



louisville arena authority

Board of Directors Meeting

March 11, 2019

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. Joe Reeves, Mr. Steve Rowland, Mr. Jeff Spalding, Ms. Lindy Street, Chairman Scott Cox

Directors Absent: Mr. Michael Houlihan, Mr. Stuart Ray, Metro Council President David James (ex-officio), Vice Chairman William Summers V

Consultants and Staff: Mr. Eric Granger, KFC Yum! Center General Manager, Mr. Ed Glasscock, General Counsel, Mr. John Egan, General Counsel

Welcome: Chairman Cox

Chairman Cox declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the January 14, 2019 Board Meeting Minutes – Chairman Cox

Mr. Jack Dulworth moved to accept the minutes of the January 14, 2019 Louisville Arena Authority meeting. The motion was seconded by Ms. Alice Houston and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Finance Report – Chairman Cox

Chairman Cox introduced Chip Sutherland of Hilliard Lyons who provided the Finance Report.

Mr. Sutherland updated the board on the Moody's report published January 31, 2019 which affirmed the Authority's Baa3 rating. Chairman Cox noted this is an investment grade rating.

DISCUSSION ITEM: AEG Management Update – Eric Granger

Mr. Justin Jokovich, Senior Director of Finance, provided the AEG Financial update for the months of December 2018 and January 2019. In December, the arena hosted 14 events including five University of Louisville Men's Basketball Games, four University of Louisville Women's Basketball Games, Bob Seger, and three meetings/banquets. The income statement for the period ending December 31, 2018 resulted in a net operating profit of \$627,880, which was \$310,139 better than budget for the month.

For the month of January, the arena hosted 12 events including four University of Louisville Men's Basketball Games, five University of Louisville Women's Basketball Games, Alan Jackson, and Harlem Globetrotters. The income statement for the period ending January 31, 2019 resulted in a net operating profit of \$315,693, which was \$233,338 less than budget for the month. Mr. Jokovich noted the variance was due to budgeting for five University of Louisville Men's Basketball Games and only hosting four. Year to date, the arena is operating at a net operating profit of \$1.876M which is \$200,994 better than budget.

According to the Rolling Forecast for the 2018-19 fiscal year (as of the period ending January 31, 2019) AEG is projecting a net operating profit of \$1.889M, which is \$129,981 better than budget.

Ms. Sandra Moran, Director of Marketing, reviewed 2018 post event survey results. The 2018 customer satisfaction rating was 94%, which Ms. Moran noted was up significantly from the previous year. Those surveyed were asked how many events they have attended at KFC Yum! Center and how they hear about events. Almost 30% of patrons surveyed have attended 8 or more events, and 27% attended an event for the first time. Social media is the top way patrons hear about events, followed by Ticketmaster and email marketing.

In an effort to gather more data on the economic impact of KFC Yum! Center, those surveyed were asked how they spend money outside of ticket spend and how much money they spend. Survey results showed 64% of patrons purchase food and beverage inside the arena, 48% eat at a restaurant outside the arena, almost 22% stay in a hotel, and 9.5% shop locally. Of the 96% of patrons who spend money outside of ticket spend, 49% spend under \$100, 20% spend between \$100-\$200, and 37% spend over \$200.

Ms. Moran informed the board of a venue milestone set by Metallica at their show on Saturday, March 9, 2019. This was the largest attended show in the venue's history, breaking the previous record set by George Strait in March 2014. The show at KFC Yum! Center was also the largest on Metallica's 35-city North American tour. Mr. Granger reminded the board of the process with the University of Louisville to clear the date for this show and highlighted the partnership with the University.

Ms. Moran presented photos and videos showcasing a variety of ways in which KFC Yum! Center has recently welcomed artists to the venue including signage, boxing gloves, bourbon barrel heads, personalized cookies, and a candy bar.

Ms. Moran concluded her report with an update on the venue's Fun-Der Parties for Thunder Over Louisville and a review of upcoming shows. KFC Yum! Center is currently on-track for a record breaking year with 29 concerts confirmed for the 2018-19 fiscal year. The previous record was 28 in the 2015-16 fiscal year.

DISSUSSION ITEM: General Counsel Update – C. Edward Glasscock

Mr. Glasscock noted nothing new to report, but asked Chairman Cox to highlight the current status of the naming rights agreement.

Chairman Cox discussed working with Yum! Brands in an effort to renew the naming rights agreement and will continue to update the board with any new information.

DISCUSSION ITEM: New Business/Old Business – Chairman Cox

Mr. Granger informed the board the old stage will be donated to the Kentucky Center for the Arts for their new venue.

Mr. Granger also discussed the pending merger of AEG Facilities, one division of AEG Worldwide, and SMG. AEG Worldwide and Onyx, the parent company of SMG, will each own 50% of the new company, which will be named ASM Global. ASM Global will represent approximately 310 venues globally. Bob Newman, the current President of AEG Facilities, will serve as President and CEO of ASM Global once the merger is complete.

No other business to come before the Authority, the meeting was adjourned at approximately 9:34 a.m.

Respectfully submitted,
Lauren Annan