



**Louisville**  
**Arena Authority, Inc.**  
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**Board of Directors Meeting**  
**August 22, 2006**  
**9:00 a.m. EST – Kentucky International Convention Center**  
**Louisville, Kentucky**

**Directors in Attendance:** Mr. W. James Host (Chair); Mr. Larry Hayes (Vice Chair); Mr. Larry Bisig; Mr. Neville Blakemore; Mr. Todd Blue; Ms. Reba Doutrick; Ms. Alice Houston; Mr. Kevin Kramer; Ms. Cissy Musselman; Mr. Jim Patterson; Mr. William Summers V; Mr. Dan Ulmer; Mr. Robert Woolery

**Directors Absent:** Mr. Junior Bridgeman; Mr. Zev Buffman; Ms. Lindy Street

**Guests and Others:** Mr. John B. Hilkene –PC Sports LLC; Mr. Mark F. Sommer, General Counsel; Mr. Harold Workman – Kentucky State Fair Board

**Opening Remarks and Welcome – Chairman Host**

Chairman Host convened the meeting, declared a quorum, welcomed and thanked the Board for their attendance.

**DISCUSSION ITEM: Welcome to Amanda Storment – KICC/KSFB – Chairman Host**

Chairman Host welcomed Amanda Storment of KICC/KSFB to a new role with the Authority, explaining that as a part of the Authority's relationship with KSFB she would be assuming communications and PR for the Authority; also he noted that new office space at the KICC was being secured for the Authority as well.

**DISCUSSION ITEM: Acceptance of the Minutes of August 22, 2006 Board Meeting – Chairman Host**

Minutes of the August 22, 2006 meeting were discussed and reviewed; upon Motion to accept them, which was duly seconded, the Motion passed unanimously with no abstentions.

**DISCUSSION ITEM: PC Sports LLC (Owner’s Representative) Update – Chairman Host**

Chairman Host indicated that a draft (clean copy as well as black lined copy) of the current (being negotiated and in process) PC Sports contract was being provided to the Board [at Tab B of the Board Book] as an FYI. He reported that negotiations continued and that one area of significant effort over the past month had been on due diligence, particularly focused on the Memphis Fed Ex parking garage situation. He urged anyone who has questions concerning PC Sports should feel free to call Dan Ulmer or himself with those questions, but Tab B was providing a significant amount of due diligence and update information to the Board and therefore they are up to speed.

**DISCUSSION ITEM: MOU with University of Louisville (Tab C) – Chairman Host**

Chairman Host highlighted the Memorandum of Understanding that the Authority had negotiated over these past several months with the University of Louisville [Tab C of the Board Book].

Chairman Host indicated that multiple individuals had been involved over the last nine months in these very significant negotiations, including Dan Ulmer, University of Louisville Athletic Director Tom Jurich and Associate Athletic Director Kevin Miller – he thanked and praised all involved and indicated that because of the feeling of a partnership, this truly is a win – win situation.

He then walked the Board through the major portions of the Agreement, touching upon the following: Page Two, design and construction of the Arena – University of Louisville will be entitled to full disclosure and participation in the process of designing and constructing, as well as having hands-on input through a representative of the University President being a part of the Arena Authority Building Committee. Page Three, playing surface and multiple areas for U of L in

the Arena, including four donor hospitality areas totaling 40,000 square feet for use by the University pre- and post-game. Page four, a Basketball Museum to replace the existing Basketball Museum currently situated at Freedom Hall, as well as visiting locker rooms and men's and women's home locker rooms. Page Five, particular requirements concerning private suites, club side court seats, club seats, mezzanine suites, loge boxes – in all, the Arena will receive 12% of the revenue from all of those areas. Page Six, lease agreement will be for a term of thirty years. Page Seven, University of Louisville Men's and Women's Basketball games will have priority scheduling rights at the new Arena, to be contrasted with Freedom Hall, where they have not had such a right.

Other areas discussed include: Page Nine, terms of the suites, first option for tickets for other events, twelve seats to the suites in front of the suites out in the public area. Page Twelve, University of Louisville will pay 10% of the gross admission receipts received from the sale of tickets to the Arena Authority, exactly the current deal between U of L at Freedom Hall – on women's games days, they will pay 5% of gross admissions, again the same arrangement as exists now at Freedom Hall. Page Thirteen, for all other University-sponsored events, the facility rent charge will be 5% of the gross admission receipts, or if used for non-ticketed events on a dollar certain basis, along with various incentives found on Pages Thirteen – Fourteen. Page Fifteen, the amount of rent U of L will pay to the Arena Authority for the use of the private suites is discussed, as well as how the accounting will work. Page Sixteen, the Arena will pay to the University of Louisville 50% of all payments it receives from third party concessionaire and catering sales it receives at University-sponsored events – to be contrasted with the current arrangement at Freedom Hall, which is limited to 35%; in return, the University will bring additional events to the Louisville Arena. Also discussed at page Seventeen is a University Gift Shop which will be, among other things, a 365-day retail store with profits split 50/50 (unlike at Freedom Hall). Page Eighteen discusses premium seating, and Page Nineteen discusses a \$2.00 per ticket surcharge imposed on the University Men's Basketball ticket sales, which will serve as a "ticket bond fee." Page Twenty discusses signage and the amount of signage inside and outside which will go to the University to help them promote non-revenue sports. Page Twenty-one discusses parking agreements and parking covenants. Page Twenty-two discusses branding, such as that the historical colors of the University will be maintained and included within the design and colors of the Arena. Page Twenty-three discusses advertising and signage and the amount of revenue sharing related thereto. Pages Twenty-four, Twenty-five, and Twenty-six discuss substantive terms which will be handled in a lease agreement, such as sublet, assignment, Arena staffing, utilities, labor, and also the indoor temperature.

Page Twenty-seven discusses alterations, additions, repairs and renovations over the next years, and also indicates that at the end of the first fifteen year period (one-half of the thirty year term), the parties agree to look at potential renovation of the Arena, without any commitment to make such a renovation. Finally, Page Twenty-eight talks about multiple meetings, etc. to maintain a good and full dialogue between all of the parties involved, and also indicates the sport of the University to bring as many NCAA-sanctioned championship events to Louisville as can be obtained.

After a Motion by Vice-Chairman Hayes to move approval of the MOU under the terms highlighted and discussed, as well as to authorize the Chairman to take whatever action is necessary to complete the Agreement, seconded by Mr. Bisig, a voice vote was called by Chairman Host and the Motion passed unanimously with no abstentions.

**DISCUSSION ITEM: LG&E Memorandum of Understanding (Tab D) – Chairman Host**

Chairman Host introduced Mr. Chris Herman of LG&E/E.ON, who then introduced Chip Keeling, George Siemens, and Tom Jessee, all of LG&E, individuals who have been assisting the Arena Authority and who also assisted the Arena Task Force on LG&E site matters over the past many months.

Mr. Herman gave an overview via a PowerPoint presentation beginning with the history of the so-called “Waterside Facility,” commencing from the early 1900s. Mr. Herman indicated that it provides gas and electric service to the northern part of the downtown central business district and continues to this day to generate electricity as well. He made referenced and walked through the various PowerPoint slides [provided to the Board in advance as part of the Board packet], and walked through the various project objectives, corporate goals of no interruptions of service, visual as well as esthetic issues, and finally walked into the cost of the project overall. Noting that the numbers before the Board were fundamentally the same project numbers discussed previously, he indicated the construction costs, relocation costs, reimbursable costs, hard cost of the property itself, etc. and indicated that all costs for the project were based on a 24-month commitment from start to finish to resolve and complete the project, noting that it will be the seventh month of the 24-month project before LG&E actually starts building the new facility and coordinating that construction.

Various questions were raised and comments made about *inter alia*, the demolition estimates, allocation of additional costs if demolition comes in above the agreed-upon estimate, cost recovery possibilities through recycling of copper, steel, etc., environmental remediation issues and costs, and Homeland Security concerns.

A Motion was made by Mr. Ulmer to authorize the Chair to take all necessary steps to implement the MOU with LG&E, including finalizing and executing necessary definitive documents not inconsistent with the MOU; a second thereof was made by Mr. Woolery – discussion ensued. Chairman Host pointed out in response to questions that definitive agreements were going to be negotiated by and between the Arena Authority and LG&E, but that everything set forth in the LG&E MOU would be within one or other definitive documents. The Board also heard that LG&E has been a wonderful partner for the Arena Task Force. Upon the Chairman calling the question, the Motion passed unanimously with no abstentions.

**DISCUSSION ITEM: Minority Committee Reports/Policies – Mr. Summers**

Mr. Summers reported that his committee was in the process of formulating and drafting an affirmative action policy which hopes to be presented to the Board at the September Board Meeting, the intent of which would be to address issues and provisions of the Metro Louisville MOA concerning minority participation, etc.

**DISCUSSION ITEM: Downtown Development Corporation – Mr. Ulmer**

Mr. Ulmer indicated that a handout item [August 16, 2006 letter from Dan Ulmer to Mary Griffith, Chair of the Downtown Development Corporation] was at everyone's seat. He urged the Board to review the letter and to also listen to the presentation which was about to occur by Ms. Griffith and some other individuals associated with the DDC. Mr. Ulmer noted that given the impact of the Arena on the urban landscape and the benefits to the downtown central business district, a significant number of inquiries have been occurring. Based on suggestions by the DDC, Mr. Ulmer was recommending that the Arena Authority listen to a presentation and proposal by the DDC for it to be used as a conduit to filter these design and architectural type ideas and suggestions, etc.

Ms. Griffith approached the podium and introduced herself, as Chairman of the Board of the Downtown Development Corporation, and also introduced Jim Welsh, Vice-Chairman of Brown Forman Corporation, who serves as Vice-Chair

of DDC, as well as Brooke Varsin, who will be providing valuable input on this Project.

Ms. Griffith noted that the DDC is a private, non-profit development entity with the mission of enhancing the long-term economic vitality of downtown Louisville, and it also monitors the previously developed downtown development plan. She noted that a downtown Arena has been an element of the downtown development plan for a long time, that the DDC is excited about the project, and was willing to commit its time, talent and resources to continue the favorable momentum obtained so far by the Arena Task Force and the Arena Authority. He noted that the DDC team will see that the potential positive impact of the facility on downtown life and the Arena Authority will get input on the urban design issues that are important to the Metro community, will focus on education and knowledge regarding specific urban design issues associated with the site and the location, and will also foster and encourage input in an orderly and structured manner for the public. Additionally, DDC hopes to build excitement, enthusiasm and curiosity, as well as media buzz, etc. for the project. Ms. Griffith then introduced Mr. Welsh, who took the podium.

Mr. Welsh noted that the DDC project focused around four steps, which he believed could be accomplished in 60 to 75 days – research, public input, synthesis and then reporting. In terms of research, the DDC will undertake best practices due diligence in other cities who have integrated urban arenas successfully into their downtown central core. As to public input, phase two, education and then input itself will occur. DDC envisions a number of design type professionals assisting in the communication of the topic to the public. The third phase will be integration of all this data and coordination with the Building Committee of the Arena Authority and the other involved parties. And finally, the fourth step will be to report findings to the Arena Authority so that the Design Team can coordinate same. Brooke Varsin then made several closing remarks, focusing on the DDC's enthusiastic thanks for partnering with the Authority to facilitate the external impact of the Arena on the central business district of Metro Louisville.

After a few questions, Mr. Host requested a Motion from the Board to authorize the Chair or a designee, Mr. Ulmer as Chair of the Building Committee, to enter into an agreement with the Louisville Metro Downtown Development Corporation concerning design matters so that this process may ensue. Ms. Musselman affirmed such Motion as hers, which was seconded by Mr. Blakemore. Further

comments by the Board ensured, after which a voice vote was called and which was unanimous, with no abstentions.

**DISCUSSION ITEM: Update on other MOAs and MOUs -- Mr. Sommer**

Mr. Sommer provided a status update on the MOAs and MOUs with KSFB and Humana as it relates to the Arena. It was reported that some draft documents have been exchanged, with negotiations, consensus building, and editing taking place on almost all fronts, with some MOUs being in very strong draft format, and some in all but final format.

**DISCUSSION ITEM: Vendor Matters – Chairman Host**

Chairman Host indicated that a Board Resolution was needed to post an RFI for a sales agreement concerning naming rights, sales, signage, etc. After Motion by Mr. Bisig which was seconded by Mr. Summers, the Motion passed unanimously with no abstentions.

**DISCUSSION ITEM: Arena Logo – Chairman Host/Mr. Bisig**

Chairman Host noted that Mr. Bisig had been working on various logos for the Authority; the second round of drafts were presented to the Authority at Tab G. The prior list had been culled to four, reported Mr. Bisig, who's firm undertook this work pro-bono. The four presented were narrowed down by previous emails by the Board. At the request of the Board a "ranking vote" was taken and logo number three (3) was selected as the new LAA logo.

**DISCUSSION ITEM: News Articles/Other Documents – Chairman Host**

As an FYI, Chairman Host noted that each Board Member had been given a grouping of recent news articles on the Arena project, as well as the final Lieb Group Economic Report – all were urged to review the materials.

**Having no further business, the Meeting adjourned.**

**Attachments:**

- A) August 2006 Board Meeting Notice**
- B) August 2006 Board Meeting Agenda**

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