



louisville arena authority

Board of Directors Meeting

July 15th, 2019

9:00 a.m. EST

KFC Yum! Center

MINUTES

Directors in Attendance: Mr. Larry Bond, Mr. Jack Dulworth, Mr. Rick Guillaume, Ms. Deborah King, Mr. Joe Reeves, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Metro Council President David James (ex-officio), Chairman Scott Cox

Directors Absent: Ms. Leslie Geoghegan, Ms. Alice Houston, Mr. Darrin McCauley, Mr. Stuart Ray, Vice Chairman William Summers V

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

Welcome: Chairman Cox

Chairman Cox declared a quorum and convened the meeting.

Chairman Cox informed the board that Megan Fahey, Executive Assistant, would be joining the arena to take over Lauren's position and welcoming Megan to the staff. Mr. Granger spoke a bit about Megan's background coming from the Kentucky International Convention Center.

DISCUSSION ITEM: Acceptance of the May 13, 2019 Board Meeting Minutes – Chairman Cox

Mr. Jeff Spalding moved to accept the minutes of the May 13, 2019 Louisville Arena Authority meeting. The motion was seconded by Ms. Lindy Street and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Finance Report – Chip Sutherland

Vice Chairman Summers was absent therefore Mr. Chip Sutherland of Baird Securities provided the finance report.

Mr. Sutherland informed the board that as of June 1, the Arena Authority made a bond payment. Between now and September Mr. Sutherland expects the Commonwealth to have the TIF numbers. Expectation to have three months of the Kentucky International Convention Center included in that.. The next year's TIF will show the full twelve-month year with the KICC open.

DISCUSSION ITEM: AEG Management Update – Eric Granger

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of April and May 2019. In April, the facility hosted 5 events including 4 concerts (Kenney Chesney, Legends of Hip- Hop, An Evening of Soul and The Millennium Tour). The income statement for the period ending April 30th, 2019 resulted in a net operating loss of \$104,974; which was \$49,686 better than budget. The main driver of the bottom line positive variance is due to hosting 2 more concerts in the month of April.

For the month of May, the facility hosted 12 events including 2 concerts (Tool, Pentatonix, WWE Smackdown and Disney on Ice). The 2 concerts brought our total to 29 concerts for the fiscal year which was a fiscal year record for us. The income statement for the period ending May 31, 2019 resulted in a net operating loss of \$36,560; which was \$277,616 better than budget for the month due to the positive variance of net revenue because of concerts in this month that we didn't have budgeted. To date through 11 months our net operating profit is forecasted at of \$3,236,888; \$795,176 better than budget for the year.

According to the Rolling Forecast for the 2018-19 fiscal year (as of the period ending May 31, 2019) AEG is projecting a net operating profit of \$2,339,587. Mr. Jokovich noted this would be the fiscal year record primarily due to the 29 concerts and the NCAA regionals.

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

Ms. Moran recapped the 2018/19 fiscal year. Ms. Moran shared that total attendance was up 1% with 991,552 people attended ticketed events, Gross ticket sales were also up of \$34,999,577 with a total of 116 events. This fiscal year featured many amazing shows including many sold out shows including Elton John, Louisville Soul Music Festival, Travis Scott, Bob Seger, Alan Jackson, Metallica and Tool. This past fiscal year was the year of artists farewell tours for artists like Elton John, Bob Seger and Lynyrd Skynyrd to name a few. We held many tours that were the top selling tour stops on the artists' entire tour including Elton John, Bob Seger and Metallica. Metallica was the biggest show ever held at KFC Yum! Center and biggest show of their North American Arena Tour selling 23,084 tickets.

Ms. Moran stated family shows have also been a big hit this year for the KFC Yum! Center. Ms. Moran stated that there has been an increase in family show tickets sales'. Some of the shows include Cirque du Soleil Corteo, WWE Live, WWE Smackdown, Disney on Ice and Hot Wheels Monster Trucks. Ms. Moran noted Hot Wheels Monster Trucks broke the Hot Wheels Monster Trucks inaugural tour record for ticket sales and was the top selling show of their entire tour. Disney on Ice was the biggest run of Disney on Ice in this building.

Sporting events held in the 18/19 fiscal year were a huge success holding 21 UL Men's Basketball games, 15 Women's Basketball games and the NCAA First and Second Round Women's Tournament and Regional Men's Tournaments. KFC Yum! Center was the top selling regional tournament site. Other diverse events hosted within the 18/19 year included 30 other events such as UL Commencements, Thunder Over Louisville parties, Taste of Derby, Trifecta Gala, Arts Beats and Lyrics and the U of L Basketball Post Season Celebration.

Ms. Moran updated the board on AEG and KFC Yum! Center's staff community involvement including Earth Hour, Warren County Schools student visit, Adopt-A-Mile cleanup, Shelby Park Tree Planting, and Southern High School Academies awards ceremony and career presentations. Upcoming community initiatives include the launch of KFC Yum! Center's sensory room, JCPS Academies job shadowing, Fit Tuesdays, and Ronald McDonald House.

Ms. Moran discussed the growth of Facebook and Instagram as a tool for marketing KFC Yum! Center events and noted social media is the number one way fans find out about events. Instagram is the smallest platform but had 2.3M views which is an increase of 119% from the 17/18 year and average 378,000 in monthly sales which is up 108% from 17/18 year. Facebook reaches about 2.8 million users each month. Seeing a lot of return on increasing the usage of Social Media. Video Strategy has greatly increased views and interaction from the public.

Ms. Moran concluded her report with a review of last year's events, noting a record breaking fiscal year in 2018-19 with 29 concerts.

Food and Beverage Update - Brian Gaskill – Centerplate

Mr. Gaskill shared about the vending program that was introduced in 2017 which has become a top 7 spot in location sales. Vending has improved speed of service and per capita spending. Centerplate is having similar success with the introduction of Fast Break – Self serve Kiosk in November 2018. Mr. Gaskill shared that the Deli and Healthy Dare options represented 1.53% of sales during the UL basketball games. Value meals were also introduced for the 18/19 season and represented 12.10% of sales. Popular new items included the Chicago Dog, Grilled Checked Sandwich, Kentucky Cattleman Hamburger and Cheesesteak.

Mr. Eric Granger finished up the meeting sharing upcoming events including GK U.S. Classic, Shawn Mendes, JoJo Siwa, Hillsong United, Phil Collins, Thomas Rhett, MercyMe, Carrie Underwood, Celine Dion, The Chainsmokers, Slayer and Luke Combs. Two concerts have already sold out include Backstreet Boys and Chris Stapleton.

Chairman Cox added that he appreciated the inclusion of regions outside the Metro area in the community efforts by the AEG team as the taxpayers of the Commonwealth also give tremendous support to the success of the arena. Chairman Cox stated that he liked how we were bringing in and working well with the schools and people of all economic backgrounds. Chairman Cox added that the message we want everyone to know that they are all welcome here. Chairman Cox sees that we are bringing in people from Louisville (47%) but also outside market at (53%).

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 – Chairman Cox

Mr. Glasscock requested the Board of Directors to go into Executive Session under 61.8101G to discuss a specific proposal from a business partners.

Mr. Dulworth made the motion to move into Executive Session and was seconded by Mr. Guillaume. Motion passed and the Board of Directors unanimously approved the motion. The Board of Directors went into Executive Session.

Following the Executive Session, the Board of Directors resumed the regular meeting. President James made a motion authorizing the Chairman to negotiate with the Vendor and the motion was seconded by Mr. Guillaume. The motion passed unanimously.

No other business to come before the Authority, the meeting was adjourned at approximately 10:02 a.m.

Respectfully submitted,
Megan Fahey