



louisville arena authority

Board of Directors Meeting

July 10, 2017

9:00 a.m. EST

KFC Yum! Center

MINUTES

Directors in Attendance: Mr. Jack Dulworth, Ms. Leslie Geoghegan, Mr. Rick Guillaume, Ms. Alice Houston, Ms. Deborah King, Mr. Darrin McCauley, Mr. Stuart Ray, Mr. Joe Reeves, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Chairman Scott Cox

Directors Absent: Mr. Larry Bond, Mr. Michael Houlihan, Metro Council President David Yates (ex-officio), Vice Chairman William Summers V

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 May 15, 2017 and May 17, 2017 Board Meeting Minutes – Chairman Cox

Mr. Jack Dulworth moved to accept the minutes of the May 15, 2017 and May 17, 2017 Louisville Arena Authority Meetings. The motion was seconded by Ms. Alice Houston and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Chairman Cox

Chairman Cox introduced Mr. Alex Rorke of Hilliard Lyons who provided the finance report.

Mr. Rorke informed the board of the proposed amendment to the Louisville Arena Authority's Bylaws to allow for non-board members to serve as non-voting, advisory members on the board's committees. Mr. Steve Rowland moved to appoint Mr. Tom Liston and Mr. Kelly Downard to the Finance Committee as non-voting, advisory members. The motion was seconded by Mr. Rick Guillaume and the motion passed unanimously.

Mr. Rorke updated the board on the feasibility study to be conducted by CSL and reviewed the amended agreement. CSL recently visited the arena for initial meetings and are working at pace. Mr. Darrin McCauley moved to approve the amended CSL agreement. The motion was seconded by Mr. Jack Dulworth and the motion passed unanimously.

Mr. Rorke concluded his report by informing the board that the Finance Committee approved moving forward with an RFP for Bond Counsel which will be out by the end of the week. A strong response to the RFP is expected.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of April and May 2017. In April, the facility hosted 15 events including Panic! At The Disco, WWE Smackdown, Tosh.Show, Neil Diamond, Def Leppard, Tim McGraw & Faith Hill, and 2 meetings/banquets. The income statement for the period ending April 30, 2017 resulted in a net operating profit of \$833,096, which was \$82,351 under budget for the month. The shortfall was a result of hosting two less concerts than were budgeted for.

For the month of May, the facility hosted 9 events including Red Hot Chili Peppers, The Chainsmokers, Mumford & Sons, Eric Church, Roger Waters and 1 meeting/banquet. The income statement for the period ending May 31, 2017 resulted in a net operating profit of \$693,346 which was right at budget for the month. Year to date, the arena is operating at a net operating profit of \$1.764 million which is \$251,511 under budget for the 11-month period.

According to the Rolling Forecast for the 2016-2017 fiscal year (as of the period ending May 31, 2017) AEG is projecting a net operating profit of \$1.5 million.

Ms. Sandra Moran, Director of Marketing, provided an event recap for the 2016/17 fiscal year. The KFC Yum! Center hosted 121 events during the fiscal year with a total attendance of 843,904. Gross tickets sales for non-University of Louisville events totaled \$31,109,945.

During the fiscal year, the facility hosted 22 concerts and comedy shows including 7 sold out shows. The facility hosted a variety of family shows including WWE Live, Harlem Globetrotters, Disney on Ice and WWE Smackdown. The facility hosted 56 sporting events including 21 men's basketball games, 19 women's basketball games, 13 women's volleyball games, 2 NCAA sporting events and an NBA Exhibition Game between the Miami Heat and the Minnesota Timberwolves. In addition to concerts, family shows and sporting events, the facility hosted a variety of other events including the General Council of the Assemblies of God convention, 2 University of Louisville commencement ceremonies, Thunder Over Louisville viewing parties and the Taste of Derby.

Ms. Moran updated the board on the success of Fit Tuesdays. In partnership with the YMCA, the KFC Yum! Center hosts free community fitness classes on the KFC Yum! Center's Norton Healthcare Plaza on Tuesday evenings from June 6th through August 29th.

Ms. Moran reviewed awards received by the venue and various staff members during the 2016/17 fiscal year. The venue was awarded the 2016 Silver Fleur-de-Lis Award presented by Greater Louisville Inc. for the venue's work on the Muhammad Ali Memorial Service and the Facilities & Event Management Magazine Prime Site Award. Dave Arnold, Box Office Director, was awarded Box Office Star by Venue's Today. Deanna Southerling, Marketing Manager, was featured in the AEG Diversity & Inclusion Report for her charitable work in the community. Dennis Petrullo, General Manager, was named a Power Player among Facility Managers by Sports Business Journal.

Ms. Moran concluded her report with a review of security training programs that were implemented during the 2016/17 fiscal year including Homeland Security suspicious activity reporting, FBI emergency preparedness ready joint terrorism training, Security Mentor IT training, and full scale active shooter and fire drill exercises.

Ms. Deanna Southerling, Marketing Manager, provided a marketing recap. During the 2016/17 fiscal year, over 50% of ticket sales on average came from outside of the Louisville area. Ms. Southerling reviewed the top 10 markets for ticket sales during the fiscal year.

Ms. Southerling concluded her report by reviewing market competition and a year-end ticket sales comparison among neighboring venues.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock updated the board on ongoing litigation.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

Chairman Cox updated the board on the Capital Projects and Bond Oversight Committee's meeting on June 20, 2017 in which State Auditor Mike Harmon provided his report on the audit of the Louisville Arena Authority.

To conclude, Chairman Cox informed the board that negotiations of the University of Louisville lease agreement are ongoing.

No other business to come before the Authority, the meeting was adjourned at approximately 10:03 a.m.

Respectfully submitted,
Lauren Helms