

**ARTICLE: A little too cozy in Carmel?**  
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CARMEL, Ind. -- The Carmel Redevelopment Commission recently approved giving the Performing Arts Foundation \$400,000 in taxpayer money so it can pay for, among other things, the salary of a new artistic director for the Performing Arts Center.

That new director is popular cabaret singer Michael Feinstein. But how much will he be paid?

Ask commission President Ron Carter, who voted for the grant, and he says he doesn't know. Ask foundation Director Nancy Heck, and she says that's none of the public's business -- even though it's public money paying that salary.

How can that be?

The Performing Arts Foundation is a nonprofit agency, and thus, Heck asserts, doesn't have to immediately disclose how it's spending public money.

One might think such a lack of transparency would have the commission thinking twice about giving hundreds of thousands of dollars in grants to the nonprofit foundation. But therein lies another issue -- one that troubles advocates for good government, City Council members and former members of the commission, one of whom has filed an ethics complaint.

One of the founding directors of the foundation is Mayor Jim Brainard, an unabashed champion of the underfunded Performing Arts Center and the person who, by authority of state law, appoints a majority of the members of the commission.

The other two foundation directors are Heck, who is also the city's spokeswoman, and City Attorney Douglas Haney -- both of whom also are appointed to their city positions by Brainard.

The scenario raises questions about how independent the commission can be when presented with requests from the foundation.

**Sheila Kennedy, an Indiana University-Purdue University Indianapolis professor and a government ethics expert, said the cozy relationship doesn't pass "the smell test."**

**"If members of a committee who are there because of the mayor are asked to give money to an entity controlled by the mayor, that's a conflict of interest," Kennedy said. "I don't know if it's illegal, but it does give the appearance of impropriety."**

**City Council members and government ethics experts told The Indianapolis Star they also find the situation troubling.**

Council member John Accetturo, who resigned from the commission in June, filed an ethics complaint last month.

"The mayor," Accetturo said, "appoints the majority of members to the Redevelopment Commission, who then grants money to a group the mayor belongs to."

Brainard acknowledged his appointment authority but denied that it factored into the commission's decision to approve recent grants to the foundation.

The ethics complaint, Brainard contends, is motivated by politics, not ethical concerns.

"He's been against City Center and the concert hall for years," Brainard said of Accetturo, "and is doing whatever he can to slow (the project) down and harm it."

**Commission member Jeff Worrell, who was appointed by Brainard, adamantly denied being a rubber stamp, saying, "There have been times when I have chose to go in a different direction (than the mayor). I act independently."**

**Critics, though, say it is the latest in a string of troubling maneuvers involving Brainard's pet projects.**

**City Councilwoman Luci Snyder said she is concerned because the Redevelopment Commission doesn't seem to be willing to share its financial information.**

And she also is worried about another nonprofit recently formed -- the Carmel City Center Community Development Corp. -- with commission attorney Karl Haas listed as the registered agent and Barnes and Thornburg bond attorney Bruce Donaldson as the incorporator. Its directors include Michelle Krcmery, who works for Heck in the city's communications office.

"Why is it always a city employee or city attorney forming these foundations?" Snyder asked. "It bothers me. It gives the look of impropriety when it's the same group of insiders who don't want us to know what's going on."

Using nonprofits as an extension of government has been an increasingly popular tactic since President Lyndon B. Johnson made them a staple of his war on poverty in the 1960s, said Leslie Lenkowsky, a clinical professor at IUPUI's Center on Philanthropy. Former Indianapolis Mayor Stephen Goldsmith, for instance, used them for his Front Porch Alliance in the late 1990s.

Even if a nonprofit is formed by city officials and funded by city money, Lenkowsky said, it typically isn't constrained by the rules that govern cities.

"It's not the most open process," he said, "but that doesn't mean there's something wrong."

City officials on nonprofit boards, Lenkowsky said, can be beneficial by "representing the city's interests and acting as liaisons."

But he said warning signs could be raised if a board was made up entirely of city officials, such as the Performing Arts Foundation.

Lenkowsky was more critical of the Redevelopment Commission, saying members didn't ask enough questions before granting the foundation \$400,000 for salaries -- without knowing details of the contracts being negotiated by the foundation with Feinstein and other potential employees who will have key roles in operating the publicly funded facility.

City Council President Eric Seidensticker said he has been told Feinstein will be paid \$500,000 "for two or three years," but he has been unable to

confirm specific details of the contract, or much else, from the Redevelopment Commission.

When the council does get information on finances, he said, the information often includes the caveat that it is "based on the mayor's assumptions."

It's understandable that council members would have a problem with that: Brainard's cost projections for the arts center and the Keystone Parkway improvement project have proved to be significantly under the actual costs. Officials came up with \$45 million in public funds to bail out the arts center, and the mayor is asking for more money for the road project.

Brainard first pitched the Performing Arts Center concept -- a regional center that would attract top performers -- to the City Council in 2005. He said it would cost \$80 million in city money because the foundation would raise an additional \$40 million to \$60 million.

But the foundation has attracted just a few million dollars in private donations. Heck won't say exactly how much, citing the foundation's nonprofit status.

Still, the commission continued with plans for luxury items such as a skylight and limestone facade for the arts center.

Some critics argue that those decisions locked the commission into agreeing to a subsequent request from Brainard to allocate an additional \$45 million in redevelopment money that could have been used for other projects.

**City Council member Rick Sharp said he is concerned that the Redevelopment Commission is little more than a rubber stamp for Brainard. In the six years he was on the commission, Sharp said, it "never failed to execute what the mayor wanted done."**

He said one reason he resigned from the commission earlier this year was "the fact that decisions were executed on behalf of the commission without being brought to the commission."

The commission's June 30 vote to award the Performing Arts Foundation the \$400,000 grant for salaries is an example. Minutes from the meeting state that the money came from excess property tax revenue from a tax increment financing district -- a potentially questionable use of those restricted funds.

Brainard and commission attorney Karl Haas, however, insist it was not TIF funds, but rather proceeds from property sold by the commission. Two commission members -- as well as a video recording of the meeting -- tell a different story.

Carter, who said he brought the funding request to the commission on behalf of the foundation, said at the meeting and in a subsequent interview with The Star that TIF funds were being used. Worrell concurred.

Haas, who was at the meeting, told The Star he didn't correct Carter during the meeting because he "knew what (Carter) meant."

"Even though it was said at the meeting that way," Haas said, "staff knew the appropriation was to be paid from the correct fund."

Julia Vaughn, policy director for Common Cause/Indiana, finds that approach appalling.

"Public meetings are public for a reason -- so the public can act as a watchdog," she said. "You can't govern by what you meant to do. You have to govern by what you did."

The situation, Vaughn added, "does make the commission seem like puppets doing the bidding of some staff person."

Heck insisted that's not the case.

"Anyone who directly knows the people involved is well aware that they are level-headed, independently thinking individuals who are very capable of voicing their own opinions and voting their own conscience, regardless of who appointed them," she said.

Worrell backed that up. But Carter, the commission president, and fellow commission member Bill Hammer chose not to address questions from The Star.

They referred questions to Heck.

Star reporter Mark Alesia contributed to this story.

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