



louisville arena authority

Board of Directors Meeting
November 12, 2018
9:00 a.m. EST
KFC Yum! Center

MINUTES

Directors in Attendance: Mr. Larry Bond, 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, Chairman Scott Cox

Directors Absent: Mr. Jack Dulworth, Metro Council President David James (ex-officio)

Consultants and Staff: Mr. C. Edward Glasscock, General Counsel

Welcome: Chairman Cox

Chairman Cox declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the September 10, 2018 Board Meeting Minutes – Chairman Cox

Vice Chairman Summers moved to accept the minutes of the September 10, 2018 Louisville Arena Authority meeting. 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 informed the board of the Finance Committee's recommendation to approve the 2019 budget. Vice Chairman Summers moved to approve the 2019 budget. The motion was seconded by Mr. Rick Guillaume and the motion passed unanimously.

Mr. Chip Sutherland of Hilliard Lyons summarized the approved budget and noted it fully funds contributions to capital investments to the facility, with \$2 million set aside for those investments in 2019. Chairman Cox advised the Board of a tentative 5-year plan for capital improvements, with \$2 million set aside per year. Mr. Sutherland reminded the board that after operating expenses are paid and money is put aside for capital improvements, anything remaining is set aside into an account to pre-pay bonds.

Vice Chairman Summers asked Mr. Sutherland to summarize the recently finalized investment policy. Mr. Sutherland informed the Board that the policy lays out a plan for investments which is more conservative than what Kentucky Revised Statutes would require. He noted the Finance Committee felt it necessary to mitigate investment risk, as much of the money is public money. Mr.

Steve Rowland added that the policy stipulates that retaining principal is the highest priority, followed by liquidity and return on investment. Vice Chairman Summers informed the Board of the Finance Committee's recommendation to approve the investment policy. Mr. Rick Guillaume moved to approve the investment policy. The motion was seconded by Ms. Alice Houston and the motion passed unanimously.

Mr. Sutherland informed the board of the requirement to report annually to the Capital Projects and Bond Oversight Committee and noted Hilliard Lyons has filed a letter on behalf of the Authority. A follow up with the 2018 audit will be sent once it becomes available. Chairman Cox requested a copy of the letter be sent to Mayor Fischer and Metro Council President David James.

DISCUSSION ITEM: AEG Management Update

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of August and September 2018. In August, the facility hosted 9 events including Cirque du Soleil: Corteo. The income statement for the period ending August 31, 2018 resulted in a net operating loss of \$335,749, which was consistent with budget for the month.

For the month of September, the facility hosted 4 events including Fall Out Boy, Maroon 5, Martin Lawrence and 1 meeting/banquet. Year to date, the arena has hosted 21 events through the first three months of the fiscal year. The income statement for the period ending September 30, 2018 resulted in a net operating loss of \$16,599, which was \$104,787 better than budget for the month. Year to date, the arena is operating at a \$107,818 loss, which is \$114,855 better than budget.

According to the Rolling Forecast for the 2018-19 fiscal year (as of the period ending September 30, 2018) AEG is projecting a net operating profit of \$1.795 million, which is \$295,000 above the performance expectation. Mr. Jokovich noted this is largely consistent with the last projection and feels positive this can be obtained based on current bookings.

Ms. Sandra Moran, Director of Marketing, discussed new initiatives to improve the customer experience. The KFC Yum! Center has recently become Certified Sensory Inclusive. Sensory inclusion allows individuals with autism, PTSD, early onset dementia, stroke and other sensory needs the ability to see and experience events at the KFC Yum! Center with a decreased fear of sensory overload. The certification process entailed staff at KFC Yum! Center being trained by leading medical professionals on how to recognize guests and fans with sensory needs and how to handle a sensory overload situation. The arena is now equipped with sensory bags which include noise canceling headphones, fidget tools, verbal cue cards and weighted lap pads. Additionally, the arena will soon open a dedicated sensory room designed by medical professionals for those who may need a quieter and more comforting environment.

Another initiative the KFC Yum! Center has been working on is a wayfinding app for those who are visually impaired to find their way around the arena. In partnership with the American Printing House for the Blind, visually impaired guests can now find their way around the arena without assistance. Using Bluetooth technology, the "Indoor Explorer" function of the Nearby Explorer app guides users through the arena including directions to restrooms, elevators, concession stands, seating areas and more. The app was created with assistance from the Louisville mayor's office and funded entirely through a grant by the James Graham Brown Foundation.

Ms. Moran discussed the newly launched Premium Club which includes different levels of membership and additional perks for premium clients and suite holders. Premium Club members will receive VIP lanyards at events and will have exclusive access to a premium lounge for most concerts.

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

Mr. Brian Gaskill, Centerplate General Manager, discussed various food and beverage upgrades. Mr. Gaskill informed the board of concession stand rebranding for seven stands to Farmstead Chicken & Burgers and Haute Dog, and noted three new concession stand concepts will be introduced by the end of the year. The model house on the arena's main concourse will be remodeled into a replica of Jim Beam House in Bardstown featuring Jim Beam products and will open on November 27th. Through a partnership with Falls City, a beer garden on the main concourse will open in December. The beer garden will be a destination location featuring pub tables and chairs, and a variety of Falls City products. Additional concession upgrades include a grab and go concept and value meals to be offered at basketball games. On the premium level, rolling bars will be added to give suite holders opportunities to purchase a la carte mixed drinks and wine without going to a fixed bar location. Suite attendants will now be equipped with iPads to improve suite orders and optimize speed of service. The Cardinal Authentic Team Store also received upgrades including refreshed Adidas graphics and a hat wall added to improve store flow. Mr. Gaskill concluded his report by informing the board of a building wide initiative to transition to paper straws by January 2019.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock asked the Board to sign the Proof of Receipt form they received regarding updates to the Kentucky Open Records Act.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

No other business to come before the Authority, the meeting was adjourned at approximately 9:41 a.m.

Respectfully submitted,
Lauren Annan