



louisville arena authority

Board of Directors Meeting
September 11, 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, Mr. Michael Houlihan, Ms. Deborah King, Mr. Darrin McCauley, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Metro Council President David Yates (ex-officio), Chairman Scott Cox

Directors Absent: Ms. Alice Houston, Mr. Stuart Ray, Mr. Joe Reeves, Vice Chairman William Summers V

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 July 10, 2017, July 20, 2017 and July 31, 2017 Board Meeting Minutes – Chairman Cox

Mr. Steve Rowland moved to accept the minutes of the July 10, 2017, July 20, 2017 and July 31, 2017 Louisville Arena Authority Meetings. The motion was seconded by Ms. Leslie Geoghegan and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Financial Agreement Update – Chairman Cox

Chairman Cox summarized various financial agreements with the state, city and University of Louisville.

The General Assembly of the Commonwealth of Kentucky passed legislation to extend the life of the TIF up to 35 additional years, until 2054, and eliminated the cap on the amount of TIF revenue available for debt service. The City of Louisville agreed to pay the maximum amount of \$10.8 million annually until 2054 or until the bonds are paid, whichever comes first. The University of Louisville Athletic Association agreed to pay an additional \$2.42 million annually and the term of their agreement was extended to 2054, or until the bonds are paid.

Chairman Cox thanked various individuals with the state, city and University of Louisville for their work in finalizing these agreements.

DISCUSSION ITEM: Finance Report – Chairman Cox

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

Mr. Sutherland provided an update on the schedule of refinancing now that the aforementioned financial agreements are finalized. Approval meetings with KEDFA (Kentucky Economic Development Finance Authority) and the Capital Projects and Bond Oversight Committee will occur in September and October respectively. Pricing will occur in mid to late November with closing in early December.

Chairman Cox requested an update on the feasibility study by CS&L. Mr. Sutherland informed the board that the feasibility study is going well and the only outstanding component of the study is information on this year's TIF revenue.

Mr. Sutherland noted the anticipated interest rates for refinancing are expected to be approximately 4.5%-5.0%.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of June and July 2017. In June, the facility hosted 5 events including Journey and 4 meetings/banquets. The arena hosted 121 events for the 2016-17 fiscal year ending June 30, 2017. The income statement for the period ending June 30, 2017 resulted in a net operating loss of \$264,161, which was \$132,280 better than budget for the month. The income statement for the 2016-17 fiscal year ending June 30, 2017 resulted in a net operating profit of \$1.5 million.

For the month of July, the facility hosted 6 events including the National Association of Free Will Baptist convention and 2 meetings/banquets. The income statement for the period ending July 31, 2017 resulted in a net operating loss of \$430,364, which was \$8,640 better than budget for the month.

According to the Rolling Forecast for the 2017-18 fiscal year (as of the period ending July 31, 2017) AEG is projecting a net operating profit of \$4.1 million which includes the additional rent from the University of Louisville.

Ms. Sandra Moran, Director of Marketing, provided an update on customer service, capital projects and upcoming events.

Ms. Moran reviewed the venue related findings of a recent survey conducted by University of Louisville Athletics in which season ticket holders described their experience at the KFC Yum! Center as positive, friendly and entertaining. Additionally, season ticket holders highly rated the cleanliness of restrooms, family friendly amenities, venue environment and overall experience. Ms. Moran also shared responses from event surveys and Facebook reviews highlighting positive guest experiences at the KFC Yum! Center.

Ms. Moran discussed the implementation of a lanyard for all guest services staff which will assist these staff members in directing patrons throughout the building and answering frequently asked questions.

Ms. Moran updated the board on various capital projects occurring in the building. Hardwood flooring was installed to replace the existing carpet on both suite levels to provide a more premium look and feel. An audio upgrade will include replacing all amplifiers, repairing all speakers and upgrading software, which will result in cleaner sound and more control over sound levels throughout the building. Additionally, computers in the security command post will be upgraded along with the installation of additional monitors to view more security cameras at once. Security cameras in the bowl and on the plaza will be upgraded for extended, clearer viewing.

Ms. Moran concluded her report with a review of upcoming shows. Ms. Moran noted the estimated total attendance for upcoming shows based on budgeting predictions is 145,396.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Chairman Cox requested approval from the board to enter into an order to release no more than \$500,000 to M. A. Mortenson Company, which represents retainage from their contract to build the arena. This will end the Louisville Arena Authority's involvement in the RAM litigation. Mr. Steve Rowland made a motion for approval. The motion was seconded by Mr. Rick Guillaume and the motion passed unanimously.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

No other business to come before the Authority, the meeting was adjourned at approximately 9:51 a.m.

Respectfully submitted,
Lauren Helms