



louisville arena authority

**Board of Directors Meeting
February 12, 2018
9:00 a.m. EST
KFC Yum! Center**

MINUTES

Directors in Attendance: Mr. Larry Bond, Mr. Jack Dulworth, Ms. Leslie Geoghegan, Ms. Deborah King, Mr. Darrin McCauley, Mr. Stuart Ray, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Metro Council President David James (ex-officio), Vice Chairman William Summers V, Chairman Scott Cox

Directors Absent: Mr. Rick Guillaume, Mr. Michael Houlihan, Ms. Alice Houston, Mr. Joe Reeves

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 November 13, 2017 Board Meeting Minutes – Chairman Cox

Mr. Jack Dulworth moved to accept the minutes of the November 13, 2017 Louisville Arena Authority meeting. The motion was seconded by Vice Chairman Summers and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Finance Report – Vice Chairman Summers

Vice Chairman Summers introduced Mr. Jeff McCaffrey of DMLO who updated the board on the recent RFP for audit services.

Mr. McCaffrey advised the board of the 2016 audit conducted by the State Auditor's Office for the Louisville Arena Authority. The State Auditor's Office will not conduct an audit in 2017 and the board has the ability to select a firm to conduct the audit. A RFP for audit services was sent out and four proposals were received and scored.

Following the evaluation and scoring of the proposals, the Finance Committee recommended Crowe Horwath to the full board for approval as the audit firm for 2017. Mr. Steve Rowland motioned to approve Crowe Horwath as the audit firm. The motion was seconded by Mr. Stuart Ray and the motion passed unanimously.

Mr. Summers introduced Mr. Chip Sutherland of Hilliard Lyons who provided the finance report.

Mr. Sutherland recapped the bond refinancing, informing the board of the investment grade rating and the new interest rate of 4.5%.

Mr. Sutherland advised the board that Moody's will release a revised rating on the new bonds now that refinancing is complete.

DISCUSSION ITEM: AEG Management Update

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of October and November 2017. In October, the facility hosted 8 events including 3 University of Louisville Men's Basketball Games, Katy Perry, Jason Aldean, Kings of Leon, The Eagles and 1 meeting/banquet. The income statement for the period ending October 31, 2017 resulted in a net operating profit of \$425,528; \$43,017 over budget for the month.

For the month of November, the facility hosted 15 events including 5 University of Louisville Men's Basketball Games, 5 University of Louisville Women's Basketball Games, Guns N Roses, Louisville 90's Block Party, Lady Gaga, and 2 meetings/banquets. The income statement for the period ending November 30, 2017 resulted in a net operating profit of \$753,061; \$77,466 over budget for the month. Year to date, the arena is operating at a net operating profit of \$1.036 million; \$360,924 over budget.

According to the Rolling Forecast for the 2017-18 fiscal year (as of the period ending November 30, 2017) AEG is projecting a net operating profit of \$1.738 million; \$59,993 over budget.

Ms. Sandra Moran, Director of Marketing, provided a year in review for the 2017 calendar year.

KFC Yum! Center hosted 118 events in 2017, including 29 concerts/comedy shows, 9 family shows, 41 sporting events and 39 meetings/banquets. Of the 29 concerts hosted in 2017, 14 were sold out and 3 were listed in Pollstar Magazine's top 10 tours in the world. Approximately 1 million people attended KFC Yum! Center's ticketed events in 2017.

An event count for the years 2013-2017 showed the total event count for 2017 was down in comparison to previous years. Ms. Moran noted this was due to the University of Louisville Women's Volleyball team moving their home games from KFC Yum! Center.

Ms. Moran informed the board of various ways KFC Yum! Center gave back to the community during the holidays including a winter weather drive, a toy drive hosted by the University of Louisville and a Wayside Service Day.

A marketing update for the 2017 calendar year showed email marketing remained the number one venue controlled marketing tool used to generate revenue from concert ticket sales. In 2017, 245 targeted email marketing campaigns were sent, generating \$3,940,348 in sales. Ms. Moran reviewed the top 10 targeted email campaigns from 2017 and the sales generated from each campaign.

Ms. Moran shared with the board the top social media posts from 2017, including the top Facebook and Instagram posts by KFC Yum! Center, and highlighted celebrity posts from Thomas Rhett, WWE, Red Hot Chili Peppers and Ed Sheeran.

The 2017 year-end Pollstar rankings ranked KFC Yum! Center 24th in the nation and 50th in the world for ticket sales. In a year-end comparison of ticket sales, KFC Yum! Center ranked the highest in the region with 386,953 tickets sold.

Ms. Moran concluded her report with a review of upcoming shows announced for 2018.

DISCUSSION ITEM: House Bill 300 – Chairman Cox

Chairman Cox informed the board of House Bill 300 which would position the Louisville Arena Authority under the Executive Branch Ethics Commission. Chairman Cox noted if the bill passes, the Authority would have specific guidelines to follow to remain in compliance.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board there was nothing new to report.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

No other business to come before the Authority, the meeting was adjourned at approximately 9:44 a.m.

Respectfully submitted,
Lauren Helms