Board of Directors Meeting
July 11, 2016
9:00 a.m. EST
KFC Yum! Center

MINUTES

Directors in Attendance: Mr. Larry Bond, Mr. Jack Dulworth, Ms. Leslie Geoghegan, Mr. Rick Guillaume, Mr. Michael Houlihan, Ms. Deborah King, Mr. Darrin McCauley, Mr. Stuart Ray, Mr. Joe Reeves, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Metro Council President David Yates (ex-officio), Vice-Chairman William Summers V, Chairman Scott Cox

Directors Absent: Ms. Alice Houston

Consultants and Staff: Mr. Dennis Petrullo, KFC Yum! Center General Manager, C. Edward Glasscock, General Counsel

Welcome: Chairman Cox

Chairman Cox declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the May 16, 2016 and May 25, 2016 Board Meeting Minutes – Chairman Cox

Mr. Steve Rowland moved to accept the minutes of the May 16, 2016 and May 25, 2016 Louisville Arena Authority Meetings. The motion was seconded by Mr. William Summers and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

Vice Chairman Summers introduced Chip Sutherland of Hilliard Lyons who provided the finance report.

Mr. Sutherland introduced himself and Ms. Kelly Mrsic from Hilliard Lyons and welcomed the new board members.

Mr. Sutherland informed the board that the June 1 debt service payment was paid on time with more than sufficient funds. Mr. Sutherland noted that Hilliard Lyons will be coordinating a board member orientation for those members who are new to the board to review the operations of the Louisville Arena Authority.

Mr. Sutherland concluded the finance report by informing the board that the TIF payment is upcoming and is expected in August or September.
DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial Update for the months of April and May 2016. In April, the facility hosted 12 total events: Garth Brooks (4 shows), Justin Bieber, 4 meetings/banquets and 3 other events. The income statement for the period ending April 30, 2016 resulted in a net operating profit of $578,394, which was $85,000 above budget for the month. This is financially the strongest April in the arena’s history.

For the month of May, the facility hosted 12 total events: Toby Keith, Cirque Du Soleil: Toruk (6 shows), 2 meetings/banquets and 3 other events. The income statement for the period ending May 31, 2016 resulted in a net operating loss of $140,480, which was $206,000 above budget for the month. Year to date the arena is operating at a net profit of just under $2.7 million for the 11 month period, which is $600,000 above budget.

According to the Rolling Forecast for fiscal year 2015-2016 (as of the period ending May 31, 2016) AEG is projecting a net operating profit of $2.1 million which is $600,000 above the minimum guarantee which AEG provides to the Louisville Arena Authority.

Ms. Sandra Moran, Director of Marketing, provided an event recap for the 2015-2016 fiscal year. The arena hosted 137 total events during the fiscal year including University of Louisville sporting events, concerts, comedy shows, family shows and trade shows/conventions. The total number of events is a little higher than years past due to the increased number of conventions and sporting events held at the arena. 1.1 million patrons attended events at the arena during the fiscal year and gross ticket sales for non-University of Louisville events totaled $29.4 million.

Ms. Moran provided a breakdown of the fiscal year’s events noting the arena hosted 27 concerts and comedy shows in which 11 of those events sold out. Ms. Moran noted that the arena was ranked 8th in the nation in ticket sales for the 1st quarter of 2016. The 2nd quarter numbers have not yet been released. The arena hosted 5 family events during the fiscal year including Disney on Ice, PBR, Harlem Globetrotters, WWE and Cirque Du Soleil: Toruk. The arena hosted 55 sporting events, 50 of which were University of Louisville sporting events. The arena also hosted the South Regional of the 2016 NCAA Men’s Basketball Tournament, the 1st and 2nd rounds of the NCAA Women’s Basketball Tournament and an NBA Exhibition Game. Ms. Moran noted the arena saw an increase in conventions over the fiscal year as the arena hosted 5 conventions including the FFA Convention and the NRA Convention.

Ms. Moran provided a marketing recap noting that 279 email campaigns were sent during the fiscal year, which totaled 6.7 million emails. The arena’s marketing team utilizes over 50 individualized lists that allow the arena to reach specific target audiences for various genres and types of events. This has allowed the arena to be above the industry average for fan interaction on email campaigns/email marketing. The current industry average is 10% interaction on email marketing and the arena generates 15% interaction. Ms. Moran also discussed the growth of marketing assets including social media and email marketing. During the fiscal year, Facebook saw 22% growth, Twitter saw 30% growth, Instagram saw 135% growth and the KFC Yum! Center Insider email saw 26% growth.

Ms. Moran then discussed the Muhammad Ali memorial service hosted at the KFC Yum! Center in June. Ms. Moran showed a brief video highlighting the memorial service. The service was held on
Friday, June 10, 2016. Speeches and eulogies were given by numerous dignitaries, religious leaders and family members. Ms. Moran noted the service was not planned overnight but took years of planning and various meetings were conducted between the Ali family and KFC Yum! Center management since the arena opened.

Transformations throughout the arena included converting the practice court into an area that would service 450 media outlets. The North Truck Bay and Second Street Bridge accommodated media trucks that allowed streaming of the service. Green rooms and star dressing rooms were decorated to accommodate the dignitaries and family members, and the arena bowl was set like a traditional funeral service with floral arrangements and ornate furnishings.

Ms. Moran noted that per the wishes of Muhammad Ali, tickets were distributed only at the KFC Yum! Center box office on a first come, first serve basis. 15,000 tickets were distributed within an hour and 10 minutes in a well-controlled manner.

Security for the event was very important and approximately 300 different security members were present for the event including 111 venue security, 100 LMPD officers, 24 LMPD dignitary protection team members, 14 SWAT team members, 8 Kentucky State Police, 7 Secret Service agents, 3 State Department agents, 3 Capitol Police and 1 Homeland Security.

More than 2,400 media credential requests were received for the event. 450 media outlets were accommodated and seven major television networks were connected to A/V distributions to allow for streaming of the service. More than 50 media outlets were set up on the arena plaza to gather additional footage.

Ms. Moran concluded her report sharing a note from Boxcar PR, the firm representing the Ali family, thanking the team from AEG for their cooperation and support to prepare for Muhammad’s celebration of life.

Ms. Andrea McDaniel, Director of Human Resources, provided an Encore Update. Ms. McDaniel showed a brief video explaining Encore. The goal of Encore is to create positive experiences and exceed guest expectations. A main theme of Encore is touchpoints which are opportunities to exceed expectations when a staff member interacts with a guest.

Ms. McDaniel noted that Encore is executed through new-hire training and pre-event discussions where staff members have the opportunity to share ideas on how they are executing Encore in their own areas. Each staff member receives an Encore pocket guide outlining the Time to Shine! values which are Encore’s 4 basic principles. The pocket guide also outlines Service Spotlights which are actions staff members can take to execute the Time to Shine! values.

Encore training began in Fall 2014 and since then 1,400 staff and volunteers have been trained including ESG Security (formerly Venue Services), Centerplate, University of Louisville volunteers and AEG staff.

Ms. McDaniel concluded her report by sharing positive feedback the arena has received from a variety of guests following the implementation of Encore.
Mr. Gary Friedman, General Manager of Learfield, provided a sponsorship update. Learfield has 120+ properties all over the nation including the University of Louisville, in which Learfield works with closely to generate revenue for the building. Learfield has approximately 70 partners that have relationships with the KFC Yum! Center generating revenue for the arena. There are various long-time partners that have been with the building since it opened including Norton Healthcare, Stock Yards Bank, McDonalds, Hilliard Lyons, Galt House, etc.

Mr. Friedman updated the board on new partnerships that have been created over the last fiscal year including Kindred, Delta Dental, Ronaldo Designer Jewelry, Kentucky Derby Museum and Jefferson Animal Hospital. Kindred’s sponsorship includes new video boards that have been installed in the lobby to help promote upcoming events at the arena. Additionally, Stock Yards Bank helped fund the expansion of the restrooms in the club level seating.

Mr. Friedman concluded his report by informing the board that Learfield is always looking for new partners and asked the board to help in connecting Learfield to any companies that may be interested in sponsorship opportunities.

**DISCUSSION ITEM:** General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board that they are still waiting for a ruling in the RAM case but hope to have a ruling soon.

**DISCUSSION ITEM:** New Business/Old Business – Vice Chairman Summers

Ms. Lindy Street requested a current Louisville Arena Authority roster be sent to all board members.

No other business to come before the Authority, the meeting was adjourned at approximately 9:59 a.m.

Respectfully submitted,
Lauren Helms