



STATE OF INDIANA
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February 21, 2022

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, 2020 to June 30, 2021. Per the *Independent Auditors' 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, 2021, 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 blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

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

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2021 and 2020

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

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Independent Auditors' Report

Board Members
Indiana Stadium and Convention Building Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Stadium and Convention Building Authority (the Building Authority), a component unit of the State of Indiana, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity'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.

Opinion

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, 2021 and 2020, 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.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 6 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021, on our consideration of the 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 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 the Building Authority’s internal control over financial reporting and compliance.



Indianapolis, Indiana
October 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2021 and 2020

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, 2021, 2020 and 2019.

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) (CONTINUED)
June 30, 2021 and 2020**

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 approximately \$998.8 million. This included approximately \$723.8 million for Lucas Oil Stadium and approximately \$275 million for the Convention Center Expansion.

FINANCIAL ANALYSIS

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

	2021	2020	2019
Current assets	\$ 80,196	\$ 76,811	\$ 71,265
Noncurrent assets	907,290	919,302	928,934
Total assets	<u>987,486</u>	<u>996,113</u>	<u>1,000,199</u>
Deferred outflows of resources	<u>160,437</u>	<u>200,380</u>	<u>168,281</u>
Current liabilities	28,352	27,306	25,113
Noncurrent liabilities	<u>1,094,413</u>	<u>1,146,368</u>	<u>1,123,901</u>
Total liabilities	<u>1,122,765</u>	<u>1,173,674</u>	<u>1,149,014</u>
Restricted net position	<u>25,158</u>	<u>22,819</u>	<u>19,466</u>
Total net position	<u>\$ 25,158</u>	<u>\$ 22,819</u>	<u>\$ 19,466</u>

The majority of current assets include investments that represent lease payments received from the CIB. Noncurrent assets consist of direct-financing leases for Lucas Oil Stadium and the Convention Center Expansion. Deferred outflows of resources are primarily related to changes in the fair value of hedging derivatives. The balance has a corresponding noncurrent derivative instrument liability. Deferred outflows of resources also relate to a deferred loss and swap termination cost from the refunding of various bonds 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.

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 2020, the Building Authority issued Series 2019G Bond for \$73.29 million, which was a refunding of Series 2008A Bond under the Convention Center Expansion.

In fiscal year 2019, the Building Authority issued Series 2019B Bond for \$13.54 million, which was a refunding of Series 2009A Bond under the Convention Center Expansion.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
June 30, 2021 and 2020

FINANCIAL ANALYSIS (CONTINUED)

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

	2021	2020	2019
Operating Revenues			
Lease revenue	\$ 50,509	\$ 50,692	\$ 52,244
Build America Bonds rebate	4,188	4,160	4,147
Interest income	<u>40</u>	<u>1,091</u>	<u>1,386</u>
Total Revenues	<u>54,737</u>	<u>55,943</u>	<u>57,777</u>
Operating Expenses			
Interest and financing expense	52,040	52,190	51,943
Other expenses	<u>358</u>	<u>400</u>	<u>356</u>
Total Expenses	<u>52,398</u>	<u>52,590</u>	<u>52,299</u>
Change in Net Position	2,339	3,353	5,478
Net Position, Beginning of Year	<u>22,819</u>	<u>19,466</u>	<u>13,988</u>
Net Position, End of Year	<u>\$ 25,158</u>	<u>\$ 22,819</u>	<u>\$ 19,466</u>

Lease revenue consists of real estate lease 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. There were no significant changes in revenues and expenses over the three years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Building Authority's investment in capital assets includes direct-financing leases.

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30,

	2021	2020	2019
Direct-financing leases:			
Lucas Oil Stadium	\$ 617,606	\$ 627,051	\$ 635,661
Convention Center Expansion	<u>302,669</u>	<u>304,106</u>	<u>304,348</u>
	<u>\$ 920,275</u>	<u>\$ 931,157</u>	<u>\$ 940,009</u>

**INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
June 30, 2021 and 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Additional information on the Building Authority's capital assets can be found in Notes 4 and 5 to the financial statements. There were no significant changes in capital asset activity over the three years other than scheduled receipts on the direct financing leases.

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)
June 30,**

	2021	2020	2019
Lucas Oil Stadium	\$ 661,328	\$ 675,243	\$ 688,405
Convention Center Expansion	<u>335,678</u>	<u>337,782</u>	<u>338,702</u>
	<u>\$ 997,006</u>	<u>\$ 1,013,025</u>	<u>\$ 1,027,107</u>

Additional information on the Building Authority's debt can be found in Notes 6 and 8 to the financial statements.

In fiscal year 2020, the Building Authority issued Series 2019G Bond for \$73.29 million, which was a refunding of Series 2008A Bond under the Convention Center Expansion.

In fiscal year 2019, the Building Authority issued Series 2019B Bond for \$13.54 million, which was a refunding of Series 2009A Bond under the Convention Center Expansion.

CURRENTLY KNOWN FACTS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The outbreak has caused many conventions to get delayed or cancelled at the Convention Center. Also, Indianapolis Colts games were played with very limited fans during the 2020 football season as well as other events have been delayed or cancelled at Lucas Oil Stadium. The Convention Center and Lucas Oil Stadium have still made all scheduled lease payments to date. The ultimate impact of the outbreak to the Building Authority's financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the Building Authority.

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, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Build America Bonds rebate receivable	\$ 1,737,662	\$ 1,733,977
Investments	65,473,653	63,221,700
Direct-financing leases, current portion	<u>12,985,000</u>	<u>11,855,000</u>
Total Current Assets	<u>80,196,315</u>	<u>76,810,677</u>
Noncurrent Assets		
Direct-financing leases, less current portion	<u>907,290,038</u>	<u>919,302,067</u>
Total Noncurrent Assets	<u>907,290,038</u>	<u>919,302,067</u>
Total Assets	<u>987,486,353</u>	<u>996,112,744</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on bond refunding	643,763	716,017
Deferred swap termination	50,236,283	55,300,552
Accumulated decrease in fair value of hedging derivatives	<u>109,556,849</u>	<u>144,363,777</u>
Total Deferred Outflows of Resources	<u>160,436,895</u>	<u>200,380,346</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	8,400	9,852
Interest payable	15,358,968	15,440,746
Current maturities of notes payable	<u>12,985,000</u>	<u>11,855,000</u>
Total Current Liabilities	<u>28,352,368</u>	<u>27,305,598</u>
Noncurrent Liabilities		
Purchase agreement obligation	835,000	835,000
Notes payable, less current maturities	984,021,051	1,001,169,605
Derivative instrument liability	<u>109,556,849</u>	<u>144,363,777</u>
Total Noncurrent Liabilities	<u>1,094,412,900</u>	<u>1,146,368,382</u>
Total Liabilities	<u>1,122,765,268</u>	<u>1,173,673,980</u>
NET POSITION		
Externally restricted for Stadium and Convention Center Expansion Projects	<u>25,157,980</u>	<u>22,819,110</u>
Total Net Position	<u>\$ 25,157,980</u>	<u>\$ 22,819,110</u>

See accompanying notes.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Lease revenue	\$ 50,508,808	\$ 50,691,441
Build America Bonds rebate	4,188,267	4,160,438
Interest income	<u>39,722</u>	<u>1,091,351</u>
Total Operating Revenues	<u>54,736,797</u>	<u>55,943,230</u>
OPERATING EXPENSES		
Interest and financing expenses	52,039,631	52,190,461
Professional fees	9,201	94,002
Personnel related expenses	110,848	6,641
Insurance expense	164,239	206,540
Parking expense	<u>74,008</u>	<u>92,510</u>
Total Operating Expenses	<u>52,397,927</u>	<u>52,590,154</u>
INCREASE IN NET POSITION	2,338,870	3,353,076
NET POSITION		
Beginning of Year	<u>22,819,110</u>	<u>19,466,034</u>
End of Year	<u>\$ 25,157,980</u>	<u>\$ 22,819,110</u>

See accompanying notes.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Lease payments received	\$ 61,390,837	\$ 59,542,920
Payments for administrative and general	<u>(359,748)</u>	<u>(419,790)</u>
Net Cash Provided by Operating Activities	<u>61,031,089</u>	<u>59,123,130</u>
INVESTING ACTIVITIES		
Purchase of investments	(65,635,141)	(64,789,181)
Sales of investments	63,383,188	60,028,932
Interest received on investments	<u>39,722</u>	<u>1,091,351</u>
Net Cash Used by Investing Activities	<u>(2,212,231)</u>	<u>(3,668,898)</u>
CAPITAL AND FINANCING ACTIVITIES		
Proceeds from debt issuance	-	89,157,739
Principal payments to reduce indebtedness	(11,855,000)	(99,390,000)
Build America Bonds rebate received	4,184,582	4,154,910
Interest and other financing payments	<u>(51,148,440)</u>	<u>(49,376,881)</u>
Net Cash Used by Capital and Financing Activities	<u>(58,818,858)</u>	<u>(55,454,232)</u>
NET CHANGE IN CASH	-	-
CASH		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF INCREASE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net position	\$ 2,338,870	\$ 3,353,076
Adjustments to reconcile increase in net position to net cash provided by operating activities:		
Build America Bonds rebate	(4,188,267)	(4,160,438)
Interest income	(39,722)	(1,091,351)
Interest and financing expenses	52,039,631	52,190,461
Changes in certain assets and liabilities:		
Direct-financing leases	10,882,030	8,851,479
Accounts payable and accrued expenses	<u>(1,453)</u>	<u>(20,097)</u>
Net Cash Provided by Operating Activities	<u>\$ 61,031,089</u>	<u>\$ 59,123,130</u>

See accompanying notes.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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.

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.

Net Position: The Restricted Net Position component 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.

Cash: Cash is considered to be cash on hand and demand deposits at a bank. All account balances at the bank were insured by the Federal Deposit Insurance Corporation (FDIC) at June 30, 2021 and 2020.

Investments: Investments are money market funds recorded at fair value and held by the Building Authority at the reporting date. For investments at June 30, 2021 and 2020, 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.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Build America Bonds Rebate Receivable: The Building Authority 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.

Direct-Financing Leases: Direct-financing leases are accounted for by the Building Authority, as lessor, as the sum of minimum lease payments and indirect costs. Direct costs are amortized over the lease term using the effective interest rate method that mirrors the underlying long-term debt.

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

Deferred Outflows of Resources represents a consumption of net assets that is applicable to a future reporting period. The Building Authority's deferred outflows of resources relate to loss on bond refunding, deferred swap termination, and accumulated decrease in fair value of hedging derivatives. The deferred swap termination and the loss on bond refunding are being amortized into interest and financing expense over the life of the refunding bonds. The accumulated decrease in fair value of hedging derivatives has a corresponding noncurrent derivative instrument liability, which represents the fair market value of interest rate swaps.

Lease Revenue Recognition: Lease rental income is recognized over the lease term 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 13, 2021, 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. 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, Series 2005A, 2007A, 2008A, and 2015A (Stadium Project), and Series 2008A, 2009A, 2009B, 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.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

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
- 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 by the Series 2005A Bond Insurer and rated Aaa by Moody's and AAA by S&P

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 2 - INVESTMENTS (CONTINUED)

- 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

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, 2021 and 2020, the Building Authority had the following investments, all maturing in less than one year:

	2021 Fair Value	2020 Fair Value
Money Market Funds	<u>\$ 65,473,653</u>	<u>\$ 63,221,700</u>

Credit Risk: Credit quality guidance is included in the Trust Indentures. Credit ratings for the Building Authority's investments at June 30, 2021 are as follows:

Investment Type	S&P	Moody's	Fair Value
Money Market Funds	AAAm	Aaa-mf	<u>\$ 65,473,653</u>
			<u>\$ 65,473,653</u>

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, 2021 and 2020:

	2021 Fair Value	2020 Fair Value
Goldman Financial Square Money Market Fund	<u>\$ 65,473,653</u>	<u>\$ 63,221,700</u>

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, 2021 and 2020 was \$0.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

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.

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, 2021 and 2020.

Money Market Fund Shares: Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

Interest Rate Swap Derivatives: Valued by a third-party using models which include assumptions about the SIFMA yield curve at the reporting date. The Building Authority uses the fair value provided by the third party without adjustment. See Note 8.

For those assets measured at fair value, management determines the fair value measurement policies and procedures in consultation with the Building Authority's Finance Committee. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Building Authority's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the reporting date.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a summary, within each level of the fair value hierarchy, of the Building Authority's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2021 and 2020:

2021	Level 1	Level 2	Total
Assets:			
Money market fund shares	<u>\$ 65,473,653</u>	<u>\$ -</u>	<u>\$ 65,473,653</u>
Investments at Fair Value	<u>\$ 65,473,653</u>	<u>\$ -</u>	<u>\$ 65,473,653</u>
Liabilities:			
Interest rate swap derivatives		<u>\$ 109,556,849</u>	<u>\$ 109,556,849</u>
2020	Level 1	Level 2	Total
Assets:			
Money market fund shares	<u>\$ 63,221,700</u>	<u>\$ -</u>	<u>\$ 63,221,700</u>
Investments at Fair Value	<u>\$ 63,221,700</u>	<u>\$ -</u>	<u>\$ 63,221,700</u>
Liabilities:			
Interest rate swap derivatives		<u>\$ 144,363,777</u>	<u>\$ 144,363,777</u>

At June 30, 2021 and 2020, the Building Authority had no other assets or liabilities that are measured at fair value on a recurring basis.

NOTE 4 - DIRECT-FINANCING LEASES

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 direct-financing leases by the Building Authority. Lease terms are reflective of related debt service.

	2021	2020
Direct-financing leases:		
Lucas Oil Stadium	\$ 617,606,378	\$ 627,050,955
Convention Center Expansion	<u>302,668,660</u>	<u>304,106,112</u>
Total Direct-financing Leases	<u>\$ 920,275,038</u>	<u>\$ 931,157,067</u>

In accordance with the plan of finance, the Building Authority is leasing the Lucas Oil Stadium and Convention Center Expansion to the IOMB under separate lease agreements which have two-year initial terms with automatic two-year renewals through December 31, 2039. The IOMB is, in turn, subleasing the Projects under separate sublease agreements to the CIB. Sublease rentals 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 starting in 2028 certain existing state and local assistance tax revenues more fully described in the bond indentures.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 5 - LEASES

Under both sublease agreements, the CIB has the option to purchase the leased 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 sublease to make certain initial rent payments.

Lucas Oil Stadium Leases

In August 2008, the Stadium Project was completed, at which time, a direct-financing lease commenced. The Building Authority reported a direct-financing lease of \$617,606,378 and \$627,050,955 at June 30, 2021 and 2020, respectively. Direct-financing lease payments are structured based on the related bond principal and interest schedules that are reflected in Note 6 of the financial statements for each bond issue. Under the Eighth Supplemental Lease, the IOMB pays on a semiannual basis, in advance, the rental amounts set forth below:

Lucas Oil Stadium Period Available for Date Use and Occupancy	Date Payment Due	Rentals
July 1, 2021 to December 31, 2021	July 1, 2021	\$20,234,823
January 1, 2022 to June 30, 2022	January 1, 2022	20,234,823
July 1, 2022 to December 31, 2022	July 1, 2022	33,971,793
January 1, 2023 to June 30, 2023	January 1, 2023	33,971,793

During each fiscal year which the Lucas Oil Stadium is available for use and occupancy, rental 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.

Convention Center Expansion Leases

In January 2011, the Convention Center Expansion was substantially completed, at which time, a direct-financing lease commenced. The Building Authority reported a direct-financing lease of \$302,668,660 and \$304,106,112 at June 30, 2021 and 2020, respectively. Direct-financing lease payments are structured based on the related bond principal and interest schedules that are reflected in Note 6 of the financial statements for each bond issue. Under the Seventh Supplemental Lease, the IOMB pays on a semiannual basis, in advance, the rental amounts set forth below:

Convention Center Expansion Period Available for Use and Occupancy	Date Payment Due	Rentals
July 1, 2021 to December 31, 2021	July 1, 2021	\$ -
January 1, 2022 to June 30, 2022	January 1, 2022	-
July 1, 2022 to December 31, 2022	July 1, 2022	7,359,850
January 1, 2023 to June 30, 2023	January 1, 2023	7,359,850

During each fiscal year in which the Convention Center Expansion is available for use and occupancy, rental 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.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 6 - LONG-TERM DEBT ACTIVITY

At June 30, 2021, the debt service requirements for notes payable were as follows:

Year Ending	Total Principal	*Total Interest	Total Net Debt Service
June 30, 2022	\$ 12,985,000	\$ 45,992,490	\$ 58,977,490
June 30, 2023	14,080,000	45,371,466	59,451,466
June 30, 2024	15,240,000	45,686,366	60,926,366
June 30, 2025	16,410,000	45,709,378	62,119,378
June 30, 2026	17,675,000	44,859,804	62,534,804
June 30, 2027 – June 30, 2031	219,310,000	202,668,954	421,978,954
June 30, 2032 – June 30, 2036	383,200,000	121,216,535	504,416,535
June 30, 2037 – June 30, 2039	<u>272,715,000</u>	<u>25,116,650</u>	<u>297,831,650</u>
	951,615,000	<u>\$ 576,621,643</u>	<u>\$ 1,528,236,643</u>
Premium (Discount)	<u>45,391,051</u>		
	<u>\$ 997,006,051</u>		

*Total interest reflects variable rate bond interest payments and net swap payments assuming current interest rates (at June 30, 2021) remain the same in future years.

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 Indiana Finance Authority 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 Indiana Finance Authority 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.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 6 - LONG-TERM DEBT ACTIVITY (CONTINUED)

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, 2021:

	Future Interest Rates Range	Maturity Range	Annual Principal Payment Range	Amount
Lucas Oil Stadium Convention Center Expansion	3.07%-5.411%	2022-2037	<u>\$11,820,000 - \$71,910,000</u>	<u>\$ 633,650,000</u>
	2.5%-6.596%	2022-2039	<u>\$ 1,165,000 - \$93,370,000</u>	<u>\$ 317,965,000</u>

Changes in long-term liabilities were as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Due Within One Year
Purchase Agreement Obligation	\$ 835,000	\$ -	\$ -	\$ 835,000	\$ -
Notes Payable	1,013,024,605	-	(16,018,554)	997,006,051	12,985,000
Derivative Instrument Liability	<u>144,363,777</u>	<u>-</u>	<u>(34,806,928)</u>	<u>109,556,849</u>	<u>-</u>
	<u>\$ 1,158,223,382</u>	<u>\$ -</u>	<u>\$ (50,825,482)</u>	<u>\$ 1,107,397,900</u>	<u>\$ 12,985,000</u>

NOTE 7 - 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 8 - FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION

IFA adopted a 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.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 8 - 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 continues to use SBPA and also has added Direct Purchases to the existing liquidity mix. Below is a breakdown of the current 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. The present value savings of the 2019B refunding was \$2,079,260.

IFA's revenue obligations are payable from and secured by the Building Authority obligations that are supported by the Building Authority's leases with the IOMB, as lessee, who in turn receives rent under subleases with the CIB, as sub-lessee.

Variable Rate Terms

Hedged, Tax-exempt Variable Rate Debt: An interest rate swap with a notional amount of \$611,525,000 commenced for the Stadium Lease Appropriation Bonds, Series 2005A and 2007A, on August 15, 2008, with IFA receiving the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) and paying the swap counterparties a fixed rate of 4.231%. On May 21, 2015, a swap with a notional amount of \$269,071,000 was terminated. Due to the termination, \$269,035,000 of the Variable Rate Demand Obligations (VRDOs) were called and mostly refunded with the Series 2015A traditional fixed rate bonds in a par amount of \$296,530,000. With the reductions of VRDOs, IFA terminated Standby Purchase Agreements in the amount of \$269,035,000. The purchase price of tendered but not remarketed 2005 and 2007 Bonds is payable from Standby Purchase Agreements (the SBPAs) and Direct Purchases (the DPs) in an aggregate amount of \$328,150,000, expiring July 28, 2023 through June 4, 2024. The bonds are payable solely from and secured by a pledge of the trustee of the trust estate. The trust estate includes payments made by the Building Authority, pursuant to the promissory note; all monies are obligated to be paid under the revenue deposit agreement, the lease, and the sublease. The 2005A and 2007A bonds are subject to optional redemption by IFA, in whole or in part, in authorized denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date. The average interest rate on the 2005A and 2007A bonds for fiscal year 2021 was .25%.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 8 - FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION (CONTINUED)

Partially Hedged, Tax-exempt Variable Rate Debt: An interest rate swap with an original notional amount of \$46,875,000 commenced for the Stadium Lease Appropriation Bonds, Series 2008A, on August 15, 2008, with IFA receiving the SIFMA and paying the swap counterparties a fixed rate of 3.796%. The purchase price of tendered but not remarketed 2008A bonds is payable from a Liquidity Facility provided by IFA (self-liquidity) in the current amount of \$28,575,000, which expires February 1, 2035. The 2008A bonds are payable solely from and secured by a pledge of the trustee of the trust estate. The trust estate includes payments made by the Building Authority, pursuant to the promissory note; all monies are obligated to be paid under the revenue deposit agreement, the lease, and the sublease. The 2008A bonds are subject to optional redemption by IFA, in whole or in part, in authorized denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date. The average interest rate on the 2008A bonds for fiscal year 2021 was .08%. Going forward, the budgeted interest rate on the unhedged portion of the 2008A bonds is 2.98%.

Interest Rate Swap Agreements

Objective of the Interest Rate Swap Agreements: In order to protect against the potential of rising interest rates, IFA entered into three separate pay-fixed, receive-variable interest rate swaps.

Terms, Fair Values, and Credit Risk: The notional amounts of the swaps match the anticipated principal amounts of the associated debt. IFA's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximate scheduled or anticipated reductions in the associated bonds payable category. The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2021 and 2020, were as follows:

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	6/30/2021 Fair Values	Swap Termination Date
2005A/2007A Stadium	\$ 328,118,000	8/15/2008	4.231%	SIFMA	\$ (102,208,605)	2/1/2037
2008A Stadium	<u>26,815,000</u>	8/15/2008	3.796%	SIFMA	<u>(7,348,244)</u>	2/1/2035
	<u>\$ 354,933,000</u>				<u>\$ (109,556,849)</u>	
Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	6/30/2020 Fair Values	Swap Termination Date
2005A/2007A Stadium	\$ 333,298,000	8/15/2008	4.231%	SIFMA	\$ (134,679,058)	2/1/2037
2008A Stadium	<u>26,815,000</u>	8/15/2008	3.796%	SIFMA	<u>(9,684,719)</u>	2/1/2035
	<u>\$ 360,113,000</u>				<u>\$ (144,363,777)</u>	

The swap counterparties include JP Morgan Chase Bank, N.A. and The Bank of New York Mellon. They were rated by Moody's as being Aa3 and Aa2, respectively. The change in fair value is classified as deferred outflows of resources on the statements of net position for all outstanding swaps noted above.

Termination Risk: IFA or the swap provider may terminate the swap if the other party fails to perform under the terms of the contract (as defined by the swap agreement). If at the time of termination, the swap has a positive fair value, the swap providers would be liable to IFA for a payment equal to the swap's fair value.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021 and 2020

NOTE 8 - FINANCING OF STADIUM AND CONVENTION CENTER EXPANSION (CONTINUED)

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.

NOTE 9 - 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.

NOTE 10 - UNCERTAINTY RELATED TO CORONAVIRUS

On January 30, 2020, the World Health Organization declared a global health emergency over the novel coronavirus known as COVID-19. The outbreak has caused many conventions to get delayed or cancelled at the Convention Center. Also, Indianapolis Colts games were played with very limited fans during the 2020 football season as well as other events have been delayed or cancelled at Lucas Oil Stadium. The Convention Center and Lucas Oil Stadium have still made all scheduled lease payments to date. The ultimate impact of the outbreak to the Building Authority's financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the Building Authority.

OTHER REPORT

*Independent Auditors' 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
State of Indiana

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 Indiana Stadium and Convention Building Authority (the Building Authority), a component unit of the State of Indiana, which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Building Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Building Authority's financial statements are free of 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 result 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 report is not suitable for any other purpose.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 13, 2021