



louisville arena authority

Board of Directors Meeting

May 16, 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. Lindy Street, Ms. Maura Temes, Mr. Dan Ulmer, Vice Chairman William Summers V

Directors Absent: Ms. Jayshree Amin, Mr. Michael Houlihan, Mr. Lee Kirkwood, Ms. Lesa Seibert, Metro Council President David Yates (ex-officio), Chairman Larry Bond

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 March 14, 2016 Board Meeting Minutes – Vice Chairman Summers

Mr. Stuart Ray moved to accept the minutes of the March 14, 2016 Louisville Arena Authority Meeting. The motion was seconded by Mr. Dan Ulmer 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 thanked Metro Council President David Yates, Mr. Jack Dulworth, Mr. Dan Ulmer, and Chairman Larry Bond for attending the board member orientation/financial review held in April.

Mr. Rorke informed the board that everything is in good shape for the debt service payment in June and the TIF performance should be known late summer.

Mr. Rorke concluded the finance report by informing the board that the annual audit is up and coming and on May 25, 2016 the Finance Committee and Board will meet for approval of the audit.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial Update for the months of February and March 2016. In February, the facility hosted 16 total events: Carrie Underwood, Martin Lawrence, Blake Shelton, Bruce Springsteen, WWE Live Road to WrestleMania, 4 University of Louisville Men's Basketball games, 4 University of Louisville Women's Basketball games, and 3 meetings/banquets. The income statement for the period ending February 29, 2016 resulted in a net operating profit of \$1.17 million. This is the strongest financial month in the arena's history which is largely attributed to the performance of the month's concerts.

For the month of March, the facility hosted 10 total events: Fall Out Boy, The Who, Chicago with Earth Wind & Fire, 1 University of Louisville Men's Basketball games, NCAA Women's Basketball Tournament 1st & 2nd Rounds, NCAA Men's Basketball Tournament Regionals and 2 meetings/banquets. The income statement for the period ending March 31, 2016 resulted in a net operating profit of \$313,115. Year to date, the arena is operating at a net profit of \$2.2 million.

According to the Rolling Forecast for fiscal year 2015-2016 (as of the period ending March 31, 2016) AEG is projecting a net operating profit of \$1.812 million which is \$312,000 above the minimum guarantee to the Louisville Arena Authority.

Mr. Jokovich also presented the proposed AEG Operating Budget for fiscal year 2016-2017. The proposed budget forecasts a net operating profit of \$1.6 million for the fiscal year 2016-2017 which is \$100,000 over the minimum guarantee to the Louisville Arena Authority. Mr. Steve Rowland moved to approve the AEG Operating Budget for fiscal year 2016-2017. The motion was seconded by Mr. Dan Ulmer and the motion passed unanimously with no abstentions.

Ms. Ginny Miller, Marketing Assistant, provided an update on events hosted at the arena during the 1st quarter of 2016 including 7 sold out concerts, 18 University of Louisville Men's and Women's Basketball games, 2 NCAA Tournaments and WWE. The NCAA Division I Men's South Regional Tournament took place March 24-26, 2016 in which the arena hosted Villanova (2016 NCAA Champions), Kansas, Maryland and Miami. More than 40,000 tickets were sold with an economic impact of \$15 million per the convention & visitor's bureau calculations. Dan Gavitt, the NCAA's Vice President for Men's Basketball Championships spoke highly of the city of Louisville, the University of Louisville and the KFC Yum! Center in their efforts to host the regional tournament.

Ms. Miller updated the board on the 1st quarter rankings from Pollstar Magazine in which the KFC Yum! Center ranked 8th in the nation and 22nd in the world; the highest rankings in the history of the arena. As the 1st quarter rankings do not include ticket sales from April, the arena is looking to maintain this ranking and potentially move up in the rankings for the next quarter. Ms. Miller provided a breakdown of ticket sales by the top 10 markets, pointing out that 56.75% of the arena's ticket purchasers are from outside the Louisville area.

Ms. Miller concluded her report by informing the board of upcoming events and discussing the success of the four Garth Brooks shows on April 8 & 9, 2016. More than 73,000 tickets were sold for the four shows which is the most tickets sold by any artist ever to perform at the KFC Yum! Center. More than 50% of attendees for the Garth Brooks shows were from outside the Louisville area. The arena was complimented by the tour for providing one of the quickest and smoothest

transitions as it took only 33 minutes to clear the building after the first show and the second show to begin entry.

Ms. Deanna Southerling, Marketing and Social Media Specialist, provided a social media and community relations update. The KFC Yum! Center continues to grow its marketing/social media assets. Over the past year (for the period of April 30, 2015 to April 30, 2016) Facebook fans increased 19% which is typical growth for this platform. Twitter followers increased by 28%, which is higher than the normal 20% increase. The additional growth on this platform can be attributed to the Garth Brooks shows, as fans were driven to Twitter for constant updates on the show. Instagram followers increased 113% and increased growth continues to be seen as the platform further integrates with Facebook. The KFC Yum! Center Mobile App saw a 6% increase and the Insider Email which is used to send out monthly emails, presale information and special offers increased 23%. Social media was heavily utilized for the April Garth Brooks shows to communicate with fans. The arena saw a lot of engagement from fans across its social media platforms on those two days.

Ms. Southerling then discussed a variety of community events that took place at the KFC Yum! Center through April including the Doing Our Part from the Heart Military Supply Drive, Kentucky Blood Center Drive, JCPS College Signing Day, Earth Day and the Thunder Viewing Party. On April 22, 2016 the KFC Yum! Center hosted the 2nd JCPS College Signing Day to celebrate college-bound seniors for their academic achievement. The students had the opportunity to hear advice from a panel of college freshman who are former JCPS students, attend various breakout sessions on topics of their choice and meet with representatives from dozens of local colleges to sign their commitment to their chosen college. For Earth Day, the arena donated 50 White Pine and Colorado Blue Spruce Saplings to Metro Parks which will be used to create a wall in The Parklands, Louisville's newest park system. On April 23, 2016 the KFC Yum! Center hosted two families from the Kids Cancer Alliance at its annual Thunder Viewing Party.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board that they hope to have more information on the RAM case within the next 30 days.

DISCUSSION ITEM: New Business/Old Business – Vice Chairman Summers

No other business to come before the Authority, the meeting was adjourned at approximately 9:42 a.m.

Respectfully submitted,
Lauren Helms