



louisville arena authority

**Board of Directors Meeting
September 14, 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. Andrew Owen, Mr. Don Parkinson, Ms. Larissa Reece, Mr. Steve Rowland, Chair Leslie Geoghegan

Directors Absent: Metro Council President David James (ex-officio), Mr. Dale Romans, Mr. Deepak Tiwari, Mr. Timothy Mulloy, 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 9:03 AM

DISCUSSION ITEM: Acceptance of the July 13th, 2020 Board Meeting Minutes – Chair Geoghegan

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

FINANCE COMMITTEE REPORT: Vice Chair, William Summers

Chair Geoghegan asked Mr. Chip Sutherland, Baird Financial, to give a summary of the Friday, September 11 Finance Committee meeting. Mr. Sutherland informed the Board that Kentucky Department of Revenue is working on the TIF receipt, and that the Authority should expect to receive this check in the next 3 to 4 weeks. Mr. Sutherland informed the Board that the Finance Committee discussed the S&P rating downgrade that occurred in June 2020, and the two-month credit watch to monitor the credit that came with this downgrade. Baird is working with S&P to provide them the necessary information during their credit watch period, which is ending shortly and an updated outlook could be coming from S&P after that. Mr. Sutherland also informed the Board that Baird did provide new board member training to two new Board Members.

Chair Geoghegan 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 June and July monthly statements. In the month of June, we did not host any events. For the Fiscal Year ending June 30th, 2020, we finished the year with 83 total events. The Arena generated a net operating loss for the month of June of \$408,000, which was \$120,000 better than budgeted loss for this month. The positive variance can largely be attributed to the recognition of the Employee Retention Tax Credit that we received this month. For the Fiscal Year, we finished with a Net Operating Loss of \$135,000, which was \$1.859M less than budgeted amount, but is \$22,000 better than previously forecasted amount. For the month of July, we hosted 3 community engagement events, which were the American Red Cross blood drives. In July, the first month of the new Fiscal Year, the facility incurred a loss of \$426,000 which was \$28,000 better than budget. The rolling forecast for the Fiscal Year ending June 30th, 2021, is currently projecting a Net Operating Loss of \$3.756M and is right on budget. The event revenue assumptions that we made in the budget remain consistent within this forecast.

Call for any questions which there were none.

Ms. Sandra Moran provided a recap of the building's first 10 years of opening, as this anniversary is on October 10, 2020. Ms. Moran noted that there will be a light celebration this year on social media, and the plan is to have a larger, in-person celebration next year. Ms. Moran noted that Mr. Jim Host played an integral role in the success of the KFC Yum! Center, from the financing, construction phase, building opening, and heading the board for the first few years. Some of the highlights that were noted include that the facility attracting nearly 1 million fans each year totaling 9.5 million people over the first 10 years, consistently ranking in the Top 30 in the nation for non-tenant ticket sales in Pollstar magazine. 53 non-profit organizations have raised nearly \$3M for their organizations by working concession stands during events. Post-event attendees have given a 98% or greater satisfaction rating in cleanliness and a 95% or greater customer service satisfaction level each year since opening. The arena has composted approximately 175 tons of food waste and recycled approximately 140 tons of cardboard and 200 tons of pallets since opening.

Ms. Moran pointed out that the arena has hosted several events that were their top selling performance of their entire tour, including Metallica, Chris Stapleton, JoJo Siwa and Monster Trucks Live, most recently. The arena broke its own record for the most concerts in a year in 2019, when it hosted 30 concerts. The arena has hosted more than 10 sold out events each year, and the venue's top selling concert in its history was Metallica in March 2019 when it sold 23,084 total tickets. The venue has hosted historically significant events including the Muhamad Ali memorial service in 2016, and the Dalai Lama's visit in 2013. The facility has hosted NCAA basketball tournament games in 8 of the 10 seasons since opening our doors.

The University of Louisville Men's basketball team has attracted more than 3.7 million fans during the first 10 years and has ranked in the top 7 nationally in the total attendance for the past 39 years, including all seasons played at the KFC Yum! Center. Men's basketball has had 104 nationally televised games and 49 regional broadcasts since the arena opened. The University of Louisville Women's basketball team has averaged 9,100 fans per game in the 2019-20 season, which topped the ACC and they also ranked 5th in country. The team has been in the top 5 in the nation in attendance in each of its 10 seasons at the KFC Yum! Center.

Ms. Moran noted the upcoming events on the schedule, including an American Red Cross Blood drive, as well as several rescheduled events such as Hot Wheels Monster Trucks Live, Michael Bublé, Dude Perfect, James Taylor, Dan + Shay and Elton John.

Mr. Granger noted that we had planned to have a larger celebration of the 10th anniversary and had planned to present ideas to the Board at the May meeting. However, it did not seem appropriate to have a big celebration when we can't have fans come to the arena. We do plan to have something larger in the future with events, as well as recognition for those involved in the early stages of the arena. We take great pride in the venue that we have, and we know that as soon we get out of this time, there is going to be great years of success ahead of us.

DISCUSSION ITEM: EXECUTIVE SESSION

Mr. Egan noted that the Board will go into executive session to have discussions with a representative business entity, and that open discussions could jeopardize the retention, expansion or upgrading business, citing KRS 61.810(G). The board also needs to discuss something related to litigation, citing KRS 61.810(C). A motion was made by Mr. Rowland to move into executive session. Seconded by Mr. McCauley. The motion passed unanimously with no abstentions, and the Board moved into executive session.

DISCUSSION ITEM: APPROVAL OF ASM GLOBAL FISCAL YEAR 19/20 SETTLEMENT

After returning from executive session, Chair Geoghegan brought forward the Finance Committee's motion to accept the 2019-20 Fiscal Year End settlement with ASM Global. Since this motion comes from a committee it does not require a second. The motion passed unanimously with no abstentions.

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 September and October. Since this motion comes from a committee it does not require a second. The motion passed unanimously with no abstentions.

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 Chair Geoghegan to adjourn the meeting which was seconded by Mr. Liston. The motion passed unanimously with no abstentions. The meeting was adjourned at approximately 10:15 a.m.

Respectfully submitted,
Eric Granger