



louisville arena authority

Board of Directors Meeting

March 14, 2016

9:00 a.m. EST

KFC Yum! Center

MINUTES

Directors in Attendance: Mr. Jack Dulworth, Mr. Rick Guillaume, Ms. Alice Houston, Ms. Deborah King, Mr. Stuart Ray, Mr. Steve Rowland, Ms. Lesa Seibert, Ms. Lindy Street, Ms. Maura Temes, Mr. Dan Ulmer, Metro Council President David Yates (ex-officio), Vice Chairman William Summers V, Chairman Larry Bond

Directors Absent: Ms. Jayshree Amin, Mr. Michael Houlihan, Mr. Lee Kirkwood

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

Welcome: Vice Chairman Summers

Vice Chairman Summers declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the January 11, 2016 Board Meeting Minutes – Vice Chairman Summers

Mr. Steve Rowland moved to accept the minutes of the January 11, 2016 Arena Authority Meeting. The motion was seconded by Ms. Lesa Seibert and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

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

Mr. Rorke distributed a publication from Moody's on arena financings which references the KFC Yum! Center. Mr. Rorke noted that analysts at Moody's have sought feedback from the arena when drafting reports and noted this transition with Moody's highlights a level of confidence and trust.

Mr. Rorke informed the board that everything is on target from an operations standpoint and mentioned a recent visit from Assured, who assures the bonds. Assured was complimentary on the changes that had been made with restructuring the TIF and the performance of AEG.

Mr. Rorke concluded the finance report by proposing an orientation take place within the next month for new and current board members to provide a more in-depth financial review.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Finance Director, provided the AEG Financial Update for the months of December 2015 and January 2016. In December, the facility hosted 18 total events: TSO, Zac Brown Band, Toby Mac, Kid Rock, 6 University of Louisville Men's Basketball games, 4 University of Louisville Women's Basketball games, 3 meetings/banquets and 1 other event. The income statement for the period ending December 31, 2015 resulted in a net operating profit of \$1.001 million. This month was the second strongest month the building has had since its opening.

For the month of January, the facility hosted 12 total events: Madonna, Harlem Globetrotters, 4 University of Louisville Men's Basketball games, 5 University of Louisville Women's Basketball games, and 1 meeting/banquet. The income statement for the period ending January 31, 2016 resulted in a net operating profit of \$313,696. Year to date, the arena is operating at a net profit of \$773,620.

According to the Rolling Forecast for fiscal year 2015-2016 (as of the period ending January 31, 2016) AEG is projecting a net operating profit of \$1.664 million which is \$164,000 above the minimum guarantee to the Louisville Arena Authority. Mr. Jokovich noted there is some upside to the forecasted profit based on additional events that may be confirmed for the fiscal year.

Ms. Sandra Moran, Marketing Director, provided an update on recent events at the arena. During the month of February, the KFC Yum! Center hosted six events in a seven day period. These events included 2 University of Louisville Men's Basketball games, 2 University of Louisville Women's Basketball games, Blake Shelton and Bruce Springsteen. More than 95,000 guests attended events in the building that week, which is roughly 10% of the arena's annual attendance. Many guests that attended these events were from outside the Louisville market. 71% of guests who attended Bruce Springsteen and 47% of guests who attended Blake Shelton were from outside the Louisville area.

Ms. Deanna Southerling, Social Media Specialist, reviewed two community initiatives that took place during the month of February. The Kentucky Blood Center Blood Drive took place on Tuesday, February 23 and was the first blood drive ever hosted at the arena. The blood drive was open to the public and donors were given the opportunity to shoot around on the court prior to donating. Of the 138 registered donors who attended the blood drive, 119 were new donors. The KFC Yum! Center also helped kick off Louisville Metro Councilwoman Madonna Flood's Doing Our Part from the Heart campaign. Attendees of the Blake Shelton concert on February 19 were given the opportunity to donate personal items for military men and women stationed in Iraq and Afghanistan. In exchange for their donation, attendees received free parking for the event.

Mr. Trent Savage, Guest Services Manager, provided the board with a venue update. Mr. Savage discussed the success of the transition to metal detectors which the arena began utilizing in January. Since implementation, the metal detectors have been used at 21 events and have scanned over 200,000 patrons. Mr. Savage noted that staffing levels have increased since the metal detectors were installed. To prepare patrons and expedite the entry process, the increased security measures have been communicated via added signage, email blasts, social media and traditional media outlets. Mr. Savage stated that the biggest challenge has been guests carrying pocket knives and noted that guests are asked to return these items to their vehicle before they are allowed entry to the facility.

Mr. Savage also updated the board on the two nursing rooms that have been opened in the facility. These rooms are dedicated solely for nursing mothers to utilize during events.

Mr. Savage also provided an update on guest services. The arena transitioned from the Kentucky State Fair Board to ESG on November 1, 2015. Since the transition, ESG has hired and trained over 400 employees. ESG employees receive extensive training which includes verbal de-escalation, active shooter training, guest services and CPR/basic first aid. These employees also participate in AEG's Encore training.

Ms. Moran concluded the AEG Management Update with a review of upcoming events. Garth Brooks will be in concert on April 8 & 9 and will be the first artist to bring back-to-back shows to the arena. More than 60,000 tickets were sold on the first day of sales and nearly 80,000 total fans are expected to attend the four shows. Ms. Moran noted that due to the large number of guests attending these shows, the KFC Yum! Center staff is exploring multiple options for ensuring that entry/exit procedures are safe and efficient for guests.

Ms. Moran also reviewed the upcoming NCAA Men's Basketball South Regional which will be held on Thursday, March 24 and Saturday, March 26. The event sold out during presales, selling 42,000 tickets between the two dates. This is the first time Louisville has hosted a Men's Basketball Regional in 29 years. Ms. Moran also noted the arena anticipates hosting the NCAA Women's Basketball Tournament the weekend of March 18-21. Presales to University of Louisville season ticket holders have been strong and the expected attendance is 14,000-18,000.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock updated the board on the RAM case. Oral arguments were heard approximately one month ago to follow-up on briefs that were filed and it is still predicted that a decision will come mid-summer.

DISCUSSION ITEM: New Business/Old Business – Chairman Bond

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

Respectfully submitted,
Lauren Helms