



louisville arena authority

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Board of Directors Meeting

August 13, 2012

9:00 a.m. EST

KFC YUM! Center

MINUTES

Directors in Attendance: Mr. Tim Corrigan (on conference call) Mr. Eric Gunderson, Chairman Larry Hayes, Ms. Alice Houston, Metro Council President Jim King (Ex Officio), Dr. Mark Lynn, Mr. Dan Ulmer, Ms. Lindy Street, Vice Chairman William Summers V, Ms. Maura Temes

Directors Absent: Mr. Michael Houlihan, Mr. Tim Mulloy, Ms. Cissy Musselman

Consultants and Staff: Mr. Bill Skees, General Counsel; Mr. Dennis Petruzzo, KFC YUM! Center General Manager

Welcome: **Chairman Hayes**

Chairman Hayes declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the Louisville Arena Authority and KFC Yum! Center (in partnership with AEG Facilities) operating budgets.

Dr. Lynn moved to accept the Minutes of the July 16, 2012 Arena Authority meeting. The motion was seconded by Vice Chairman William Summers V, and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements –Chairman Hayes

Chairman Hayes introduced Mr. Gary Stewart from the Kentucky State Fair Board, who presented the June 2012 financial reports. Mr. Stewart reported that the operating income was approximately \$330,000 below budget in June as activity in the arena was slower than anticipated due mainly to rescheduling an event scheduled in June to September of this year.

Mr. Stewart advised that the year-to-date income was also down approximately \$1 million. He explained that the contract amortization and insurance expenses line item includes professional fees such as legal fees. However, the legal fees are offset by a donated portion of their fee, which is included in the in-kind revenue line items. Mr. Stewart noted that the labor costs were down in June. Vice Chairman Summers thanked Mr. Stewart for delivering the final financial report from the Fair Board.

DISCUSSION ITEM: AEG Financial Reports/Employee Introduction – Dennis Petruzzo

Mr. Petruzzo expressed AEG's appreciation for the opportunity to operate the arena, and called AEG's management staff for introduction. The AEG staff introduced themselves in the following order:

Drew Martin – Events Services Director
Robbie Valentine – Premium Services Director
Sandra Kendall – Marketing Manager
Amelia Priest – Executive Assistant
Dave Arnold – Box Office Director
Joe Lampkin – Security Manager
Joe Clark – Event Coordinator
Trent Savage – Guest Services Manager
John Hilliard – Operations Manager
Lyndon Donat – Housekeeping Manager
Kevin Washam – Conversion Manager
Tony Hopkins – Information Technology Lead
Audrey Flagg – Marketing Coordinator

Chairman Hayes asked Mr. Petruzzo to point out the person of contact for the Louisville Arena Authority Board and Mr. Petruzzo explained that Amelia Priest, newly-hired Executive Assistant will be in charge of communication between the Board and AEG. Mr. Chairman then asked who the new persons of contact will be in regards to media inquiries, and Mr. Petruzzo introduced Sandra Kendall, Marketing and Public Relations Manager, and Audrey Flagg, Marketing Coordinator.

Vice President Summers then asked Mr. Petruzzo to introduce AEG's projected operating budget. Mr. Petruzzo projected a gross revenue of \$9.95 million. He expects nearly 122 events for the year including approximately 20 concerts.

After Mr. Petruzzo concluded, Ms. Alice Houston expressed concern for the utilization of the suites and premium seating for concerts. Mr. Petruzzo explained that the premium seating and suites bring in a large amount of revenue, and is working on producing an even larger revenue stream from those seats. Chairman Hayes thanked Mr. Petruzzo and expressed that he is very encouraged by the budget presented by Mr. Petruzzo. President Jim King expressed his approval of the job AEG has done so far and claims he is hopeful for the profitability of the arena's future.

DISSUSSION ITEM: General Counsel Update – Chairman Hayes

Chairman Hayes introduced Mr. Bill Skees, who reported that there were no new developments in the RAM or environmental cases.

DISCUSSION ITEM: Other Business – Chairman Hayes

Dr. Mark Lynn expressed gratitude toward Dennis Petruzzo and Robbie Valentine for their expedited efforts in correcting a ticketing issue he was having.

Chairman Hayes asked for an insurance update from Mr. Petruzzo. Mr. Petruzzo explained that AEG Corporate has taken over insurance responsibilities.

President Jim King asked Chairman Hayes about meeting with an auditor to discuss how to monetize the \$5 million gain in the operating budget. Chairman Hayes explains that he would like to meet with all persons involved including the budget auditor to discuss further.

No other business to come before the Authority, the meeting was adjourned at approximately 9:30 a.m.

Respectfully submitted,
Audrey Flagg