



louisville arena authority

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**Board of Directors Meeting
March 11, 2013
9:00 a.m. EST
KFC YUM! Center**

MINUTES

Directors in Attendance: Mr. Eric Gunderson, Mr. Michael Houlihan, Metro Council President Jim King (Ex Officio), Mr. Lee Kirkwood, Mr. Steve Rowland, Ms. Lesa Seibert, Ms. Maura Temes, Vice Chairman William Summers V, Chairman Larry Hayes

Directors present by telephone: Ms. Alice Houston, Ms. Lindy Street

Directors Absent: Mr. Andrew Beshear, Mr. Tim Mulloy, Mr. Dan Ulmer

Consultants and Staff: Mr. Michael Shull, Frost Brown Todd LLC, General Counsel; Mr. Dennis Petrullo, KFC YUM! Center General Manager

Welcome: Chairman Hayes

Chairman Hayes declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the February 11, 2013 Board Meeting Minutes – Chairman Hayes

Ms. Seibert moved to accept the Minutes of the February 11, 2013 Arena Authority Meeting. The motion was seconded by Mr. Gunderson and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

Vice Chairman Summers introduced Mr. Alex Rorke with Hilliard Lyons, the Arena Authority's financial advisor. The current focus of Hilliard Lyons in their role as financial advisor is to maintain Standard & Poor's latest investment grade rating and to re-obtain an investment grade rating from Moody's noted Mr. Rorke. The performance of the arena has tracked well with previous discussions (with the bond rating agencies) adding to the overall credibility of what the arena is doing. Mr. Rorke distinguished that the bonds are currently not trading in great volume but are at a premium since they came to market.

Chairman Hayes informed the board that Hilliard Lyons has identified the holder's of the Arena Authority's Bonds and may potentially meet with the groups that have a large bond holding position to discuss the present and future state of the bonds; all with an eye toward an opportunity to re-finance when the opportunity arises noted Chairman Hayes. Chairman Hayes underlined the

importance of developing a formal communications plan to address the financial community and encouraged board members to review the Louisville Arena Authority website and offer their suggestions.

Further, Mr. King underscored the relationship between the value of the Authority's bonds and the financial community's belief that the debt service payments will continue. Mr. Rorke gave affirmation that the Arena Authority has adequate liquidity to make the debt service payments.

Vice Chairman Summers introduced Mr. Jerry Hurt of Deming, Malone, Livesay & Ostroff (DMLO) the Authority's independent accountant. DMLO is responsible for the fair presentation of the financial statements, and Crowe Horwath is responsible for preparing the audit Arena Authority's audit for the year ended December 31, 2012. Mr. Hurt anticipates the audit will be finalized by the end of April.

DISCUSSION ITEM: AEG Management Update- Dennis Petruzzo

Dennis Petruzzo, General Manager appraised an ad placed in the University of Louisville Men's Basketball program thanking fans for their continued support of the KFC Yum! Center. Mr. Petruzzo also highlighted the University of Louisville as being an outstanding partner, noting that they have been supportive and flexible on releasing dates for potential events.

Mr. Jokovich, Finance Director at the KFC Yum! Center provided the AEG Financial Update for the month of January. The facility hosted ten events during the month of January; including Zac Brown Band, Harlem Globetrotters, four University of Louisville men's basketball games and three U of L women's basketball games.

Mr. Jokovich initiated his financial report noting a net operating profit of \$518,402 for the month of January, bringing the Year-to-Date net operating profit to \$1.364 million. January's profits generated a positive variance of \$710,000 above the Year-to-Date budget. AEG is currently projecting a net profit of \$1.381 million for the fiscal year ending June 30, 2013, rising about \$13,000 from last month's projections.

Dennis Petruzzo, General Manager gave an update of upcoming events noting that the arena expects a steady pace of two events per month through June. Mr. Petruzzo predicted revenue will diminish during the summer months due to the rise of outdoor concert circuits and no events from main tenant, U of L. AEG anticipates an exhilarating concert in July, three large events in December, and has booked George Strait for February 2014. Pink performed at the arena on March 8th to a sold out crowd, becoming the highest-grossing female artist to perform at the arena since its opening.

Mr. Petruzzo concluded the management update noting that AEG expects to present their budget for the next fiscal year (July 1, 2013-June 30, 2014) in May and is pleased with the arenas positive progress.

DISSUSSION ITEM: General Counsel Update – Chairman Hayes

Chairman Hayes introduced Mr. Michael Shull of Frost Brown Todd, who reported that there is no new business to report.

DISCUSSION ITEM: New Business/Old Business – Chairman Hayes

Chairman Hayes welcomed new Board Member Steve Rowland, Chief Financial Officer for the Louisville Metro Office of Management and Budget.

Mr. King stated that no signage or branding distinguishes the arena to commuters approaching from the west and inquired about the status of approaching Yum Brands to potentially sell them more signage in the vacant space. Chairman Hayes stated he would discuss a potential strategy to approach Yum Brands with past Chairman Jim Host, as he helped to negotiate the naming rights deal with Yum Brands. Chairman Hayes affirmed that the inquiry would be addressed and re-visited at a future date.

No other business to come before the Authority, the meeting was adjourned at approximately 9:12 a.m.

Respectfully submitted,
Amelia Priest