



louisville arena authority

Board of Directors Meeting
May 11th, 2020
9:00 a.m. EST
KFC Yum! Center

DRAFT MINUTES

Directors in Attendance via teleconference: Chairman Scott Cox, Ms. Leslie Geoghegan, Mr. Darrin McCauley, Mr. Thomas Liston, Mr. John Hodgson, Mr. Michael Jones, Mr. Don Parkinson, Ms. Larissa Reece, Metro Council President David James (ex-officio), Mr. Steve Rowland, Mr. Mark Blayney and Timothy Mulloy.

Directors Absent: Vice Chairman William Summers, Mr. Deepak Tiwari and Mr. Dale Romans

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. Chairman Cox informed the board that Dale Romans was appointed by the mayor to serve on the board.

DISCUSSION ITEM: Acceptance of the March 9th, 2020 Board Meeting Minutes – Chairman Cox

The board reviewed the minutes and Motion made by Ms. Leslie Geoghegan to accept the minutes of the March 9, 2020 Louisville Arena Authority meeting. The motion was seconded by Mr. Darrin McCauley and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Finance Report – Chip Sutherland

Chairman Cox introduced Mr. Chip Sutherland of Baird Securities to provide the finance report.

Mr. Sutherland informed the board about the ability to make payments which is first and foremost on many minds. State sales tax is what the LAA depends on and with the hospitality industry including hotels and restaurants not in operation right now that directly effects the TIF. Along with the convention center not in operation which is also a driver to the TIF. Mr. Sutherland informed the board we do have the ability to make the payments in June 2020 and December 2020. S&P and Moody's had reached out to Baird to talk about the arena's ability to make those payments in the short term but it is too soon to determine the ability to make payments beyond the immediate term.

DISCUSSION ITEM: AEG Management Update – Eric Granger

Mr. Justin Jokovich, Senior Director of Finance, provided the ASM Global financial update for the months of February and March 2020. In February, the facility hosted 13 events including 2 concerts and 8 University of Louisville Basketball games. The February monthly income statement resulted in a net operating profit of \$239,000, which was \$42,000 under budget for the month largely due to the fact we had budgeted for 5 home University of Louisville Basketball games and only hosted 4. However, these results were consistent with the previously forecasted results for the month.

For the month of March, the facility hosted 4 events including the Lumineers concert, which was the last event we have hosted since the Pandemic began, in addition to 2 Men's and Women's University of Louisville Basketball games. The arena did complete the basketball season in the month of March. The arena was scheduled to host the following events in the month of March, which were postponed/canceled, Dan + Shay, Michael Bublé, Hot Wheels and the NCAA Women's Basketball Tournament. The income statement for the month of March reflects a net operating loss \$246,000 which was \$535,000 under budget for the month entirely due to the events that had postponed or cancelled in March due to the Coronavirus Pandemic. Year to date through 9 months into the fiscal year, we generated a net operating profit of \$1.264 million which is \$826,000 under budget through the 9-month period largely due to the results of March when the pandemic started to impact the arena. The net operating loss forecasted for the fiscal year ending July 30, 2020 is \$194,000 which is \$1.9 million under budget for the fiscal year which is a 1.8 million negative variance from the prior forecast largely due to the net revenue line as 2.2 million dollar loss in the current fiscal year due to the cancellation and postponements from the last quarter of the year. The Arena has mitigated approximately 20% of the remaining budgeted overhead expenses for the April – June quarter through savings on utilities and expense management and will continue to look for savings.

Chairman Cox wanted to discuss the proposed operating budget and mentioned the Finance committee had met last week. The Finance committee discussed the traditional budgetary process doesn't work for the LAA this year. It is difficult to forecast when the arena will be able to schedule events from concerts to U of L men's and women's basketball games. The building will be opened back up when the Mayor and Governor tell us that we can. The committee has decided to meet again and put together a conservative budget that would likely involve U of L with potentially no fans and no shows this year into next year which would be the prudent thing to do. Traditionally a budget would be presented today but the committee will meet again to discuss.

Ms. Sandra Moran, Director of Marketing, provided a Recap of initiatives the KFC Yum! Center has done to stay involved with the community and fans. The KFC Yum! Center partnered with the American Red Cross to host a blood drive April 8-9, 2020. The blood drive was by appointment only and implemented social distancing guidelines. All available appointments were filled, and 163 units of blood were collected from 178 donors. The blood drive had 76 first-time donors and it resulted in the collection of enough blood to potentially save 489 lives. A second blood drive will be hosted on May 12-13, 2020. KFC Yum! Center launched the "Healthy at Home" video series to promote family friendly activities fans can do while staying home. The fun and informative videos kicked off March 30, 2020 and dropped bi-weekly on Tuesdays and Thursdays at 2 pm for six consecutive weeks. The video series is one of many initiatives our staff has implemented to engage fans and activate sponsors during the quarantine period. KFC Yum! Center launched the

“Hometown Heroes” is a social promotion to honor people in our community making a difference during the coronavirus pandemic. The four-week contest allowed KFC Yum! Center followers to nominate individuals who were giving back in a variety of ways for a chance to win \$100 gift card from Commonwealth Credit Union. Ms. Moran and the marketing team along with our sponsors provided resources to families at home to keep them connected to our shows and sponsors such as a money counting worksheet and hot wheels coloring sheet. The KFC Yum! Center has also been using the venue to encourage the community by using the outdoor marques by posting inspiring song lyrics. The KFC Yum! Center produced in house video by our very own Charles Wilkerson, which was inspired by Governor Beshear’s “Going Green” initiative. The KFC Yum! Center used the new arena lighting system to create a great video of how we miss our fans and can’t wait to get them back into the venue but for now we will social distance as we are waiting to open our doors. Lastly Ms. Moran mentioned the upcoming events on the schedule including the Blood Drive May 12th , and our August events with Janet Jackson, Dan + Shay, Fun-der Viewing Party and Hot Wheels Monster Truck Live. October brings WWE and the exciting news that Michael Bublé rescheduled his show and confirmed for March 2021. There are several events we are waiting on to reschedule which were all postponed due to the Coronavirus pandemic including Justin Bieber, Elton John, Dude Perfect and James Taylor. Taki Pappas and Eric Granger are very actively working to fill our booking calendar and when the time is right, we will announce more shows.

Chairman Cox thanked Sandra and Eric for being community minded especially right now in this time. Chairman Cox mentioned he felt encouraged that a lot of the artists and promoters are not wanting to cancel but only postpone. General Manager Eric Granger felt that there is a demand from not only the artists and promoters but the audience standpoint. The KFC Yum! Center is getting new content booked that will take place in 2021.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock had no new information to report.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

Chairman Cox thanked Metro Council President David James for the interest he has in the KFC YUM! Center and taking part in our LAA Board meeting.

The meeting was adjourned at approximately 9:23 a.m.

Respectfully submitted,
Megan Fahey