



louisville arena authority

**Board of Directors Meeting
November 11th, 2019
9:00 a.m. EST
KFC Yum! Center**

MINUTES

Directors in Attendance: Mr. Rick Guillaume, Ms. Deborah King, Mr. Jeff Spalding, Chairman Scott Cox, Ms. Leslie Geoghegan, Mr. Mark Blayney, Ms. Alice Houston, Mr. Darrin McCauley, Mr. Timothy Mulloy, Mr. Thomas Liston and Mr. Stuart Ray, Mr. Steve Rowland and Ms. Lindy Street.

Directors Absent: Vice Chairman William Summers V, Metro Council President David James (ex-officio) and Mr. Joe Reeves.

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

Welcome: Chairman Cox

Chairman Cox declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the September 9th, 2019 Board Meeting Minutes – Chairman Cox

Motion made by Mr. Stuart Ray to accept the minutes of the September 9, 2019 Louisville Arena Authority meeting. The motion was seconded by Ms. Leslie Geoghegan and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Finance Report – Chip Sutherland

Vice Chairman Summers was absent therefore Mr. Chip Sutherland of Baird Securities provided the finance report.

Mr. Sutherland informed the board that S & P and Moody's has begun the process of their annual review of the Arena Authorities credit. Mr. Sutherland expects that to be done by the first week of December. Baird brought the proposed budget for 2020 Fiscal year beginning January 1, 2020. The budget has been proposed by the Finance committee to be reviewed and accepted by the board today. The big driver for the budget is the TIF line item at \$10.5 million is a 6% increase in sales tax. This doesn't reflect a full year of KICC being open or Hotel Moxy/Distil therefore activity should pick up for the following year. Cash budget for this year is a slight cash increase of \$10.9 million. When it comes to expenses, Louisville Arena Authority are putting in about \$2.395 million into capital cost and repairs to afford the Arena Authority board to reinvest in the facility by contributing about \$2.4 million to the renovation and repair of the arena. Ms. Alice Houston to

accept the budget. The motion was seconded by Mr. Rick Guillaume and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: AEG Management Update – Eric Granger

Mr. Justin Jokovich, Senior Director of Finance, provided the ASM Global financial update for the months of August and September 2019. In August, the facility hosted 4 events including the Shawn Mendes Concert and 3 meetings/banquets. The August monthly income statement resulted in a net operating loss of \$323,862. This is \$61,549 better than budget for the month.

For the month of September, the facility hosted 6 events including the Jojo Siwa concert, Hillsong United concert and Backstreet Boys concert along with 3 additional meetings/banquets. The monthly income statement for the month of September resulted in a net operating profit of \$102,706 which was \$102,705 better than budget. Year to date through the first quarter of our fiscal year we are operating in a net operating loss of \$606,570 which was \$206,893 better than budget thus far. With 5 concerts and 5 basketball games we will see the negative net operating loss swing back to a net operating profit back in the month of October. AEG is projecting a net operating profit of \$1.768 million for the fiscal year end 6/30/20 which is approximately \$44,000 better than the budget and up \$34,000 since last meeting.

Mr. Eric Granger, KFC Yum! Center General Manager provided an update to the board on the merger of SMG and AEG Facilities to ASM Global as of October 1st, 2019. AEG Worldwide is 50% owner of the new company ASM Global. AEG is excited about the merger to marry two great companies both with innovation, operation expertise and worldwide presence and deepens our bench in many ways with employees, resources, best experience and practices. There is a lot of excitement in the air and we here at the KFC Yum! Center couldn't be more excited.

Ms. Sandra Moran, Director of Marketing, provided an update of venue upgrades and upcoming events.

Ms. Moran started off by mentioning we have been extremely busy since the last LAA Board meeting by hosting 10 concerts including Hillsong United, the Sold-Out Backstreet Boys Concert, Phil Collins, Thomas Rhett, Carrie Underwood, Celine Dion, MercyMe, Sold-Out Chris Stapleton show, The Chainsmokers and Louisville Soul Music Fest. Despite the busy concert season, we still managed to make time for some great community events. In October we hosted 60 second grade Brown Elementary students for the 2nd annual KFC Yum! Center Suite or Treat event. The Students enjoyed a morning full of Halloween themed activities such as trick or treating, crafts and fall festival themed games. The kids really enjoyed taking a tour of the facility as well learning how the KFC YUM! Center connects to the community. Ms. Moran spoke about upcoming community events including Lion's Eye Foundation Eyeglasses Collection where we will be partnering with U of L at the November 13th and 14th basketball games collecting eyeglasses for middle- and low-income families in our community. November 16th the KFC Yum! Center will be holding the Life Foundation Health Fair. November 2019 with a date to be decided the Brightside Trash pickup. December 6 we will hold our Winter Weather drive at the Men's U of L basketball game and

finishing out the year with volunteering at the Wayside Christian Mission Service Day on December 18, 2019.

We are excited to finish out 2019 calendar year with a bang with some great upcoming concert and events such as Slayer, for KING & COUNTRY, Gaither Christmas Homecoming, Luke Combs Tour – Sold- Out (fastest selling show at KFC Yum! Center) and Mike Epps New Year’s Eve Show. The New Year brings exciting variations of shows from The Harlem Globe Trotters, Chance the Rapper, Brantley Gilbert, The Lumineers, Hot Wheels Monster Trucks Live, Dan + Shay, Michael Buble’, Disney on Ice, Elton John and Sturgill Simpson.

Brian Gaskill - District General Manager for Centerplate, provided a food and beverage update.

Mr. Gaskill informed the Board of some new dining concepts. Concession stands have gotten a refresh to include bottomless Souvenir Soda and Popcorn offered at Men’s and Women’s basketball games along with dedicated refill only lines. Centerplate has also increased their kid friendly options including more cotton candy options and popcorn options. The ever-changing Louisville food landscape has challenged the Centerplate team to include more Asian cuisine with a portable opening in December. Some new menu items this season include the ribeye cheesesteak, southwest egg rolls, buffalo check sausage haute dog, chili cheese hot dog and BBQ portable relocations. Additional updates include the Cardinal Athletic store retail space refresh along with new apparel with the Adidas partnership and Donovan Mitchell partnership. Increased the Clover flex devices to help with credit card payments around the arena. Last but not least added dessert carts to suite levels.

Chairman Scott Cox mentioned the new lighting system in the Arena and asked how it was going. Mr. Granger let the board know the new system was going very well and looked great at the many games it has been used for.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board there was nothing new to report other than informing the board they are continuing to negotiate on the naming rights.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

LAA 2020 Board of Directors meeting dates needed to be approved. Motion made by Ms. Alice Houston to accept the dates of the 2020 Board Meetings. The motion was seconded by Mr. Rick Guillaume and the motion passed unanimously with no abstentions.

No other business to come before the Authority, the meeting was adjourned at approximately 9:32 a.m.

Respectfully submitted,
Megan Fahey