



louisville arena authority

Board of Directors Meeting

July 13, 2015

9:00 a.m. EST

KFC Yum! Center

MINUTES

Directors in Attendance: Mr. Rick Guillaume, Ms. Alice Houston, Ms. Deborah King, Mr. Lee Kirkwood, Mr. Steve Rowland, Ms. Lesa Seibert, Ms. Lindy Street, Mr. David Tandy (ex-officio), Ms. Maura Temes, Mr. Dan Ulmer, Vice Chairman William Summers V, Chairman Larry Hayes

Directors Absent: Ms. Jayshree Amin, Mr. Larry Bond, Mr. Michael Houlihan, Mr. Stuart Ray

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

Welcome: **Chairman Hayes**

Chairman Hayes declared a quorum and convened the meeting.

DISCUSSION ITEM: **Acceptance of the May 11, 2015 Board Meeting Minutes – Chairman Hayes**

Vice Chairman Summers moved to accept the minutes of the May 11, 2015 Arena Authority Meeting. The motion was seconded by Ms. Seibert and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: **Presentation of Financial Statements – Vice Chairman Summers**

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

Mr. Rorke started by thanking the new board members who attended the Board Member Orientation held in June.

Mr. Rorke informed the board that the numbers for the TIF district should be announced in late August / early September and will be announced to the board as soon as they are made available.

Mr. Rorke concluded his report by informing the board to anticipate the regular cycle for the rating agency.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Ms. Lauren Helms, Executive Assistant, presented the board with the new email accounts created by the Office of Boards and Commissions. The email accounts will be utilized by all members currently serving on a board/commission throughout the city. Ms. Helms informed the board that the Office of Boards and Commissions has requested that board members begin utilizing the new accounts for all Louisville Arena Authority official business by August 1, 2015.

Mr. Justin Jokovich, Finance Director, provided the AEG Financial Update for the months of April and May 2015. In April, the facility hosted 6 total events: Kenny Chesney Concert, Thunder Over Louisville Event, and 4 meetings/banquets. The income statement for the period ending April 30, 2015 resulted in a net operating loss of \$215,769. Mr. Jokovich noted that the negative variance was due to budgeting two family shows that did not take place during the month and a retro invoice received from The Water Company.

For the month of May, the facility hosted 12 total events: Jason Aldean Concert, Atlanta Dream Classic which included 2 WNBA Exhibition games, Ringling Brothers Barnum Bailey Circus, 3 meetings/banquets and 1 other event. The income statement for the period ending May 31, 2015 resulted in a net operating loss of \$244,820. Year to date, AEG is operating at a net operating profit of \$2.035 million for the 11 month period.

According to the Rolling Forecast for fiscal year 2014-2015 (as of the period ending May 31, 2015) AEG is projecting a net operating profit of \$2.020 million, which is \$450,166 over the 2014-2015 fiscal year budget.

Mr. Dennis Petrullo, General Manager, provided the board with an update on marketing initiatives and community events taking place at the KFC Yum! Center. Mr. Petrullo started by discussing the top 10 markets by ticket sales indicating that ticket sales in markets outside of the city of Louisville have recently increased from roughly 35% to 41%. Mr. Petrullo indicated that the growth of this number is positive for the arena and the Louisville market.

Mr. Petrullo also discussed the marketing asset growth the KFC Yum! Center has experienced thus far in 2015. Through various marketing initiatives, the KFC Yum! Center has seen growth in all of its social media platforms, its mobile app and insider email. Success drivers for this growth included celebrity tweets during the NCAA Tournament and support from the University of Louisville and the Louisville Convention and Visitors Bureau on social media.

Mr. Petrullo reviewed the various community events to be held at the KFC Yum! Center in 2015 including the WAVE 3 Concert Series, the Summer Plaza Series which includes the Supply-A-Dream Block Party, Soul Lounge Urban Concert and Princess Party. In May, the KFC Yum! Center hosted JCPS College Signing Day which provided 2,000 JCPS high school seniors the opportunity to hear from speakers Mayor Greg Fischer, Donna Hargens and Robbie Valentine. Students had the opportunity to meet with representatives from perspective colleges and sign their commitment to continuing their education.

Mr. Petrullo concluded by informing the board that Mr. Justin Jokovich, Finance Director, was honored as one of the top three finalists for Louisville Business First's CFO of the Year Award for medium sized private companies.

Mr. Sean Langer, Operations Director, provided the board with an update on the KFC Yum! Center's sustainability efforts and achievements. As one of eight host sites for the 2015 NCAA Division I Men's Basketball Tournament, the KFC Yum! Center was presented with the NCAA Sustainability Waste Minimization Award.

Mr. Langer presented to the board an upcoming Discovery Channel Innovations Feature that highlights the KFC Yum! Center and its use of the PathoSans System, a highly effective and environmentally safe cleaning solution. Mr. Langer noted that the KFC Yum! Center is one of the first public facilities in this area to utilize the PathoSans System.

Mr. Langer also reviewed an article featured in Green Building & Design Magazine highlighting the KFC Yum! Center's sustainability efforts and its use of the PathoSans system.

Mr. Langer discussed a new program the KFC Yum! Center is participating in called EnerNOC. The EnerNOC energy conservation program offers energy bill credits to customers who voluntarily reduce their energy use during times of high energy demand.

Mr. Langer concluded by discussing the expansion of the KFC Yum! Center's composting program with the goal of becoming a zero waste facility. Phase 1 of the program was implemented in January 2014 and started with composting main kitchen food waste. Phase 2 was implemented in June 2014 and included composting suite level food waste. Phase 3 will be implemented in late July 2015 and will include composting food waste from all concession stands.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board that a bench trial date has been set for October 21, 2015 in the Ram case. A preliminary hearing with the judge will be held this week, and more information will be available at the next board meeting.

DISCUSSION ITEM: New Business/Old Business – Chairman Hayes

Chairman Hayes informed the board that he will appoint a committee to revisit all Louisville Arena Authority contracts.

No other business to come before the Authority, the meeting was adjourned at approximately 10:15 a.m.

Respectfully submitted,
Lauren Helms