



louisville arena authority

Board of Directors Meeting
November 14, 2016
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. Joe Reeves, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Metro Council President David Yates (ex-officio), Vice Chairman William Summers V, Chairman Scott Cox

Directors Absent: Mr. Michael Houlihan

Consultants and Staff: Mr. Dennis Petrullo, 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 September 12, 2016 Board Meeting Minutes – Chairman Cox

Mr. Stuart Ray moved to accept the minutes of the September 12, 2016 Louisville Arena Authority Meeting. 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 Alex Rorke of Hilliard Lyons who provided the finance report.

Mr. Rorke informed the board that the TIF revenue came in and noted the revenue jumped roughly 10% from the previous year to \$10.2 million. Mr. Rorke stated it is important to note the volatility of the TIF. With only 3% growth the previous year and with the convention center closed, it is difficult to project future growth. However, the overall trend is that it is growing in the right direction.

Mr. Rorke concluded his report by informing the board that the rating agency reviews are currently taking place and everything is on track with those reviews. Results are expected within the next month or two.

Following Mr. Rorke's report, Chairman Cox noted that the TIF revenues were \$10.297 million which was roughly \$1 million over the budgeted TIF revenue.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial Update for the months of August and September 2016. In August, the facility hosted 4 total events including the Assemblies of God Convention and 2 meetings/banquets. The income statement for the period ending August 31, 2016 resulted in a net operating loss of \$340,061, which was \$17,496 above budget for the month.

For the month of September, the facility hosted 9 total events: R. Kelly, Dixie Chicks, 5 University of Louisville Women's Volleyball Games and 2 meetings/banquets. The income statement for the period ending September 30, 2016 resulted in a net operating loss of \$97,926, which was \$84,377 above budget for the month. Year to date, for the 3 month period of the fiscal year, the arena is operating at a net operating loss of \$581,403, which is \$154,635 above budget for the 3 month period.

According to the Rolling Forecast for the 2016-2017 fiscal year (as of the period ending September 30, 2016) AEG is projecting a net operating profit of \$1.64 million which is \$22,963 above budget and \$142,000 above the minimum guarantee to the Louisville Arena Authority.

Mr. Dennis Petrullo, General Manager, added that the variance in September events was due to the decision not to host the Ringling Brothers Barnum & Bailey Circus, though this did not have a significant impact on the month's financials.

Mr. Gary Friedman, General Manager of Learfield, provided an update on new sponsors for 2016-2017. New sponsors include Delta Dental who will sponsor charging stations throughout the main and upper concourses of the arena, Kentucky Derby Museum, HopCat, Mingua Beef Jerky which will be served at concession stands, Lynn Imaging, Myrtle Beach Area Chamber of Commerce, Servpro, Schuler Bauer Real Estate, Shuffle Bean Coffee, United Electric and Invite Manager who will assist suite owners in managing their suite tickets for various events.

Mr. Friedman also discussed a new area of the main concourse sponsored by Strategic Communications which will include a video board with various interactive elements for patrons and fans to enjoy.

Ms. Sandra Moran, Director of Marketing, provided a marketing and event update. Ms. Moran updated the board on the latest Pollstar rankings. For the third quarter rankings, the KFC Yum! Center ranked 15th in the nation and 30th in the world for ticket sales. Ms. Moran noted the ticket sale numbers reported by Pollstar do not include sporting events, meetings or conventions hosted by the arena.

Ms. Moran then discussed the AEG Connect Summit, a series of meetings held over a two day period for several AEG employees. Security, safety and crisis communications were at the forefront of topics discussed during the summit. Moderated by Matt Bettenhausen, AEG's Senior Vice President and Chief Security Officer, a security panel including The Honorable Tom Ridge (former Governor of Pennsylvania and the first Secretary of the Department of Homeland Security), Steve Martinez (SVP of Global Security, MGM Resorts International) and Pierre Edouard Colliex (Police attaché for the Embassy of France) reflected on their experience and discussed the "See Something, Say Something" initiative.

Ms. Moran updated the board on new offerings at the KFC Yum! Center's concession stands. Centerplate launched a variety of new menu items during the Men's Basketball Red and White Scrimmage on October 12 which includes higher quality and healthier options for patrons to choose from. New menu options include salads, parfaits, flatbreads, turkey burgers, mozzarella sticks, and the option to build your own meal.

Ms. Moran also discussed feedback received from recent events. Following each non-University event, emails are sent to patrons who purchased their tickets for that particular event through Ticketmaster. The email includes a brief survey about their experience at the event. Ms. Moran shared responses from the recent Dixie Chicks concert and NBA exhibition game.

Ms. Moran concluded her report by discussing the KFC Yum! Center's upcoming sporting events and concerts including University of Louisville Men's & Women's Basketball, University of Louisville Women's Volleyball, Five Finger Death Punch, Kanye West, Harlem Globetrotters, Dierks Bentley, Louisville Old School Hip Hop Festival, Twenty One Pilots, Panic! at the Disco, Tim McGraw and Faith Hill, Red Hot Chili Peppers and Roger Waters.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

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

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

Chairman Cox thanked the board members for their service as well as Hilliard Lyons and AEG for their work with the Louisville Arena Authority. Chairman Cox reiterated that the TIF can be unpredictable especially with the closing of the convention center for renovation, and stated that because of the TIF's volatility and the accelerated debt payments, the Authority needs to improve its financial position. Meetings with partners in Frankfort, City Hall and the University of Louisville have been ongoing and Chairman Cox noted that these partners share the financial goals for the KFC Yum! Center.

No other business to come before the Authority, the meeting was adjourned at approximately 9:36 a.m.

Respectfully submitted,
Lauren Helms