



louisville arena authority

Board of Directors Meeting
January 11, 2021
9:00 a.m. EST
KFC Yum! Center

MINUTES

Directors in Attendance via Zoom videoconference: Mr. Mark Blayney, Mr. John Hodgson, Metro Council President David James (ex-officio), Mr. Thomas Liston, Mr. Timothy Mulloy, Mr. Andrew Owen, Mr. Don Parkinson, Ms. Larissa Reece, Mr. Steve Rowland, Chair Leslie Geoghegan

Directors Absent: Yvette Gentry, Mr. Michael Jones, Mr. Darrin McCauley, Mr. Dale Romans, Mr. Deepak Tiwari, Vice Chair William Summers

Consultants and Staff: Mr. Eric Granger, KFC Yum! Center General Manager; Mr. Justin Jokovich, KFC Yum! Center Sr. Finance Director; Ms. Sandra Moran, KFC Yum! Center Marketing Director, Mr. C. Edward Glasscock, General Counsel; Mr. John Egan, General Counsel; Mr. Chip Sutherland, Baird Financial

Welcome: Chair Geoghegan

Chair Geoghegan declared a quorum and convened the meeting.

Roll was called by Eric Granger at 9:02 AM

DISCUSSION ITEM: Acceptance of the December 9th, 2020 and November 9th, 2020 Board Meeting Minutes – Chair Geoghegan

The board reviewed the minutes. A motion was made by Mr. Liston to approve the minutes. Seconded by President James. The motion passed unanimously with no abstentions.

FINANCE COMMITTEE REPORT: Chair Geoghegan

Chair Geoghegan asked Mr. Chip Sutherland, Baird Financial, to give a summary of the Friday, January 8th Finance Committee meeting. Mr. Sutherland presented the draft Louisville Arena Authority 2021 calendar year cash budget. Mr. Sutherland noted that budgeted revenues are more than the budgeted expenses before the draw for debt service. The Louisville Arena Authority has ample reserves to cover this draw. Fortunately, in the 2017 debt restructuring, reserves were built into the structure in the event there was a suspension of arena activity, which we are seeing with the pandemic. Mr. Sutherland noted that there is a \$10.4 Million line item for capital costs and repairs. Mr. Jokovich noted that the investments that are being recommended for this year include a new center hung scoreboard, carpet replacement, video control room, new audio system and other digital assets. Each of these projects will be put out to bid and it will be up to Louisville Arena Authority to then decide whether to proceed with each project or not. Chair Geoghegan brought forward the

Finance Committee's motion to accept this 2021 Budget as presented, so a second is not required. The motion passed unanimously with no abstentions.

ARENA OPERATIONS UPDATE: Eric Granger, General Manager

Mr. Justin Jokovich, ASM Global Sr. Director of Finance reviewed the October and November monthly statements. In the month of October, we hosted 17 early voting days for the general election. The Arena incurred a net operating loss for the month of October of \$495,000, which was slightly over budget by \$11,000 for the month, largely due to the insurance line item. For the month of November, we hosted 10 total events and the facility incurred a loss of \$340,000 which was \$80,000 better than budget. In November we kicked off the basketball season with the Wade Houston Tip Off Classic. The Net Event Revenue and savings on Administration drove the positive variances for the month. Year to Date through the first five months of the of the Fiscal Year the facility operations has incurred a Net Operating Loss of \$2.1M, which is \$157k better than budget thus far. The rolling forecast for the Fiscal Year ending June 30th, 2021, is currently projecting a Net Operating Loss of \$4.756M and is \$998k less than the budgeted amount. This is significantly less than the last forecast, as our expectations for events for the 4th quarter of the Fiscal Year have been updated, and we do not anticipate normal event activity to return by April as previously budgeted.

Call for any questions which there were none.

Ms. Sandra Moran provided an events and community engagement update. Ms. Moran noted that basketball has returned with fans, with the Wade Houston Tip Off Classic, which included 10 games and 8 teams participating. In addition to this tournament, the KFC Yum! Center has hosted 5 Men's and 4 Women's Games, of which 6 have been nationally televised. VenueShield has been successfully implemented and thousands of fans have attended the events without a single Covid-19 contact tracing event. Ms. Moran shared a video of fans reactions after attending a recent event, which were very positive and complimentary of the safe environment.

Ms. Moran noted that we hosted a holiday market with Pepsi on the arena plaza on December 15th. Other partners for this event were Kroger, JCPS, University of Louisville and the Shaquille O'Neal Foundation. Over 200 students and their families from Atkinson Elementary School attended this pop up market which included photo opportunities with the University of Louisville's mascot, a gratitude wall that students could post notes on, a reading room for students to listen to celebrities read to them, a gift room for parents to pick out gift wrapped items for their children and a Kroger holiday marketplace distributing groceries. Ms. Moran shared a video recap of the event.

Ms. Moran noted that we have had several sponsorship renewals recently, including Yum! Brands naming rights renewal through September 30th, 2031. Stock Yards Bank and Trust renewed their cornerstone, official banking partner agreement through May 1st, 2030. Their agreement includes rebranding the exterior ticket office and additional community engagement events. Baird also renewed their cornerstone, official financial service partner agreement through 2023, and their agreement includes adding 70 pieces of art throughout the venue's suite levels.

Ms. Moran shared the upcoming event calendar. Mr. Owen asked if these events are tentative or if they will go forward under the current restrictions. Mr. Granger answered, that unfortunately, all

events are tentative in the current environment. The event schedule remains fluid and we are very hopeful the scheduled fall events will happen. Mr. Owen asked if there are specific criteria for events to occur, which Mr. Granger answered that each event is promoter and artist specific, and the economics behind each event determine if it can occur. Mr. Rowland asked how the community is responding to these events in terms of buying tickets. Mr. Granger answered that yes, that we are still selling tickets for these events. Mr. Granger noted that also importantly, we are not seeing many refunds for the rescheduled events, as people want to hold onto their tickets to attend these events which is a great sign for the future.

DISCUSSION ITEM: EXECUTIVE SESSION

Mr. Egan noted that the Board will go into executive session to have discussions regarding business entities, and that open discussions could jeopardize the retention, expansion or upgrading of the business, citing KRS 61.810(G). A motion was made by Mr. Mulloy to move into executive session, seconded by President James. The motion passed unanimously with no abstentions, and the Board moved into executive session.

DISCUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock had no new information to report.

DISCUSSION ITEM: APPROVAL OF ASM GLOBAL FUNDING REQUEST

Chair Geoghegan brought forward the Finance Committee’s motion to accept the funding request from ASM Global, for operating expenses for January and February, total \$893,853. Since this motion comes from a committee it does not require a second. The motion passed unanimously with no abstentions.

DISCUSSION ITEM: COURIER JOURNAL PIECE FROM STOCK YARDS BANK CHAIRMAN, JA HILLENBRAND

Chair Geoghegan noted in last Sunday’s Courier Journal an opinion piece written by Stock Yards Bank Chairman, Ja Hillenbrand, was published. It was a wonderful piece about the optimism for the Louisville community and why Stock Yards Bank is investing in the KFC Yum! Center during a pandemic. Below is a link to the article.

<https://www.courier-journal.com/story/opinion/2020/12/31/why-stock-yards-bank-invested-kfc-yum-center-during-pandemic/4061820001/>

DISCUSSION ITEM: Recognition of William Summers V

Leslie Geoghegan

I want to take a moment to recognize William Summers V this morning for his service to the Louisville Arena Authority Board. It appears that this may be his last meeting. William has served four four-year terms on the Board and has been in the role of Vice Chair since 2012. In other words, he’s been here from the beginning.

The Lane Report's 11/1/2010 extensive article about the opening of the KFC Yum! Center highlighted William's role in guiding the project to completion:

Summers brought a connection to the young professional community. [As chair of the Affirmative Action and Labor Committee,] he worked extensively with Jim Host in developing the Pipeline Project and ensuring LAA goals on minority and women's business involvement were met.

The Pipeline Project was a collaboration with the Louisville Urban League and a council of 15 construction trade unions administered by KentuckianaWorks. The initiative recruited, trained and hired minorities and women for construction work. The project exceeded the goals for minority and women workers and WMBE subcontracting participation.

Since I've been on the Board, William's institutional knowledge time and again has been key to the Board making decisions about the future. William always takes my call, and even better he calls me to share his perspective, always even-keeled – yet telling it straight, always aspiring the best for the KFC Yum! Center and for the Louisville community.

To do William justice, I reached out to several of the Authority's former Board Chairs:

Scott Cox

“William's service to the Board has been invaluable. [William] was involved with the project from well before the Arena was built until now. His knowledge of the project's history and all the players helped all of us. He also has great judgment and was the person I (Scott) trusted the most to guide me through complex issues.”

Scott goes on to say, “William and I became good friends almost immediately after I joined the Authority so I'm grateful I'll continue to see him. Please thank him from me for his outstanding public service.”

Larry Bond

“William has done an excellent job. He was extremely helpful to me as a rookie Board Chair. William always had the best interest of the Yum Center and the public at the forefront. He will be missed.”

Jim Host

“Five” was a vital part of us getting the Louisville Arena Authority off the ground. He pushed me to make sure that we met the goals for minority hiring as we went through construction. However, he never hesitated to make his viewpoint on any issue known to me and to the board. In my opinion he needs to be named MVP of the Louisville Arena Authority for his years of passionate service on behalf of the Authority.

Thank you Five.

William, we thank you for your many years of valued service to this Board and to the community.

DISCUSSION ITEM: New Business/Old Business – Chair Geoghegan

After a call for any further business, which there was none, Chair Geoghegan adjourned meeting at approximately 9:43am.

Respectfully submitted,
Eric Granger