



louisville arena authority

Board of Directors Meeting

May 15, 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. Alice Houston, Ms. Deborah King, Mr. Darrin McCauley, Mr. Stuart Ray, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Vice Chairman William Summers V, Chairman Scott Cox

Directors Absent: Mr. Michael Houlihan, Mr. Joe Reeves, Metro Council President David Yates (ex-officio)

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 March 13, 2017 and April 19, 2017 Board Meeting Minutes – Chairman Cox

Vice Chairman Summers moved to accept the minutes of the March 13, 2017 and April 19, 2017 Louisville Arena Authority Meetings. The motion was seconded by Mr. Rick Guillaume 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 informed the board that CS&L is prepared to conduct the feasibility study and is awaiting the conclusion of an agreement with the University. The goal is to have financing completed by late summer.

DISCUSSION ITEM: AEG Management Update - Dennis Petruzzo

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of February and March 2017. In February, the facility hosted 13 events including Louisville Old School Hip Hop, Brantley Gilbert, 4 University of Louisville Women's Basketball Games, 3 University of Louisville Men's Basketball Games and 4 meetings/banquets. The income statement

for the period ending February 28, 2017 resulted in a net operating profit of \$225,884, which was \$42,607 short of budget for the month. The shortfall was a result of budgeting for three concerts during the month of February and only hosting two.

For the month of March, the facility hosted 6 events including 21 Pilots, Festival of Laughs, 1 University of Louisville Men's Basketball Game, NCAA Women's Basketball Tournament 1st & 2nd Rounds and 1 meeting/banquet. The income statement for the period ending March 31, 2017 resulted in a net operating loss of \$138,046, which was \$350,136 short of budget for the month. Year to date, the arena is operating at a net operating profit of \$237,719, which is \$171,695 short of budget for the 9-month period due to the shortfall on budgeted concerts.

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

Mr. Jokovich also presented the proposed AEG Operating Budget for fiscal year 2017-2018. The proposed budget forecasts a net operating profit of \$1.678 million for the fiscal year 2017-2018. The budget includes 117 events including 28 concerts. Vice Chairman Summers moved to approve the AEG Operating Budget for fiscal year 2017-2018. The motion was seconded by Mr. Rick Guillaume and the motion passed unanimously.

Vice Chairman Summers informed the board that the Finance Committee recommended to approve the Capital Expenditures submitted for various improvements to the arena totaling approximately \$410,000. The improvements include audio amplifier repair/replacement, new flooring for the suite level, and additional security cameras. Following discussion, Vice Chairman Summers moved to approve the Capital Expenditures. The motion was seconded by Mr. Stuart Ray and the motion passed unanimously.

Ms. Sandra Moran, Director of Marketing, provided an update on Community Relations. On April 20, KFC Yum! Center staff volunteered to plant trees at a historic cemetery in Shively in celebration of Earth Day. The project stemmed from a mini-reforestation project started by a local girl scout. More than 200 trees have been planted through the project.

Ms. Moran discussed another community initiative taking place at the KFC Yum! Center. In partnership with the YMCA, the KFC Yum! Center will host free community fitness classes on the KFC Yum! Center's Norton Healthcare Plaza on Tuesday evenings from June 6th through August 29th.

Ms. Moran informed the board that the KFC Yum! Center was featured in the Nationwide Sar Initiative (NSI) report for implementing a new security training program with Homeland Security. The training better prepares staff to recognize 16 indicators and behaviors that are key for reporting suspicious activity and potential terrorists. Additionally, AEG's corporate communication team has developed the framework for a crisis communication plan that AEG venues will adapt for their local markets. In April, a core crisis communication team from the KFC Yum! Center was established. The group completed training with AEG's corporate communication team and developed their local plan.

Ms. Moran concluded her report with an event update. Since March, the KFC Yum! Center has hosted numerous events including the NCAA Division I Women's Basketball First & Second

Rounds, Panic! At The Disco and Disney on Ice. The arena also hosted the first WWE SmackDown Live event, which sold out and surpassed WWE's expectations. Ms. Moran reviewed upcoming events including sold out events such as Mumford & Sons, Ed Sheeran, Bruno Mars and Lady Gaga.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board there was nothing new to report. Chairman Cox inquired about the ongoing litigation to which Mr. Glasscock responded that the status remained the same, but that a notice may need to be filed for a status conference.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

Chairman Cox informed the board that the state audit is close to completion. Once received, the report from the state auditor will be circulated to the board and the board will vote to accept the audit.

No other business to come before the Authority, the meeting was adjourned at approximately 9:40 a.m.

Respectfully submitted,
Lauren Helms