



## **louisville arena authority**

### **Board of Directors Special Meeting**

**July 13, 2020**

**9:00 a.m. EST**

**KFC Yum! Center**

### **DRAFT MINUTES**

**Directors in Attendance via Zoom videoconference:** Mr. Mark Blayney, Mr. John Hodgson, Mr. Michael Jones, Mr. Thomas Liston, Mr. Darrin McCauley, Mr. Timothy Mulloy, Mr. Don Parkinson, Ms. Larissa Reece, Mr. Steve Rowland, Mr. Deepak Tiwari, Vice Chair William Summers, Chair Leslie Geoghegan

**Directors Absent:** Metro Council President David James (ex-officio), Mr. Dale Romans

**Consultants and Staff:** Mr. Eric Granger, KFC Yum! Center General Manager; Mr. Justin Jokovich, KFC Yum! Center Sr. Finance 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 9:03 AM**

#### **DISCUSSION ITEM: Acceptance of the May 29th, 2020 Board Meeting Minutes – Chair Geoghegan**

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

Chair Geoghegan asked the Board to recognize the leadership and service of Past Chairman Scott Cox. During his tenure among his many accomplishments was the leadership he provided in refinancing the bonds which is especially important with the effects of the Covid Pandemic on the finances of the Arena Authority. Special thanks to Scott for his service and leadership.

#### **FINANCE COMMITTEE REPORT: Vice Chair, William Summers**

Vice Chair William Summers asked Mr. Chip Sutherland, Baird Financial, to give a summary of the Friday, July 10 Finance Committee meeting. Mr. Sutherland informed the Board that the S&P Global Ratings Report which was published on June 19<sup>th</sup>. The Louisville Arena Authority bonds were downgraded to BBB+ from our A- previous rating. The Arena Authority is still considered Investment Grade by both rating agencies. We also remain on credit watch- negative. Credit watch

means they will monitor our credit – uncertainties on how we will come out of Covid-19, primarily the impact on TIF revenue. They understand that our TIF receipts will be from the previous year so this year will be fine. Next year's check from the state will be impacted by the shutdowns of Covid-19. We expect moving forward that they will check in with us in a couple of months to analyze the TIF impact. One positive for us is that many convention centers and other public facilities are now in the process of refinancing their bonds but because of the refinancing the LAA was successful in arranging a few years ago we are not in that position now. We have sufficient funds to make bond payments and S&P recognized that in their report. Mr. Rowland asked if other facilities are also receiving downgrades in their bond ratings? Mr. Sutherland responded that yes there are. Because other facilities depend more on their operational revenue or on rental car/motel taxes which are current next to zero. We are fortunate in our situation that we don't rely as much on our operational revenues. Mr. Sutherland also stated that other facilities have already had to make draws on their debt service reserves which will cause rating actions. We are not having to do that which avoids severe downgrades. Mr. Liston asked if others started as high as our bond rating. Mr. Sutherland stated it's a bit of a mix bag but we were the only A rating in S&P's arena portfolio. Vice Chair Summers stated that even though we are experiencing this Pandemic we are fairly fortunate compared to others, although we would like to start conducting business as soon as possible. Chair Geoghegan mentioned that Past Chair Cox said in a Bond Buyer article that we are still investment grade and our outlook is stable as we are able to make our bond payments.

Vice Chair called for questions which there were none. Report was concluded.

**ARENA OPERATIONS UPDATE:            Eric Granger, General Manager**

Mr. Justin Jokovich, ASM Global Sr. Director of Finance reviewed the April and May monthly statements. In the month of April, we conducted two community engagement events which were the American Red Cross Blood Drives. We had anticipated a busy month for April with a budget of 15 events all of which were canceled or postponed due to the Covid-19 Pandemic. The Arena generated a net operating loss for the month of April of \$490,000. Which was \$852,000 under budget for the month and a negative variance of 967,000 of net revenue. In May we also held two community engagement events. We had budgeted for 5 events all of which were canceled or postpone due to the Covid-19 Pandemic. We generated a net loss of \$501,000 for the month of May which was \$301,000 under budget and a negative variance of \$398,000 of net revenue. Year to Date for the first 11 months of the fiscal year the facility is operating under a net operating profit of \$273,000 which is 1.98 million dollars under budget. We are projecting to finish the fiscal year ending June 30<sup>th</sup>, which we are in the process of closing the books this week, with a negative \$156,000 loss which is a slight improvement since last board meeting due to additional cost mitigation. Mr. Jokovich asked for any questions which there were none.

Mr. Granger the board a report on the July blood drive. The American Red Cross collected 450 units of blood which have a potential of saving 1,350 lives. We were proud to host the blood drive and expect to have one more at some point in late summer or early fall. Mr. Rowland asked how the blood drives were publicized? Mr. Granger explained it was a cross promotion with the Red Cross involving mailers to past donors, social media posts and press releases. The KFC Yum! Center marketing staff also promoted the blood drives on our social media as well as email blasts. Live Media covered the first day to promote the next two days of the event. No money was spent by the arena – all grassroots and social media advertising.

Next Mr. Granger gave a report on the VenueShield program that has been developed by ASM Global to insure all of its 325 venues can safely reopen coming out of the Covid Pandemic. The program was tested locally at the first soccer game at Lynn Family Stadium last night (July 12) and was considered a success. The VenueShield program was created in conjunction with experts in environmental hygiene such as AECOM and the Drexel University College of Medicine as well as available guidelines from the CDC, WHO, NHS and others. Not only did the plan have to be based on science but also had to be functional in an actual facility so it also went through an extensive industry peer analysis. Mr. Granger discussed some of the protocols that may be in place for future events including the six pillars of the VenueShield program which include environmental hygiene, food service, customer journey, talent, public awareness and technology & equipment. Focus on the properly sanitizing the venues that have been shutdown but also training of staff to maintain the facility is safe for employees and event attendees. Emphasis on food service operation that may include cashless operation, glass barriers at the concession stands & bars. Working our event planners, leagues and associations to make sure they have all proper protocols. Emphasis on communication to the event attendees so they know what to expect. Finally, emphasis on our employees – that they know what to expect in regards to required protocols such as temperature checks, facemasks and social distancing and enforcing those protocols to ensure the safety of all. There will be signage throughout the venue emphasizing the health reminders we all should follow. The new norm will likely mean reduced capacity which mean with social distancing requirements approximately 30% maximum venue use. We should expect to have to perform temperature checks on all attendees and staff. Markers will be placed at any point lines may form to promote social distancing.

We do have this week the Robbie Valentine Basketball Camp. We do have WWE Raw still on the books for October 26 and remain hopeful that we will be able to have the event as currently scheduled.

Call for any questions which there were none.

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

Mr. Glasscock had no new information to report.

**DISCUSSION ITEM:           New Business/Old Business – Chair Geoghegan**

None

Motion was made by Vice Chairman Summers to adjourn the meeting which was seconded by Mr. Liston. The motion passed unanimously with no abstentions. The meeting was adjourned at approximately 9:28 a.m.

Respectfully submitted,  
Eric Granger