



louisville arena authority

Board of Directors Meeting

January 9, 2017

9:00 a.m. EST

KFC Yum! Center

MINUTES

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

Directors Absent: Mr. Michael Houlihan, Ms. Alice Houston, Mr. Stuart Ray

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

Welcome: Chairman Cox

Chairman Cox declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the November 14, 2016 Board Meeting Minutes – Chairman Cox

Mr. Darrin McCauley moved to accept the minutes of the November 14, 2016 Louisville Arena Authority Meeting. The motion was seconded by Vice Chairman Summers and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

Vice Chairman Summers introduced the proposed 2017 budget for the Louisville Arena Authority and informed the board that the Finance Committee made a recommendation to approve the budget. Following discussion, Mr. Steve Rowland moved to approve the 2017 Louisville Arena Authority Budget. The motion was seconded by Mr. Larry Bond and the motion passed unanimously.

Vice Chairman Summers informed the board that State Auditor Mike Harmon accepted the request for an audit.

Mr. Alex Rorke of Hilliard Lyons informed the board that the rating agencies confirmed the ratings. Mr. Rorke also discussed the EMMA Notice received by the board and the RFQ.

Following Mr. Rorke's report, Vice Chairman Summers informed the board that the Finance Committee approved for Crowe Horwath to complete the 2016 audit of the financial statements.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of October and November 2016. In October, the facility hosted 10 events including the Miami Heat vs. Minnesota Timberwolves exhibition game, 5 University of Louisville Women's Volleyball Games, 2 University of Louisville Men's Basketball Games and 2 meetings/banquets. The income statement for the period ending October 31, 2016 resulted in a net operating loss of \$455,204, which was on target for the month's budget.

For the month of November, the facility hosted 16 events including Louisville Music Festival, Five Finger Death Punch, 3 University of Louisville Women's Volleyball Games, 4 University of Louisville Women's Basketball Games, 6 University of Louisville Men's Basketball Games and 1 meeting/banquet. The income statement for the period ending November 30, 2016 resulted in a net operating profit of \$338,227. Year to date, the arena is operating at a net operating loss of \$698,381, which is \$94,277 above budget.

According to the Rolling Forecast for the 2016-2017 fiscal year (as of the period ending November 30, 2016) AEG is projecting a net operating profit of \$1.639 million which is \$20,721 above budget.

Ms. Sandra Moran, Director of Marketing, provided a year in review for the 2016 calendar year. The arena hosted 130 events in 2016 including 23 concerts and comedy shows, 9 family shows, 61 sporting events and 37 meetings/banquets/other events. Of the 23 concerts and comedy shows hosted, 9 were sold out. The arena hosted 4 of the Top 10 Tours in the World in 2016 including Coldplay, Bruce Springsteen, Justin Bieber, and WWE. Approximately 1.1 million people attended KFC Yum! Center ticketed events in 2016.

Ms. Moran then provided an event count for the years 2013-2016 and informed the board that the total number of events has been consistent throughout the years. Ms. Moran recapped the concerts, sporting events, family shows and other events held at the arena including conventions/conferences, University of Louisville Commencements, Thunder Viewing Parties, Taste of Derby and the Muhammad Ali Memorial Service.

Ms. Moran updated the board on the year-end Pollstar rankings for ticket sales. The KFC Yum! Center ranked 30th in the nation and 59th in the world. Ms. Moran noted that the arena has remained in the top 30 venues in the nation over the last four years. In addition to the Pollstar rankings, Ms. Moran reviewed a ticket sales comparison from Pollstar which compared ticket sales from the KFC Yum! Center with other regional venues.

Ms. Moran shared a testimonial from Southern Illinois Men's Basketball Head Coach Barry Hinson. Coach Hinson was very complimentary of the city of Louisville and the staff of the KFC Yum! Center.

Ms. Moran concluded her report by discussing sponsor driven content. This allows the arena to include our sponsors in marketing and advertising campaigns on social media for various shows and helps drive revenue.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board that he has been working with the Finance Committee on the EMMA Notice and the RFQ and had nothing further to report.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

Chairman Cox informed the board that they are continuing to work on strengthening the financial position of the arena with various partners.

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

Respectfully submitted,
Lauren Helms