



## **louisville arena authority**

### **Board of Directors Meeting**

**November 9, 2020**

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

**KFC Yum! Center**

### **DRAFT MINUTES**

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

**Directors Absent:** Chief Yvette Gentry, Mr. Michael Jones, Mr. Don Parkinson, Mr. Dale Romans, Mr. Deepak Tiwari

**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 September 14th, 2020 Board Meeting Minutes – Chair Geoghegan**

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

**FINANCE COMMITTEE REPORT: Vice Chair Summers**

Vice Chair Summers asked Mr. Chip Sutherland, Baird Financial, to give a summary of the Friday, November 6 Finance Committee meeting. Mr. Sutherland noted that the committee discussed the recent rating reports from S&P and Moody's, and that both ratings remain investment grade. S&P downgraded the Authority's rating from BBB+ to BBB with a negative outlook, which means S&P forecasts the probability of a rating downgrade of 30% over the next two years. The Authority's liquidity and governmental backstops have kept the Arena on firm footing and has maintained the investment grade rating. Moody's completed a periodic review, and also noted that due to the sound liquidity and governmental backstops and determined that the impact from the Coronavirus to the Authority does not merit discussion from their committee in regard to a current rating change.

Mr. Sutherland noted that the Authority received their TIF check from the Commonwealth of Kentucky, which covers the period from January 2019 through December 2019. The TIF check for sales tax alone was approximately \$12.5M, which is almost \$1.5M increase over the prior year. Vice Chair Summers noted that that this check this reflects that the TIF zone was performing very well pre-pandemic. Vice Chair Summers 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 August and September monthly statements. In the month of August, we hosted 1 revenue producing event, which was the Jack Harlow video shoot. The Arena incurred a net operating loss for the month of August of \$435,000, which was \$53,000 better than budgeted loss for this month. The positive variance can largely be attributed to the incremental net revenue and administrative savings for the month. For the month of September, we did not host any events and the facility incurred a loss of \$448,000 which was \$8,000 better than budget. Year to Date through the first quarter of the Fiscal Year the facility operations has incurred a Net Operating Loss of \$1.309M, which is \$89k better than budget thus far. The rolling forecast for the Fiscal Year ending June 30<sup>th</sup>, 2021, is currently projecting a Net Operating Loss of \$3.695M and is \$63,000 better than 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 an events and community engagement update. Ms. Moran noted that the arena did host early voting for the general election and had 14,642 early voters. Donations from Wade and Alice Houston, Junior Bridgeman, Black Love Philanthropic Partnership and the Rajon Rondo Foundation made this event possible.

Pepsi was awarded the pouring rights for the KFC Yum! Center in October for the next 10 years. This unique partnership extends beyond traditional pouring rights and focuses on the Louisville community. The plaza in front of the arena is now known as the Pepsi Plaza, where a number of future community engagement events will be hosted. Pepsi kicked off the partnership not only with supporting the election at the KFC Yum! Center, but also launched their Pepsi Stronger Together initiative. This is a grassroots initiative, empowering communities around the country by providing resources and localized programs.

Our staff has participated in a couple of different community initiatives over the past two months. Our staff spent a day volunteering at Louisville Central Community Center to clean, beautify and performing maintenance tasks to help prepare this facility to reopen safely. Other recent community initiatives included hosting an American Red Cross Blood drive on October 1<sup>st</sup>. Through our partnership with JCPS, our staff hosted several zoom classrooms with Southern High School, which included virtual tours to help engage and educate students about the hospitality and tourism industry.

Ms. Moran announced that basketball is returning at the KFC Yum! Center, as we worked with the University of Louisville and the Governor's office to develop a safe plan that allows fans to attend games at a reduced capacity of 15%, which is approximately 3,800 fans. The ASM Global

VenueShield program will be implemented to create a safe environment for players, fans and staff. We will be hosting the Wade Houston Classic Tip Off Classic beginning November 25<sup>th</sup>, partnering with U of L and the Galt House. Nine Teams will play 18 games over a 10-day stretch.

Ms. Moran reviewed the upcoming other events scheduled at the arena. Mr. Rowland asked how we will maintain social distancing the 3,800 fans. Mr. Granger responded that Ticketmaster, our ticketing provider, has a software that determines the ticketing manifest in order to maintain the necessary social distancing based on capacity allowed. We have also chosen to block off the seats with tape that are not to be used, and our staff will enforce the social distancing.

**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 business, citing KRS 61.810(G). A motion was made by President James to move into executive session, seconded by Ms. Reece. The motion passed unanimously with no abstentions, and the Board moved into executive session.

**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 November and December. Since this motion comes from the 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 President James to adjourn the meeting which was seconded by Ms. Reece. The motion passed unanimously with no abstentions. The meeting was adjourned at approximately 10:03am.

Respectfully submitted,  
Eric Granger