National Mortgage Association (FNMA) - rated Aaa by Moody's and AAA by S&P
 - Federal Home Loan Mortgage Corporation (FHLMC) - rated Aaa by Moody's and AAA by S&P
 - Maritime Administration
 - Including any securities with full faith and credit of the U.S. government

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - INVESTMENTS (Continued)

- United States Agency Obligations which are not fully guaranteed
 - Federal Home Loan Banks (FHLB) - consolidated debt obligations
 - Student Loan Marketing Association - debt obligations
 - Resolution Funding Corporation - debt obligations
- Obligations of States of the United States or their subdivisions - rated at the time of purchase, A2 or better by Moody's and A or better by Standard & Poor's (S&P)
- Commercial paper (having original maturities of not more than 270 days) rated at the time of purchase, P-1 by Moody's and A-1 or better by S&P
- Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the FDIC.
- Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (having maturities of not more than 365 days), rated P-1 by Moody's and A-1 or better by S&P
- Money market funds rated AAAM or AAAM-G by S&P
- State-sponsored investment pools rated AA- or better by S&P
- Repurchase agreements
- Investment agreements (also referred to as guaranteed investment contracts)
 - Domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P
 - Domestic insurance companies rated Aaa by Moody's and AAA by S&P
 - Domestic structured investment companies approved and rated Aaa by Moody's and AAA by S&P
- Forward delivery agreements in which the securities delivered mature on or before each interest payment date or drawn down date
- Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of IFA or the Trustee to put the securities back

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - INVESTMENTS (Continued)

Interest Rate Risk: The Building Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Trust Indentures state that monies shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which monies will be required for disbursement or transfer, provided that any such investment securities in the debt service reserve account shall have a term to maturity not greater than five years. At June 30, 2023 and 2022, the Building Authority had the following investments, all maturing in less than one year:

	2023 Fair Value	2022 Fair Value
Money Market Funds	\$ 20,410,775	\$ 19,508,334

Credit Risk: Credit quality guidance is included in the Trust Indentures. Credit ratings for the Building Authority's investments at June 30, 2023 are as follows:

	S&P	Moody's	Fair Value
Money Market Funds	AAM	Aaa-mf	\$ 20,410,775

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The Building Authority and Trust Indentures placed no limit on the amount that IFA may invest in any one issuer. The one fund shown below constitutes more than 5% of investments. The following table shows investment by issuer at June 30, 2023 and 2022:

	2023 Fair Value	2022 Fair Value
Goldman Financial Square Money Market Fund	\$ 20,410,775	\$ 19,508,334

Custodial Credit Risk: Custodial credit risk is the risk that the Building Authority will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Building Authority and are held by either the counterparty or the counterparty's trust department of agent but not in the Building Authority's name. Custodial credit risk for investments at June 30, 2023 and 2022 was \$0.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Building Authority has categorized its assets that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Building Authority has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Building Authority makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by the Building Authority for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2023 and 2022.

	June 30, 2023	
	Level 1	Total
Assets:		
Money market fund shares	\$ 20,410,775	\$ 20,410,775
Investments at fair value	\$ 20,410,775	\$ 20,410,775
	June 30, 2022	
	Level 1	Total
Assets:		
Money market fund shares	\$ 19,508,334	\$ 19,508,334
Investments at fair value	\$ 19,508,334	\$ 19,508,334

At June 30, 2023 and 2022, the Building Authority had no other assets or liabilities that are measured at fair value on a recurring basis.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - DIRECT-FINANCING LOANS RECEIVABLE

All construction costs associated with the Lucas Oil Stadium and Convention Center Expansion Projects were capitalized during the construction period. Now that Lucas Oil Stadium and the Convention Center Expansion are complete, the properties are leased and reported as financed sale agreements by the Building Authority. The agreements terms are reflective of related debt service.

	2023	2022
Direct-financing loans receivable:		
Lucas Oil Stadium	\$ 661,513,741	\$ 680,065,998
Convention Center expansion	<u>296,818,348</u>	<u>300,180,258</u>
 Total direct-financing loans receivable	 <u>\$ 958,332,089</u>	 <u>\$ 980,246,256</u>

In accordance with the plan of finance, the Building Authority has financed sale agreements related to the Lucas Oil Stadium and Convention Center Expansion with the IOMB under separate agreements which have two-year initial terms with automatic two-year renewals available through December 31, 2039. The IOMB, in turn, has financed sale agreements related to the Projects under separate agreements with the CIB. The related direct-financing loans receivable are payable from and are secured by a pledge of 2005 New Excise Tax Revenues, the PSDA Revenues (each as defined in the bond indentures) and certain other fees and certain existing state and local assistance tax revenues starting in 2028 that are more fully described in the bond indentures.

Under both agreements, the CIB has the option to purchase the facilities at a price equal to the amount required to enable the IOMB to exercise its right to purchase the same facilities from the Building Authority and thereby provide for payment or redemption of all related outstanding obligations of IFA. During construction of the Projects, the CIB was obligated under each respective agreement to make certain initial payments.

Lucas Oil Stadium

In August 2008, the Stadium Project was completed, at which time, a financed sale agreement commenced. The Building Authority reported a direct-financing loan receivable of \$661,513,741 and \$680,065,998 at June 30, 2023 and 2022, respectively. Direct-financing payments are structured based on the related bond principal and interest schedules that are reflected in Note 5 of the financial statements for each bond issue. Under the Supplemental agreements, the IOMB pays on a semiannual basis, in advance, the amounts set forth below:

Lucas Oil Stadium	Supplemental	Date Payment Due	Payments to
<u>Period Available for Date</u>	<u>Agreement</u>	<u>Date Payment Due</u>	<u>be Received</u>
<u>Use and Occupancy</u>			
July 1, 2023 to December 31, 2023	Tenth	July 1, 2023	21,548,231
January 1, 2024 to June 30, 2024	Tenth	January 1, 2024	21,548,231
July 1, 2024 to December 31, 2024	Tenth	July 1, 2024	21,648,356
January 1, 2025 to June 30, 2025	Tenth	January 1, 2025	21,648,356

During each fiscal year which the Lucas Oil Stadium is available for use and occupancy, payments are expected to yield 100% of the debt service for such fiscal year allocable to the Lucas Oil Stadium and all expenses incurred by the Building Authority and IFA in connection with the Lucas Oil Stadium.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - DIRECT-FINANCING LOANS RECEIVABLE (Continued)

Convention Center Expansion

In January 2011, the Convention Center Expansion was substantially completed, at which time, a financed sale agreement commenced. The Building Authority reported a direct-financing loan receivable of \$296,818,348 and \$300,180,258 at June 30, 2023 and 2022, respectively. Direct-financing payments are structured based on the related bond principal and interest schedules that are reflected in Note 5 of the financial statements for each bond issue. Under the Supplemental Agreement, the IOMB pays on a semiannual basis, in advance, the amounts set forth below:

Convention Center Expansion Period Available for Use and Occupancy	Supplemental Agreement	Date Payment Due	Payments to be Received
July 1, 2023 to December 31, 2023	Ninth	July 1, 2023	8,467,381
January 1, 2024 to June 30, 2024	Ninth	January 1, 2024	8,467,381
July 1, 2024 to December 31, 2024	Ninth	July 1, 2024	8,591,256
January 1, 2025 to June 30, 2025	Ninth	January 1, 2025	8,591,256

During each fiscal year in which the Convention Center Expansion is available for use and occupancy, payments are expected to yield 100% of the debt service for such fiscal year allocable to the Convention Center Expansion and all expenses incurred by the Building Authority and IFA in connection with the Convention Center Expansion.

NOTE 5 - LONG-TERM DEBT ACTIVITY

At June 30, 2023, the debt service requirements for notes payable were as follows:

<u>Year ending</u>	<u>Total Principal</u>	<u>*Total Interest</u>	<u>Total Net Debt Service</u>
June 30, 2024	\$ 15,040,000	\$ 44,391,224	\$ 59,431,224
June 30, 2025	16,210,000	43,669,224	59,879,224
June 30, 2026	17,470,000	42,858,724	60,328,724
June 30, 2027	18,760,000	42,034,349	60,794,349
June 30, 2028	19,980,000	41,077,411	61,057,411
June 30, 2029 - June 30, 2033	319,455,000	170,179,242	489,634,242
June 30, 2034 - June 30, 2038	421,605,000	81,850,327	503,455,327
June 30, 2039 - June 30, 2043	93,370,000	4,346,017	97,716,017
	<u>\$ 921,890,000</u>	<u>\$ 470,406,518</u>	<u>\$ 1,392,296,518</u>
Premium (discount)	102,579,224		
	<u>\$ 1,024,469,224</u>		

*In years prior to 2022, total interest reflected variable rate bond/note interest payments and net swap payments assuming current interest rates remain the same in future years. The 2022A bond/note refunding resulted in all remaining debt being fixed rate debt and no swap agreements at June 30, 2023 and 2022.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - LONG-TERM DEBT ACTIVITY (Continued)

The loan agreements allow for remedies in case there is an event of default. An event of default can be (i) failure of the Building Authority to pay any loan payment or additional payment on any note when the same becomes due and payable, whether at maturity or upon any date fixed for prepayment, by acceleration or otherwise; (ii) failure of the Building Authority to observe and perform any other covenant, condition or provision of the loan agreement for a period of 60 days after written notice; (iii) the Building Authority (a) applies for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Building Authority, (b) commence a voluntary case under the United States Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustments or debts; (iv) a proceeding or case is commenced, without the application or consent of the Building Authority, in any court or competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of the Building Authority, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Building Authority or of all or any substantial part of its property or (c) similar relief in respect of the Building Authority under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustments of debt; or (v) any event of default under the lease.

The remedies include the following (i) the trustee may declare all loan payments and notes to be immediately due and payable, whereupon the same will become immediately due and payable; (ii) the IFA and the trustee may have access to inspect, examine and make copies of the books, records, accounts and financial data of the Building Authority pertaining to the facilities; and (iii) the IFA or the trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the loan agreements or the notes or to enforce the performance and observance of any other obligation or agreement of the Building Authority under those instruments, the lease agreements, the sublease and the revenue deposit agreements.

If the Building Authority fails to pay any on the notes when and as the same become due and payable, whether at maturity, upon designation for prepayment, by declaration or otherwise, then, upon written demand of the trustee, the Building Authority will pay to the trustee the whole amount which has become due and payable.

Under the loan agreements, in order to secure the payment of all amounts payable on the notes and the performance of the covenants of the Building Authority in the loan agreement, the Building Authority has granted to IFA a security interest in the pledged property.

The following is a summary of long-term debt outstanding, without premiums, at June 30, 2023 and 2022:

2023	<u>Future Interest Rates Range</u>	<u>Maturity Range</u>	<u>Annual Principal Payment Range</u>	<u>Amount</u>
Lucas Oil Stadium	4.000%-5.250%	2024-2038	\$12,595,000 - \$71,670,000	\$ 607,155,000
Convention Center Expansion	2.500%-6.596%	2024-2039	\$ 2,445,000 - \$93,370,000	314,735,000
				<u>\$ 921,890,000</u>
2022	<u>Future Interest Rates Range</u>	<u>Maturity Range</u>	<u>Annual Principal Payment Range</u>	<u>Amount</u>
Lucas Oil Stadium	4.000%-5.250%	2023-2038	\$11,985,000 - \$71,670,000	\$ 619,140,000
Convention Center Expansion	2.500%-6.596%	2023-2039	\$ 2,065,000 - \$93,370,000	316,800,000
				<u>\$ 935,940,000</u>

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - LONG-TERM DEBT ACTIVITY (Continued)

Changes in long-term liabilities were as follows:

2023	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due Within One Year
Purchase Agreement Obligation	\$ 835,000	\$ -	\$ -	\$ 835,000	\$ -
Notes Payable	935,940,000	-	(14,050,000)	921,890,000	15,040,000
Note Premiums	114,499,470	-	(11,920,246)	102,579,224	-
	<u>\$ 1,051,274,470</u>	<u>\$ -</u>	<u>\$ (25,970,246)</u>	<u>\$ 1,025,304,224</u>	<u>\$ 15,040,000</u>
2022	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due Within One Year
Purchase Agreement Obligation	\$ 835,000	\$ -	\$ -	\$ 835,000	\$ -
Notes Payable	951,615,000	346,850,000	(362,525,000)	935,940,000	14,050,000
Note Premiums	45,391,051	75,692,565	(6,584,146)	114,499,470	-
Derivative Instrument Liability	109,556,849	-	(109,556,849)	-	-
	<u>\$ 1,107,397,900</u>	<u>\$ 422,542,565</u>	<u>\$ (478,665,995)</u>	<u>\$ 1,051,274,470</u>	<u>\$ 14,050,000</u>

NOTE 6 - PURCHASE AGREEMENT OBLIGATION

The Building Authority entered into a purchase agreement for a parcel necessary for development of the Lucas Oil Stadium. Half of the purchase price was deferred due to continued use by the Post Office. The balance of \$835,000 is due upon the earlier of December 8, 2025, the date of complete relocation of the Post Office, conveyance to United States Postal Service by the Building Authority of an acceptable parcel, or the commencement date of a lease for a replacement. The net present value of the rent will be credited against the remaining purchase price.

NOTE 7 - FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION

IFA adopted an original financing program for Lucas Oil Stadium whereby it issued three separate series of bonds; the first being the Series 2005A Bonds, the second being the Series 2007A Bonds, and the third being the Series 2008A Bonds. The Building Authority received loans from IFA in connection with the issuance of \$400 million, \$212 million and \$55 million in Lease Appropriation Bonds, Series 2005A, 2007A and 2008A, respectively, for purposes of financing the costs of the Lucas Oil Stadium. A similar but separate financing program was adopted for the Convention Center Expansion, which includes IFA's \$120 million, \$18 million and \$192 million in Lease Appropriation Bonds, Series 2008A, 2009A and 2009B, respectively. The Building Authority also received loans from IFA for these issues. IFA's revenue obligations are payable from and secured by the Building Authority obligations that are supported payments received by the Building Authority from the IOMB, as lessee, who in turn receives payments from the CIB.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 - FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION (Continued)

In October 2009, IFA altered the liquidity facilities in connection with the variable rate bonds issued for Lucas Oil Stadium and the Convention Center Expansion. Following a mandatory tender of the bonds, the prior Standby Bond Purchase Agreements (the SBPA) syndicates were replaced by individual SBPAs between a bank and IFA for certain sub-series of bonds. Subsequent to this alteration, IFA continued to use SBPA and also has added Direct Purchases to the existing liquidity mix. Below is the past breakdown of the liquidity picture for variable rate debt within Stadium and Convention Center portfolio.

- 2005A-1 Direct Purchase - Bank of America/Merrill Lynch
- 2005A-4 Direct Purchase - Wells Fargo
- 2005A-5 Direct Purchase - US Bank
- 2007A-2 SBPA - Wells Fargo
- 2007A-3 SBPA - US Bank
- 2008A (Stadium) Self Liquidity

In addition to the variable rate debt mentioned above, the 2009A and 2009B bonds were fixed rate bonds. In fiscal year 2015, IFA terminated two Goldman Sachs swaps and refunded a portion of the variable rate associated with the hedging instruments into the 2015A fixed rate refunding bonds. In fiscal year 2020, IFA refunded the 2008A variable rate bonds, with the 2019G fixed rate refunding bonds. Upon closing of the 2019G, the Convention Center portfolio is 100% traditional fixed rate bonds. There no longer are any variable rate bonds, liquidity facilities, swap, etc. associated with the Convention Center debt profile. In fiscal year 2019, IFA refunded the 2009 bonds with the 2019B fixed rate refunding bonds.

In 2022, the Series 2022A Bonds were issued which refunded the remaining variable debt for the Lucas Oil Stadium. At June 30, 2023 and 2022, all Building Authority debt is fixed rate debt.

NOTE 8 - COMMITMENTS

The Development Agreement provides in the definition of "Authority Provided Parking" that the Building Authority is to provide for the construction of approximately 2,600 parking spaces on the Project Site. It has been determined that approximately 1,000 of the 2,600 parking spaces cannot be constructed on the Project Site at the present time. Therefore, an agreement has been made which commits the Building Authority to provide the Colts game day parking spaces through the term of the Lucas Oil Stadium lease. The Building Authority is responsible for the costs associated with providing this parking. Parking costs are expensed as they are incurred by the Building Authority.

Loss Contingencies: In the course of normal operations, the Building Authority is subject to various claims and assessments and is involved in litigation that it intends to vigorously defend. The range of loss, if any, from these potential claims cannot be reasonably estimated. However, the management of the Building Authority believes the ultimate resolution of these matters will not have a material adverse impact on the Building Authority's operations or net position.

OTHER REPORT

*Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards*

Board Members
Indiana Stadium and Convention Building Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Indiana Stadium and Convention Building Authority, a component unit of the State of Indiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Indiana Stadium and Convention Building Authority's basic financial statements, and have issued our report thereon dated October 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indiana Stadium and Convention Building Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Indiana Stadium and Convention Building Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Indiana Stadium and Convention Building Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indiana Stadium and Convention Building Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 23, 2023