



louisville arena authority

**Board of Directors Meeting
September 14, 2015
9:00 a.m. EST
KFC Yum! Center**

MINUTES

Directors in Attendance: Mr. Rick Guillaume, Mr. Michael Houlihan, Ms. Deborah King, Mr. Lee Kirkwood, Mr. Stuart Ray, Ms. Lesa Seibert, Ms. Lindy Street, Mr. David Tandy (ex-officio), Mr. Dan Ulmer, Vice Chairman William Summers V, Chairman Larry Hayes

Directors Absent: Ms. Jayshree Amin, Mr. Larry Bond, Ms. Alice Houston, Mr. Steve Rowland, Ms. Maura Temes

Consultants and Staff: Mr. Dennis Petruzzo, KFC Yum! Center General Manager, C. Edward Glasscock, General Counsel

Welcome: Chairman Hayes

Chairman Hayes declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the July 13, 2015 Board Meeting Minutes – Chairman Hayes

Ms. Seibert moved to accept the minutes of the July 13, 2015 Arena Authority Meeting. The motion was seconded by Vice Chairman Summers and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

Vice Chairman Summers introduced Mr. Alex Rorke of Hilliard Lyons who provided the finance report.

Mr. Rorke updated the board on the status of the rating agencies annual reviews. S&P will start in early October and Moody's will start approximately one month later.

Mr. Rorke also discussed the TIF revenue numbers. The sales tax side increased by roughly \$700,000 to approximately \$7.5 million. The property tax side, which is not as significant, stayed flat at about \$573,000 which is believed to tie in to the cycles of property assessments.

Mr. Rorke concluded his report by informing the board that they are in very good shape in terms of cash flow for the upcoming debt service payments in December.

Vice Chairman Summers informed the board that a letter would be sent to Metro Louisville requesting the additional revenues pursuant to the loan agreement.

Vice Chairman Summers discussed the recommendation posed at the September 11, 2015 Louisville Arena Authority Finance Committee Meeting for Frost Brown Todd to continue their general counsel representation at a rate of \$124. Frost Brown Todd will continue to assist with the RAM litigation and bond counsel which will be done at the customary hourly rate of the lawyers and paralegals less 10%. Vice Chairman Summers moved to approve the Frost Brown Todd contract. The motion was seconded by Ms. Seibert and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Finance Director, provided the AEG Financial Update for the months of June and July 2015. In June, the facility hosted 6 total events: Taylor Swift, Barry Manilow, New Kids on the Block, Urban Music Festival, Imagine Dragons and 1 meeting/banquet. For the 2014-2015 fiscal year, the facility hosted 28 concerts and a total of 133 events. The income statement for the 2014-2015 fiscal year ending June 30, 2015 resulted in a profit of just over \$2 million, which was \$600,000 over the minimum guarantee to the Louisville Arena Authority and \$700,000 over the 2013-2014 fiscal year.

For the month of July, the facility hosted 3 total events: Ariana Grande, the Church of Nazarene Youth Convention and 1 other event. The income statement for the period ending July 31, 2015 resulted in a net operating loss of \$279,947. As the budget for the period ending July 31, 2015 projected a net operating loss of \$367,495, this resulted in a positive variance of \$87,547 which was largely attributed to the amount of food/beverage and merchandise revenue received from the Church of Nazarene Youth Convention.

According to the Rolling Forecast for fiscal year 2015-2016 (as of the period ending July 31, 2015) AEG is projecting a net operating profit of \$1.55 million.

Ms. Sandra Moran, Marketing Director, provided the board with an update on the various community events held at the KFC Yum! Center in 2015, including JCPS College Signing Day, the WAVE 3 Concert Series and the Summer Plaza Series which included the Supply-A-Dream Block Party and the Soul Lounge Urban Concert.

JCPS College Signing Day provided JCPS high school seniors the opportunity to hear from speakers Mayor Greg Fischer, Superintendent Donna Hargens and Robbie Valentine. Students also had the opportunity to meet with representatives from approximately 30 prospective colleges and sign their commitment to continuing their education.

In partnership with the PATH Foundation, the KFC Yum! Center hosted the Supply-A-Dream Block Party where over 2,000 kids were able to obtain free school supplies for the upcoming school year. The Supply-A-Dream Block Party also featured motivational speakers and a variety of activities for the kids to participate in.

The Soul Lounge hosted its second Summer of Soul Night on the KFC Yum! Center Plaza where local musicians including The Michael Houston Group, Nightbreeze, Ryan Marsh, and Bashiri Asad performed for a crowd of 300+ guests.

Following the success of last year's series, the WAVE 3 Concert Series has continued in 2015. The series takes place on the KFC Yum! Center Plaza during the lunch hour where guests can enjoy a variety of food trucks and a free concert. The series will continue this fall with the first concert taking place during lunch and the final two being after work concerts.

Ms. Moran concluded her report with an introduction to the initiatives the KFC Yum! Center is taking to enhance the customer experience. These initiatives will include enhanced way finding signage to direct KFC Yum! Center guests through the facility.

Mr. Gary Friedman, General Manager of LASEP, provided an update on the facility's sponsorship partners. New partners for the 2015-2016 season include Advanced Solutions, Kindred Healthcare, Encompass, Body Rx, Jefferson Animal Hospital, ProRehab and Commonwealth Sign Company. Mr. Friedman noted that a majority of partners have renewed their contracts and they will continue to seek additional partners for the 2015-2016 season.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock informed the board that the Ram litigation trial will begin on November 16, 2015. If the case is not resolved, it will be tried in Franklin Circuit Court. Updates will be provided to the board as things move forward.

DISCUSSION ITEM: New Business/Old Business – Chairman Hayes

Chairman Hayes introduced Stephen McBride, Vice President of the Kentucky Concealed Carry Coalition, who discussed the weapons policy of the facility.

The KFC Yum! Center currently prohibits firearms and weapons of any kind on the facility premises. Mr. McBride noted that in the 2012 session of the General Assembly, KRS 65.870 was amended. KRS 65.870 originally prohibited only city and county governments from regulating firearms. With the 2012 amendment, the General Assembly expanded the statute to prohibit every public agency, board, commission as well as city and county governments from regulating firearms. KRS 65.870 requires that any policy, regulation or rule concerning firearms on public property be repealed, rescinded or amended to comply by January 2013. Mr. McBride noted the statute prohibits the Louisville Arena Authority from regulating firearms and the current facility policy is in violation of this statute.

Chairman Hayes concluded by informing Mr. McBride that Mr. C. Edward Glasscock, General Counsel for the Louisville Arena Authority, would be reviewing this matter further and would be in touch with Mr. McBride in the coming weeks.

No other business to come before the Authority, the meeting was adjourned at approximately 10:13 a.m.

Respectfully submitted,
Lauren Helms