



louisville arena authority

**Board of Directors Meeting
January 11, 2016
9:00 a.m. EST
KFC Yum! Center**

MINUTES

Directors in Attendance: Ms. Marianne Butler (ex-officio), Mr. Jack Dulworth, Mr. Rick Guillaume, Ms. Alice Houston, Ms. Deborah King, Mr. Stuart Ray, Mr. Steve Rowland, Ms. Lesa Seibert, Ms. Lindy Street, Vice Chairman William Summers V, Chairman Larry Bond

Directors Absent: Ms. Jayshree Amin, Mr. Michael Houlihan, Mr. Lee Kirkwood, Ms. Maura Temes, Mr. Dan Ulmer

Consultants and Staff: Mr. Dennis Petruzzo, KFC Yum! Center General Manager, C. Edward Glasscock, General Counsel

Welcome: Chairman Bond

Chairman Bond declared a quorum and convened the meeting. Chairman Bond welcomed a new board member, Mr. Jack Dulworth.

DISCUSSION ITEM: Acceptance of the November 9, 2015 Board Meeting Minutes – Chairman Bond

Mr. Rick Guillaume moved to accept the minutes of the November 9, 2015 Arena Authority Meeting. The motion was seconded by Mr. Stuart Ray and the motion passed unanimously with Mr. Jack Dulworth abstaining.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

Vice Chairman Summers introduced the proposed 2016 budget for the Louisville Arena Authority and informed the board that the Finance Committee made a recommendation to approve the budget.

Vice Chairman Summers then introduced Mr. Chip Sutherland of Hilliard Lyons who updated the board on the annual review by S&P. S&P affirmed the arena's current rating of BB recognizing the stability of the arena. Mr. Sutherland mentioned that the proposed Arena Authority budget for 2016 includes a conservative TIF number based on the forecast by S&P.

Vice Chairman Summers moved to approve the Louisville Arena Authority's 2016 budget. The motion was seconded by Mr. Rick Guillaume and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Finance Director, provided the AEG Financial Update for the months of October and November 2015. In October, the facility hosted 13 total events: PBR, Miami Heat Pre-Season Exhibition Game, 2 University of Louisville Men's Basketball games, 5 University of Louisville Women's Volleyball games, 1 meeting/banquet and 3 other events. The income statement for the period ending October 31, 2015 resulted in a net operating loss of \$363,394.

For the month of November, the facility hosted 15 total events: Comedy Get Down Tour, 6 University of Louisville Men's Basketball games, 1 University of Louisville Women's Basketball game, 4 University of Louisville Women's Volleyball games and 3 meetings/banquets. The income statement for the period ending November 30, 2015 resulted in a net operating profit of \$251,105. Year to date, the arena is operating at a net loss of \$541,078.

According to the Rolling Forecast for fiscal year 2015-2016 (as of the period ending November 30, 2015) AEG is projecting a net operating profit of \$1.659 million which is \$159,000 over the minimum guarantee to the Louisville Arena Authority.

Ms. Sandra Moran, Marketing Director, began her report by introducing the board to Deanna Southerling, Social Media Specialist and Ginny Miller, Marketing Assistant. Ms. Moran then recognized two staff members honored in the 2016 publication of Who's Who Louisville: Robbie Valentine, Senior Director of Sales and Trent Savage, Guest Services Manager.

Ms. Moran reviewed the enhanced security measures to be implemented at the KFC Yum! Center. Metal detectors will be installed on January 12 and all patrons will be required to pass through a metal detector upon entry to the building beginning January 14. Additionally, a new purse policy has been adopted based on the policy of various arenas around the country. Purses can be no larger than 14" x 14" x 6". These enhanced security measures are an effort to increase the safety and security of staff and patrons visiting the building.

Ms. Moran then provided the board with the 2015 year in review. The facility hosted 129 events in 2015 including: 27 concerts/comedy shows, 15 family shows, 54 sporting events, 25 meetings/banquets and 8 other events. Approximately 1.1 million people attended ticketed events at the venue in 2015. Additionally, Ms. Moran noted the KFC Yum! Center hosted all 5 of the Top 5 tours in the world, according to Pollstar Magazine.

Ms. Moran recapped the Kid Rock New Year's Eve event held at the venue. The event sold out and 65% of patrons in attendance came from outside the Louisville area. The event provided a festive experience for those in attendance including pre-event entertainment and a special countdown to 2016 by Kid Rock with a balloon and confetti drop at midnight. The event was rated the number one New Year's Eve party in Louisville for 2015 by the Courier Journal.

Ms. Moran discussed the marketing asset growth of 2015 through social media, the KFC Yum! Center Mobile App and Insider email. In 2015, 260 targeted email campaigns were sent selling 66,000 tickets and generating \$1.3 million in revenue. Ms. Moran noted that email marketing is consistently among the top 3 ways people hear about KFC Yum! Center events behind Ticketmaster and social media.

Ms. Moran reviewed the community events that took place at the KFC Yum! Center in 2015 including JCPS College Signing Day, the WAVE 3 Plaza Concert Series, Salvation Army Clothing Drives, and the Supply-A-Dream Block Party. Additionally, on December 22, KFC Yum! Center staff members volunteered at Wayside Christian Mission to serve the community.

Ms. Moran concluded her report with an update on the newly installed wayfinding screens and LED digital boards. The wayfinding screens installed on each concourse allow patrons to locate various food options, restrooms and seat locations throughout the building. The LED digital boards allow for additional marketing capabilities in promoting upcoming events to patrons visiting the building.

Mr. Sean Langer, Director of Operations, reviewed the facility updates that took place in 2015 including replacing pavers in front of the building, remodeling the star dressing room, remodeling and adding bathrooms to the court side lounges, landscaping and painting.

Mr. Langer concluded the AEG update by discussing the facility's sustainability efforts. The facility previously completed 2 phases of its composting food and waste program. The third phase will begin in January and will include composting concession stand waste. Additionally, the facility is currently working on installing meters on chilling towers and the Pathosans system that will provide savings to the facility's water bill.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock updated the board on the hearings in the RAM case that took place in November and December. Mr. Glasscock informed the board that briefs are due in February and a decision should be made in the case by mid-summer.

DISCUSSION ITEM: New Business/Old Business – Chairman Bond

Councilman David Tandy thanked the board for the work they do for the arena to create a positive experience for the community.

No other business to come before the Authority, the meeting was adjourned at approximately 10:04 a.m.

Respectfully submitted,
Lauren Helms