



louisville arena authority

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**Board of Directors Meeting
August 20, 2007
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

DRAFT

Directors in Attendance: Mr. Larry Bisig, Metro Council President Rick Blackwell (Ex Officio), Mr. Neville Blakemore, Mr. Todd Blue, Mr. Junior Bridgeman, Ms. Reba Doutrick, Vice Chairman Larry Hayes, Ms. Alice Houston, Ms. Cissy Musselman, Mr. James Patterson, Mr. Tom Schifano (Ex Officio), Ms. Lindy Street, Mr. William E. Summers V, Mr. Dan Ulmer, Mr. Robert Woolery, and Chairman Jim Host

Directors Absent: Mr. Zev Buffman

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Mark Sommer, General Counsel; Mr. E.J. Narcise, Learfield/Team Services; Mr. Brad Clark, HOK Sport; Mr. John Hilken, PC Sports; Ms. Helen Thompson, Assistant General Counsel; Mr. Allen Troshinsky, Mortenson Company

Special Guests: Governor Ernie Fletcher; Mayor Jerry Abramson; Tom Jurich, Vice President for Athletics, University of Louisville; Dr. James Ramsey, President, University of Louisville; Joe Reagan, President & CEO, Greater Louisville Inc.

Opening Remarks and Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the Minutes of July 23, 2007 Board Meeting – Chairman Host

Mr. Junior Bridgeman moved to accept the Minutes of the July 23, 2007 Board of Directors Meeting. The Motion was seconded by Mr. Bob Woolery, and the Motion passed unanimously with no abstentions.



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DISCUSSION ITEM: Recognition of Special Guests – Chairman Host

Chairman Host recognized the following individuals and thanked them for their assistance to the Arena project:

Mr. Vic Staffieri, LG&E Chairman, CEO and President
Mr. Chris Hermann, LG&E Senior Vice President of Energy Delivery
Mr. Mike McAllister, Humana President
Mr. Ed Manassah
Members of the Governor’s Arena Task Force
Members of the Louisville Metro Council
Members of the Jefferson County Legislative Delegation
Members of the Kentucky State Fair Board
Kentucky elected and appointed officials
Members of the Louisville Arena Authority

DISCUSSION ITEM: Presentation of the Arena Designs – Dan Ulmer

Construction Committee Chairman Dan Ulmer presented images of the Arena’s interior designs, followed by the Arena’s initial exterior designs. Mr. Ulmer commented that the designs, including the Arena’s plaza, are still in progress. Mr. Ulmer explained that the plaza is basically a two-level plaza with one level featuring an amphitheater with fountains, suitable for pep rallies, concerts, and a meeting place for pedestrians. The plaza’s upper level is essentially the Arena’s entrance, featuring the ticket office, team store, and a coffee shop or restaurant.

Mr. Ulmer highlighted the use of glass in the front of the Arena, which will showcase the movement within and outside of the Arena. Mr. Ulmer pointed out the parking garage entrance on Third Street, and he advised that the garage’s exits are on Third and Second Streets.

Upon showing an image of the Arena from the Ohio River viewpoint, Mr. Ulmer highlighted the sweep of glass along Second Street, the curvature of the roof, the overflow of glass, and the picture window along the River Road side of the Arena. Mr. Ulmer advised that the restaurant and meeting rooms are located behind the sweep of glass facing the River, and he pointed out the terraces along the back of the Arena facing River Road. He commented that the landscaping along Third Street is not complete.

Mr. Ulmer commented on the importance of the Arena’s entrance on Second Street, stating that Second Street must be properly “streetscaped” and lighted. With the pedestrian traffic from Slugger Field and along the proposed Iron Quarter development on Washington Street, Second Street is expected to be a main entrance into the Arena.

Mr. Ulmer concluded by showing an evening image of the Arena from the north, which illuminated the use of glass in the Arena's design.

DISCUSSION ITEM: Recognition of Architectural Team – Chairman Host

Chairman Host recognized Bruce Traugher and thanked him for his assistance with the Arena project. Chairman Host then recognized Congressman John Yarmuth and thanked him for his support of the project.

Chairman Host introduced Brad Clark, a principal with HOK, the Arena's architectural firm. Mr. Clark recognized members of the HOK design team, including the following: Rick Kramer, representing Lewis & Henry; Mike Clay, Project Manager for HOK Sport; David Reed with QK4; Carrie Anderson, CL Anderson Architecture; Tony Ehlers, Rangaswamy & Associates; Jill Lewis-Smith, Jill Lewis-Smith Architect, Inc.; Milton Haskins, HDDS; Ann Swope, Swope Design Group; and Elias Zewde with KHAFRA Engineering Consultants.

Mr. Clark stated that the Louisville Arena project has been a tremendous opportunity for HOK. He commended the Louisville Arena Authority for its organization and the manner in which the design process has been handled. Mr. Clark stated that he believes the Arena Authority's vision is reflected in the Arena's designs. He stated that the design is dynamic, contemporary and iconic. Mr. Clark remarked that the sweeping roof form represents the University Cardinal logo and the idea of the Cardinal wing, as well as the power of the Ohio River as it flows by the site. The cascading representation of glass as the roof becomes the façade of the building on the river side will be the lasting image of the Arena, as it reflects the idea of the Falls of the Ohio.

DISCUSSION ITEM: Remarks by Special Guests – Chairman Host

Chairman Host introduced Mr. Joe Reagan, President and CEO of Greater Louisville, Inc., who commented on the Arena's dynamic and iconic design. Mr. Reagan thanked the business community for their support of the Arena project from its inception. He also thanked Governor Fletcher, Mayor Abramson, and the University of Louisville for their leadership.

Chairman Host introduced Mr. Tom Jurich, Vice President of Athletics for the University of Louisville. Mr. Jurich thanked Governor Fletcher and President Ramsey for their vision; and he thanked Mayor Abramson for his support of the Arena. Finally, he thanked Chairman Host for his efforts on behalf of the project.

Chairman Host introduced Dr. James Ramsey, President of the University of Louisville. Dr. Ramsey discussed the University's commitment to Louisville and stated that as Louisville prospers, so does the Commonwealth. Dr. Ramsey thanked Governor Fletcher and Mayor Abramson for their support of the Arena, and he thanked Chairman Host for his leadership.

Chairman Host introduced Mayor Abramson, who remarked on the vision, leadership and guidance that enabled the Arena project to progress as it has. He thanked the Governor, Metro Council, the Legislature and private sector for working together to ensure the project's success.

Chairman Host introduced Governor Fletcher, who congratulated the Authority on the exterior designs. Governor Fletcher remarked that it was a great day for Louisville and for the Commonwealth. He discussed the importance of all aspects of state and local government, as well as the private sector working together on behalf of the project. Governor Fletcher also thanked his financial team in the Finance and Commerce Cabinets for their assistance with the Tax Incremental Financing (TIF) portion of the project.

RECESS: Chairman Host

Chairman Host called a recess at 9:45 a.m. for a brief press conference.

CALL TO ORDER: Chairman Host

Chairman Host called the meeting back to order at 10:00 a.m.

DISCUSSION ITEM: Arena Exterior Designs – Dan Ulmer

Construction Committee Chairman Dan Ulmer asked the Arena Authority members if there were any questions regarding the Arena designs. No questions were presented. Mr. Jim Patterson moved to accept the Arena exterior designs. The motion was seconded by Mr. Neville Blakemore and passed unanimously with no abstentions.

DISCUSSION ITEM: Concessionaire Presentation – Dan Ulmer

Construction Committee Chairman Dan Ulmer advised that the Construction Committee received three bids for concession services. After numerous meetings and interviews, and after following the procurement process, the Committee selected Centerplate to make a presentation to the full Authority. Mr. Ulmer then introduced Bill Peterson, Executive Vice President of Centerplate.

Mr. Peterson expressed Centerplate's excitement and honor to be part of the Arena project. Mr. Peterson advised that Centerplate services more than 130 facilities across the United States and Canada, including sports and entertainment facilities, convention centers, and other types of entertainment facilities. Centerplate employs more than 25,000 people when fully operational, and prides itself on being industry leaders in client satisfaction and creative design solutions, culinary excellence, and in driving revenues and being good partners with its clients. However, more important than Centerplate's national business is its connection to Louisville, which is a key city and hub for them. Centerplate has had a presence in Louisville for 24 years and has multiple units in the area, including the Kentucky International Convention Center, Kentucky Exposition Center and Freedom Hall, Slugger Field, Papa John's Cardinal Stadium, among others.

Centerplate employs hundreds of people on a full time and part time basis in Louisville, and many members of senior management are based here.

Mr. Peterson stated that Centerplate will focus on the core elements of the guest experience at the Arena: speed of service, level of service, bringing new technology to the facility, new training developments, design and creativity. Centerplate will work with the Arena partners such as the architects and construction manager to achieve this. Mr. Peterson remarked that Centerplate will focus on culinary excellence and will bring the latest concepts, both in the premium side of the restaurant, but also in the general concessions. Finally, Mr. Peterson discussed the importance of financial matters in the Arena and assured the Authority that Centerplate will deliver the financial returns it promised. Centerplate will hire and manage locally and will include women and minority partners from the community.

Mr. Ulmer thanked Mr. Peterson for his presentation and remarked that the financial commitment proposed by Centerplate is likely one of the most aggressive and finest contract of any arena in the country. Centerplate will provide \$7.5 million dollars for equipment needed to furnish the Arena. If the Arena concessions are furnished and equipped for less than \$7.5 million, the Authority will receive the excess funds. Additionally, Centerplate has guaranteed the Authority \$2.5 million up front every year against the concession commission, whichever is greater. In addition, the \$2.5 million will be paid in advance of each calendar year.

Mr. Ulmer made a motion for the Arena Authority to approve the engagement of Centerplate and authorize Chairman Host to take all steps necessary to effect the same, consistent with the RFP and its presentation, including final negotiations and definitive agreements. Mr. Jim Patterson seconded the motion, and it passed unanimously.

Chairman Host asked Barry Silberman to comment on Centerplate's selection as concessionaire for the Arena. Mr. Silberman expressed his belief that it is a tremendous deal for the Arena. He stated that Centerplate's investment will allow the Authority to create an outstanding theme within the Arena that reflects the flavor and spirit of the community.

DISCUSSION ITEM: PC Sports Update – Dan Ulmer

Construction Committee Chairman Dan Ulmer asked Mr. John Hilkene to provide an update from PC Sports. Mr. Hilkene reported that PC Sports continues to meet regularly with LG&E and its consultants. He explained that the LG&E relocation project is 90% bid and purchased. The only significant piece left to purchase is the labor for the installation of the transmission lines. Mr. Hilkene reported that LG&E remains on budget and on schedule.

Mr. Hilkene reported that PC Sports has been involved in finalizing the Mortensen and HOK contracts, both of which are near completion. Additionally, they have been working with Mortensen regarding pricing of the current design to ensure the project remains on budget. PC Sports has been involved in numerous meetings regarding the development

of the exterior design, the type of structure, and the way the structural system will be developed.

Mr. Hilkene advised that the soil investigation in the field is complete, and AMEC is in the process of performing their analysis and laboratory tests in order to recommend the type of foundation needed for the Arena.

Mr. Hilkene stated that he expects to receive HOK's 100% schematic design by the end of August, as well as an initial guaranteed price from Mortensen. (This has now been delayed until September 11, 2007).

DISCUSSION ITEM: HOK Update – Dan Ulmer

Construction Committee Chair Dan Ulmer introduced Mr. Brad Clark, who provided an update of HOK's recent activities. Mr. Clark reported that HOK, its local design team and structural engineers issued the 50% schematic design package on August 3rd. Mortenson will use the schematic design package to prepare its cost estimates. Mr. Clark advised that HOK has met with Centerplate to begin a design program to include food service components and interior finishes within the concession spaces. HOK has scheduled meeting with individuals from the State regarding building codes and with the Transportation Cabinet.

Mr. Clark stated that HOK will issue its 100% schematic design at the end of August. He concluded by advising the Authority that all of HOK's local design team are engaged in the project.

DISCUSSION ITEM: Mortenson Company Update – Dan Ulmer

Construction Committee Chair Dan Ulmer asked Mr. Allen Troshinsky to provide an update from the Mortenson Company. Mr. Troshinsky reported that Mortensen is fully engaged in producing the construction cost estimate, which Mortenson expects to provide by August 31st. He advised that Mortenson has a competent, strong core of estimators assessing the project costs. He stated that regarding constructability and cost estimating, there are numerous construction professionals working with HOK and PC Sports on a daily basis, toward a complete and thorough estimating process.

Mr. Troshinsky remarked that throughout his involvement in several arenas, he has never experienced or been part of a team with such enthusiasm, strong leadership, and such a focused mindset at this point in the construction phase.

DISCUSSION ITEM: Learfield/Team Services Update – Lindy Street

Media and Public Relations Committee Chair Lindy Street introduced E.J. Narcise, who provided an update from Learfield/Team Services. Mr. Narcise remarked that the exterior designs are an integral part of their work to sell the Arena. He stated that Learfield/Team Services are in the midst of a dual role in which they work very closely with the design team. He stated that they are fortunate to be involved in the Arena

project during its early stages, as that is a tremendous benefit to them in selling sponsorships, etc.

Mr. Narcise reported that Learfield/Team Services has begun conversations regarding naming the Arena, and the early responses have been positive. He asked the Authority members to indulge Learfield/Team Services as they may contact them individually to discuss various companies that they may have on a target list, as the Authority members may have detailed and intimate knowledge about these companies.

Mr. Narcise advised that Learfield/Team Services has begun the interview process for their lead candidate in Louisville for the general manager position. They have a great pool of candidates already.

Mr. Narcise stated that Learfield/Team Services made its first presentation in Louisville during the previous week regarding naming rights. He advised that the sales process on the building itself will be a slower cycle as it must be timed so it coincides with sponsorship companies' budget cycles. However, those conversations are active.

Upon the conclusion of Mr. Narcise's remarks, Ms. Lindy Street advised that the Arena themeing project is in the research and investigative process. She reported that a number of meetings were scheduled for the afternoon of August 20 to obtain background information and initial ideas for the Arena's interior themeing.

DISCUSSION ITEM: Finance & Budget Committee – Vice Chairman Larry Hayes

Finance Committee Chair Larry Hayes reported that the Finance Committee has reviewed the Arena Authority's Investment Policy and believes that the \$75 million received from the state is in compliance with this policy (although the policy had not formally been adopted). Chairman Hayes made a motion that the Authority adopt the Investment Policy on behalf of the Authority. The motion was seconded by Ms. Alice Houston and passed unanimously.

DISCUSSION ITEM: Construction Manager Agreement – Mark Sommer

Mr. Mark Sommer reported that the agreement with Mortenson had been finalized and signature pages are pending. The insurance schedule was recently finalized, enabling the Authority to proceed with the construction related insurance process. Mr. Sommer advised that he is waiting on guidance from those involved in the financing side, and the bond insurance company is still finalizing their insurance coverage demands. Once that occurs, the RFP previously let and received will proceed. There were several very qualified responses, which should be narrowed down to two very shortly, once the final coverage demands and coverage requirements are issued.

Mr. Sommer reported that the title insurance is pending a final decision by AMBAC as to whether or not title insurance will have to be provided in the face amount of the bond issue. Chairman Host responded that he recently spoke with a representative from

AMBAC, who advised that the insurance may be issued in the amount of the Arena building and real property.

DISCUSSION ITEM: TIF Survey/Audit Update – Chairman Host

Chairman Host introduced Mr. Jerry Hurt to provide an update of DMLO's audit of the Arena TIF district. Mr. Hurt advised that a determination was made that the businesses that pass over the borderline are not in the TIF zone. Therefore DMLO revised its calculations, which improved its statistics. With approximately 36% of the survey response, the sales tax numbers increased to 10.2%, and the property tax increased to 12%.

Chairman Host explained that in the initial numbers for the sales tax portion of the TIF, a 6.03% annual increase was estimated. If DMLO's numbers are correct, 10.5% is a dramatic improvement. On the property tax TIF, 4% was estimated, and the Authority would receive 1.5% and the state would get 2.5%. If correct, DMLO's numbers are a great improvement. Mr. Hurt advised that DMLO's spreadsheet was forwarded to the Finance Cabinet, which will have 30 days to provide the final numbers for 2006 to compare to those from 2005 in order for DMLO to determine a trend line.

DISCUSSION ITEM: KSFB Agreement – Mark Sommer

Mr. Mark Sommer reported that the Kentucky State Fair Board met on August 16 and approved the Operations Management Agreement between the Arena Authority and the Kentucky State Fair Board. Mr. Sommer advised that the agreement tracks the MOU entered into by the Fair Board and the Arena Authority.

Chairman Host requested a motion to approve the agreement. Mr. Dan Ulmer moved to accept the agreement. The motion was seconded by Ms. Cissy Musselman and passed unanimously.

DISCUSSION ITEM: Update on U of L Agreements – Mark Sommer

Mr. Sommer reported that there were some technical issues relating to the revenue streams derived from the UofL arrangement, primarily including signage and sponsorship revenue that have delayed the finalization of the UofL Agreement. However, Chairman Host recently convened a meeting of many of the attorneys involved in the agreement, and a commitment was made by all counsel present to have an execution copy of the U of L Agreement signed by August 24.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

Larry Bisig directed Authority members to the recent news items provided in the Authority binders.

DISCUSSION ITEM: Affirmative Action and Labor Committee – William Summers V

Committee Chairman William Summers reported that KentuckianaWorks, under the leadership of Mary Griffith and Michael Gritton, are currently engaged in negotiations with the Louisville Urban League and the Kentuckiana Plan regarding the minority construction training program. Mr. Summers stated that KentuckianaWorks is bringing together two entities that in the past, have not worked together on projects. Mr. Summers expressed his belief that this spirit of cooperation is becoming a hallmark of the Arena project.

DISCUSSION ITEM: Other Matters – Chairman Host

Chairman Host advised that the Arena Authority is committed to achieving its minority hiring goals and LEED certification (if financially feasibly). Chairman Host stated that he had read the LEED document and that 26 points are needed for LEED certification. He stated that there are a number of things the Authority is already doing that qualifies without spending any money. He asked HOK to regularly report to the Construction Committee regarding its progress on LEED certification. Chairman Host explained that the Authority will not exceed its budget to achieve LEED certification, but will do whatever it can to receive certification

DISCUSSION ITEM: Contract/Vendor Matters – Chairman Host

None

DISCUSSION ITEM: Old Business

None

DISCUSSION ITEM: New Business

None

No other business to come before the Authority, the meeting was adjourned at approximately 10:45 a.m.

Respectfully submitted,
Laura Chandler