



louisville arena authority

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

MINUTES

Directors in Attendance: Chairman Scott Cox, Ms. Leslie Geoghegan, Mr. Darrin McCauley, Mr. Thomas Liston, Vice Chairman William Summers, Mr. John Hodgson, Mr. Michael Jones (phone), Mr. Don Parkinson, Ms. Larissa Reece, Metro Council President David James (ex-officio) and Mr. Deepak Tiwari.

Directors Absent: Mr. Steve Rowland and Mr. Mark Blayney and Timothy Mulloy

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.

DISCUSSION ITEM: Acceptance of the January 13th, 2019 Board Meeting Minutes – Chairman Cox

The board reviewed the minutes and Motion made by Mr. William Summers to accept the minutes of the November 11, 2019 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

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

Mr. Sutherland informed the board of the trainings that took place for the new members which was helpful in many ways from talking about the restructuring and touring of the facility. Chairman Cox thanked Baird for taking the time to help with the trainings. Mr. Sutherland informed the board that Moody's Investment Services released in February their credit opinion affirming the rating of the Louisville Arena Authority and its bond. One of the key comments released February 19th stated the credit profile reflects strong supports that Louisville Arena Authority continues to enjoy from its key stake holders which would be the Metro, the State and the University of Louisville. Vice Chairman Summers thanked Chairman Cox and the Finance Board for their hard work of getting the refinance done and pulling together our partners while keeping everyone on the same page. The hard work has the Louisville Arena Authority in a solid financial footing and in a great place. Chairman Cox let Baird know that he appreciates them for their time and effort out into the

trainings and the board had nothing but positive comments regarding the trainings and felt it was very well worth the time. Chairman also let President David James know that if any members wanted a training that Baird would love to set something up with David James as well. Chairman Cox mentioned the LAA is on a watch list to be moved up potentially. Mr. Sutherland informed the board we are in the early stages of post restructuring with great liquidity and great sponsorship from the 3 stake holders and positioning with the arena in general with concert performance. Chip mentioned it might take a couple of years hopefully with good TIFF reports down the road the Louisville Arena Authority will see some upgrades.

DISCUSSION ITEM: AEG Management Update – Eric Granger

Mr. Justin Jokovich, Senior Director of Finance, provided the ASM Global financial update for the months of December 2019 and January 2020. In December, the facility hosted 10 events including 3 concerts Gaither Vocal Band Christmas Homecoming, the sold-out Luke Combs and the New Year's Eve Comedy Festival featuring Mike Epps. The December monthly income statement resulted in a net operating profit of \$670,000. Which was \$29,000 better than budget for the month. Overall the events of December performed at closely to the expectations.

For the month of January, the facility hosted 11 events including The Harlem Globetrotters and 8 U of L Men's and Women's Basketball games. Year to date through January we have hosted 62 concerts including 17 concerts and 25 University of Louisville Men's and Women's basketball games. The income statement for the month of January resulted in a net operating loss \$63,000 which was \$155,000 under budget for the month largely due to the events in January underperformed our budgeted expectations. Year to date through January, 7 months into the fiscal year, we generated a net operating profit of \$1.271 million which is \$250,000 under budget for the period largely due to that net revenue line as well. The net operating profit forecasted for the fiscal year ending July 30, 2020 is \$1.6 million which is \$121,000 under budget, however it is and \$100,000 over the annual performance expectation to the LAA. The reason for the projected variance to budget is due to the cancelation of the Chance the Rapper concert, changes in premium and coverage structure on insurance, and budgeting of one additional U of L basketball game that we will not host. Despite these challenges we are still projecting to achieve the \$1.5 million-dollar performance expectation.

Ms. Sandra Moran, Director of Marketing, provided a Recap of Customer Service provided by the KFC Yum! Center.

Ms. Moran informed the board that after every non-U of L event the KFC Yum! Center sends a survey to all ticket purchases that helps us market our shows, set better policies and can enhance guest experience by hearing their feedback. The KFC Yum! Center had a 94% customer satisfaction rating, 98% cleanliness rating and 86% of fans were greeted upon entry or exit to the building. These numbers are right on target from where we expect to be. Ms. Moran also shared that we gather information how fans hear and find out about our events. It is critical to show the promoters who come in the effectiveness of the tools we use internally and helps them drive their marketing budget. Social media is the number one-way customers find out about our events with 27.98% of people. Ticket master and email marketing round out the top 3. These are all things we control or

set up internally. The survey also asks how many events you attended. With 32.18% it was many guests first time visiting the KFC Yum! Center. 27.90% attendees have been to 8 or more events. The survey also asks how guests are spending their money when they come to the arena. With 96% of the fans who attended our events spent money in the Louisville area outside of their ticket purchase. 46% of fans spent more than \$100.00 in the Louisville area during their visit and 15% spent more than \$300.00. 65% of guests are spending their money in the F & B in the arena, 43.36% are eating at a restaurant outside the arena, 21% are staying in hotels, 10.63% are shopping locally and 2.67% are spending in other ways. As we are communicating with our guests is now through social media messaging. Facebook and Instagram are the way 64% of the way people prefer to communicate for customer service needs. KFC Yum! Center's Facebook page receives hundreds of messages a month and this number multiplies on an event day. We currently have a 98% response rate in an average of 24 minutes to respond to a request received at an hour of the day. We strive for a 4 out of 5-star review on Facebook and we currently have 4.4 stars out of 5. Google ratings are another great tool to communicate. We have a 4.5 rating on Google reviews. A google reviewer had a great shout out to our new sensory bags offered here at the KFC Yum! Center. The New Year brings exciting variations of shows from The Lumineers, Hot Wheels Monster Trucks Live, the NCAA Women's Tournament, Dan + Shay, Michael Bublé, Disney on Ice, Thunder Viewing Events, Elton John and Sturgill Simpson, Janet Jackson, Justin Bieber and WWE Raw who is returning to the KFC Yum! Center for the first time in 10 years.

Mr. Eric Granger announced the exciting news of a new hire. Mr. Taki Pappas who will be the Director of Booking and Business Development. Taki, a 20-year veteran in the sports and entertainment industry will be responsible for driving content into the KFC Yum! Center. Take most recently was a Senior Talent Buyer for National Shows 2 based in Nashville, TN. Prior to that Take spent 4 years Director of Programming at the Durham Performing Arts Center. Pappas also worked as the Assistant Director and Talent Buyer at the University of Texas' Bass Concert Hall and he spend 13 years of his live entertainment career with Live Nation, working his way through the ranks to VP of Touring. Welcome Taki!

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board they are continuing to negotiate on the naming rights. Chairman Cox informed the board that we are in the very early stages of talking to AEG/ASM Global about lengthening their agreement with us and we hope to soon reach an agreement.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

Chairman Cox informed the board that ASM Global are monitoring the Coronavirus very closely as they do operate around the world over 300 facilities. Regular phone calls are taking place with General Managers on the corporate level and locally. ASM Global is talking with the CDC, public health officials, world health organization and taking their lead but also thinking globally based on facts. Currently there are no events that have cancelled or considering cancelling. There is a plan in place with all ASM employees to ramp up sanitization within the arena such as extra focus on handrails and escalator rails and placing extra hand sanitizing stations around the arena for events. The ASM global staff knows if they are not feeling well to please stay home, wash hands on a regular basis and use hand sanitizer. Travel restrictions have been placed at a corporate level as well

following same precautions. If any cancellations occur the Louisville Arena Authority Board will be notified and the media as well.

The meeting was adjourned at approximately 9:24 a.m.

Respectfully submitted,
Megan Fahey