



louisville arena authority

Board of Directors Meeting

May 21, 2018

9:00 a.m. EST

KFC Yum! Center

MINUTES

Directors in Attendance: Mr. Larry Bond, Mr. Jack Dulworth, Ms. Leslie Geoghegan, Mr. Rick Guillaume, Mr. Michael Houlihan, Ms. Alice Houston, Ms. Deborah King, Mr. Darrin McCauley, Mr. Stuart Ray, Mr. Joe Reeves, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Vice Chairman William Summers V

Directors Absent: Metro Council President David James (ex-officio), Chairman Scott Cox

Consultants and Staff: Mr. Eric Granger, KFC Yum! Center General Manager, Mr. 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 12, 2018 and March 30, 2018 Board Meeting Minutes – Vice Chairman Summers

Mr. Rick Guillaume moved to accept the minutes of the March 12, 2018 and March 30, 2018 Louisville Arena Authority meetings. The motion was seconded by Mr. Stuart Ray and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Finance Report – Vice Chairman Summers

Vice Chairman Summers introduced Mr. Chip Sutherland of Hilliard Lyons who provided the finance report.

Mr. Sutherland notified the board of the audit performed by Crowe Horwath. It was recommended by the finance committee to the full board to accept the audit. Mr. Steve Rowland noted no findings in the audit and moved to accept the audit. The motion was seconded by Mr. Michael Houlihan and the motion passed unanimously.

Mr. Sutherland informed the board of \$45-\$50 million in accounts currently earning money market rate return. The finance committee looked at various options for moving the funds to a higher yielding money market fund, and it was recommended by the finance committee for approval by the full board to transfer the funds from the existing Morgan Stanley money market fund to a Goldman Sachs money market fund. Mr. Guillaume moved to approve the transfer. The motion was seconded by Mr. Jack Dulworth and the motion passed unanimously.

Mr. Rowland mentioned discussion of the finance committee to develop an investment policy for the Authority, which will be brought to the full board at the following meeting.

DISCUSSION ITEM: AEG Management Update – Eric Granger

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of February and March 2018. In February, the facility hosted 11 events including 4 University of Louisville Men's Basketball Games, 3 University of Louisville Women's Basketball Games, Luke Bryan, and 3 meetings/banquets. The income statement for the period ending February 28, 2018 resulted in a net operating profit of \$190,800; \$187,969 better than budget for the month.

For the month of March, the facility hosted 11 events including 1 University of Louisville Men's Basketball Game, 3 NCAA Men's NIT Tournament Games, NCAA Women's Basketball Tournament 1st and 2nd Rounds, Platinum Comedy Tour, Brad Paisley, P!nk, and 2 meetings/banquets. The income statement for the period ending March 31, 2018 resulted in a net operating profit of \$384,621; \$78,771 below budget for the month. Mr. Jokovich noted the negative variance was due to budgeting for four concerts in the month of March and only hosting three.

According to the Rolling Forecast for the 2017-18 fiscal year (as of the period ending March 31, 2018) AEG is projecting a net operating profit of \$1.736 million.

Mr. Jokovich presented the proposed AEG Operating Budget for the 2018-2019 fiscal year. The proposed budget projects a net operating profit of \$1.759 million for the fiscal year. The budget is based on 116 events including 25 concerts. Mr. Ray moved to approve the AEG Operating Budget for the 2018-19 fiscal year. The motion was seconded by Ms. Alice Houston and the motion passed unanimously.

Mr. Jokovich reviewed the capital expenditures for various improvements to the arena totaling \$334,923. The improvements include a new stage, core router, radio repeaters, A/V equipment, access control systems, and network batteries. Mr. Jokovich noted RFPs will be issued for the stage and router to follow procurement guidelines. Following the finance committee's recommendation to approve the expenditures, Mr. Rowland moved to approve the capital expenditures. The motion was seconded by Mr. Darrin McCauley and the motion passed unanimously.

Ms. Sandra Moran, Director of Marketing, provided an event and marketing update.

Ms. Moran recapped events hosted since the March board meeting including the NCAA Men's NIT Tournament, Brad Paisley, P!nk, Together for the Gospel Convention, Jeff Dunham, WWE and Disney on Ice. Ms. Moran discussed the support for P!nk during her stop in Louisville on March 27, 2018. KFC Yum! Center and other downtown partners including LG&E and the Big Four Bridge lit up pink to welcome the artist to Louisville.

Ms. Moran updated the board on KFC Yum! Center's community involvement including Earth Hour, Wayside Christian Mission, Earth Day Waterfront Botanical Gardens Trash Pickup, Southern High School JCPS Academies Visit, and Earth Day ReTree Shively Tree Planting. Upcoming community events include Blessings in a Backpack, Fit Tuesdays on the Plaza, and Habitat for Humanity – Love Your Neighborhood Event.

Ms. Moran provided an update on email marketing and reviewed results from post-event survey emails. Revenue from KFC Yum! Center Insider eblasts for Q1 was \$1.5 million - the venue's highest Q1 in terms of email marketing. Revenue was up 2% compared to the previous year and 493% compared to 2 years ago. The results of post-event surveys sent to guests who purchased tickets through Ticketmaster showed most guests spend money outside of the arena, with 98% of guests spending money outside of their ticket spend. Approximately 33% of guests spend more than \$200 outside of ticket spend when attending a concert.

Ms. Moran concluded her report with a review of upcoming shows.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board there was nothing new to report.

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

No other business to come before the Authority, the meeting was adjourned at approximately 9:35 a.m.

Respectfully submitted,
Lauren Annan