



## louisville arena authority

### Board of Directors Meeting

May 11, 2015

9:00 a.m. EST

KFC Yum! Center

### MINUTES

**Directors in Attendance:** Mr. Larry Bond, Mr. Rick Guillaume, Ms. Alice Houston, Ms. Deborah King, Mr. Stuart Ray, 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. Michael Houlihan, Mr. Lee Kirkwood, Mr. Steve Rowland

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

**Welcome: Chairman Hayes**

Chairman Hayes declared a quorum and convened the meeting. Chairman Hayes welcomed two new members to the Board of Directors, Mr. Larry Bond and Ms. Deborah King. Chairman Hayes also welcomed Metro Council President David Tandy (ex-officio) to the Board.

**DISCUSSION ITEM: Acceptance of the March 9, 2015 Board Meeting Minutes – Chairman Hayes**

Ms. Seibert moved to accept the minutes of the March 9, 2015 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 Mr. Alex Rorke of Hilliard Lyons who provided a brief overview for the new board members of the role of Hilliard Lyons to the Louisville Arena Authority and proposed a new board member orientation for the new and current board members to provide a more in-depth financial review.

Mr. Rorke also informed the board that there is plenty of cash on deposit for the June 1 debt service payment.

**DISCUSSION ITEM: AEG Management Update - Dennis Petrullo**

Mr. Justin Jokovich, Finance Director provided the AEG Financial Update for the months of February and March 2015. In February, the facility hosted 12 total events: Luke Bryan Concert, Fleetwood Mac Concert, Nickelback Concert, 3 University of Louisville Men's Basketball games, 3 University of Louisville Women's Basketball games, and 2 meetings/banquets. The income statement for the period ending February 28, 2015 resulted in a net operating profit of \$613,545.

For the month of March, the facility hosted 9 total events: Maroon 5 Concert, Stevie Wonder Concert, Spring Jam Concert, 2 University of Louisville Men's Basketball games, NCAA Men's Basketball Tournament 2<sup>nd</sup> & 3<sup>rd</sup> Rounds, and 1 meeting/banquet. The income statement for the period ending March 31, 2015 resulted in a net operating profit of \$634,353.

According to the Rolling Forecast for fiscal year 2014-2015 (as of the period ending March 31, 2015) AEG projects a net operating profit of \$1.885 million. Mr. Jokovich indicated that the rolling forecast does account for the postponement of The Who Concert which was scheduled to take place in May.

Mr. Jokovich also presented the proposed AEG Operating Budget for fiscal year 2015-2016. The proposed budget was presented to the LAA Finance Committee on Friday, May 8, 2015 and discussed in detail. The proposed budget forecasts a net operating profit of \$1.547 million for the fiscal year 2015-2016. Mr. Jokovich indicated that the proposed operating budget was based on the arena's history for the last three years. Vice Chairman Summers moved to accept the AEG Operating Budget for fiscal year 2015-2016. The motion was seconded by Ms. Seibert and the motion passed unanimously with no abstentions.

Ms. Sandra Moran, Marketing Director, provided the board with a 2015 first quarter review of marketing initiatives at the KFC Yum! Center. Ms. Moran started by reviewing the 2015 first quarter rankings published by Pollstar. Ms. Moran indicated Pollstar is the number one magazine in the industry reporting venue rankings based on the number of tickets sold for concerts. According to Pollstar Arena Ticket Sales Rankings, the KFC Yum! Center advanced from 21<sup>st</sup> in the nation to 17<sup>th</sup> in the nation and from 47<sup>th</sup> in the world to 45<sup>th</sup> in the world from end of year 2014 through the first quarter of 2015.

Ms. Moran also discussed email marketing initiatives at the KFC Yum! Center. From the fourth quarter of 2014 through the first quarter of 2015, the email database increased 19%. During the first quarter of 2015, 73 email campaigns were created with over 840,000 emails delivered and a 21% open rate. Ms. Moran indicated that each email contains a particular code that allows the KFC Yum! Center to track ticket sales through email marketing. For the first quarter of 2015, 8.7% of all Ticketmaster sales came directly from KFC Yum! Center Insider Email Marketing.

Ms. Moran also provided a breakdown of first quarter attendance as measured by post-event surveys. The first quarter shows reviewed include: New Year's Day Laugh-A-Thon, Harlem Globetrotters, Luke Bryan, Fleetwood Mac, Nickelback, Charlie Wilson, Maroon 5, Stevie Wonder, and Spring Jam. Of those attendees surveyed during the first quarter, 33% responded that the event had been their first event attended at the KFC Yum! Center.

Ms. Moran concluded by reviewing national magazine feature articles on the innovations and sustainability of the KFC Yum! Center. Ms. Moran informed the board that Sean Langer, Director of Operations, will be featured in a Discovery Channel Innovations Documentary highlighting various venues including the KFC Yum! Center.

Mr. Dennis Petruzzo, General Manager, concluded the AEG Management Update by informing the board of new employee uniforms that will be purchased for employees at the KFC Yum! Center. The proposal for new uniforms has been approved by the LAA Finance Committee.

**DISSUSSION ITEM:           General Counsel Update – Chairman Hayes**

Chairman Hayes informed the board that the Attorney General released an “informal” opinion stating the Louisville Arena Authority does not owe payment to the Kentucky State Fair Board as a result of revenue lost by Freedom Hall to the KFC Yum! Center.

**DISCUSSION ITEM:           New Business/Old Business – Chairman Hayes**

No other business to come before the Authority, the meeting was adjourned at approximately 10:00 a.m.

Respectfully submitted,  
Lauren Helms