



louisville arena authority

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**Board of Directors Meeting
December 12, 2011
9:00 a.m. EST
KFC YUM! Center
Louisville, KY**

DRAFT

Directors in Attendance: Mr. Larry Bisig, Mr. Todd Blue, Mr. Junior Bridgman, Mr. Ron Carmicle (Ex Officio), Mr. Tim Corrigan, Mr. Eric Gunderson, Vice Chairman Larry Hayes, Mr. Michael Houlihan, Ms. Alice Houston, Metro Council President Jim King (Ex Officio), Dr. Mark Lynn, Ms. Cissy Musselman, Mr. Dan Ulmer, Ms. Lindy Street, Mr. William Summers V, Chairman Jim Host

Directors Absent: Ms. Maura Temes

Consultants and Staff: Mr. Harold Workman, Executive Director; Mr. Ed Glasscock, General Counsel; Mr. Ted Nicholson, KFC YUM! Center General Manager; Ms. Lynn Saltzman, LASEP

Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting. He announced that Mr. Bridgeman had requested that he not be re-appointed to the Authority when his term ends. Chairman Host thanked Mr. Bridgeman for his service to the Arena Authority.

DISCUSSION ITEM: Acceptance of the Minutes of September 19, 2011 Board Meeting – Chairman Host

Ms. Musselman moved to accept the Minutes of the September 19, 2011 Arena Authority meeting. The motion was seconded by Mr. Bridgeman, and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Affirmative Action & Labor Committee Update – William Summers V

Affirmative Action and Labor Committee Chairman Summers reported that Mortenson Construction recently submitted its final MWBE report on the arena project. The final MWBE number was 29.9%, which exceeded Mortenson's goal of 27.5%, and the final local participation number was 70.2%. Mr. Summers thanked the Arena Authority's partners who worked to ensure that the goals were met and exceeded, and he advised that the arena should serve as a model for other projects. Chairman Host advised that the University of Louisville had adopted a similar workforce participation policy and that he and Mr. Summers had made presentations to other organizations about the policy.



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DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Hayes

Vice Chairman Hayes introduced Mr. Jerry Frantz, Director of Administrative Services for the Kentucky State Fair Board, who presented the financial report for October 2011. Mr. Frantz advised that the report reflected a loss to date of \$290,494; however, he stated that November and December are the arena's two strongest months. He estimated that the year-end report will reflect income of approximately \$500,000.

DISCUSSION ITEM: Presentation of 2011 Budget – Vice Chairman Hayes

Vice Chairman Hayes asked Mr. Frantz to present the 2012 draft operating budget, as originally presented to the Finance Committee on December 9, 2011. Mr. Frantz advised that he worked with the KSFB sales staff, AEG and others to project the events in the arena and the income and expenses associated with each event. The budget reflected a net operating income of \$645,200. He stated that some of the events included in the budget had been booked and others were projected; however, he felt the budget was conservative.

Mr. Blue asked if the debt service reserves were included in the budget, and Chairman Host responded that the reserves are a balance sheet item and will continue to be held for the bond issue. Ms. Musselman asked about the current insurance costs, which Chairman Host advised were reduced for 2012.

Vice Chairman Hayes made a motion to approve the budget. The motion was seconded by Mr. Summers and passed unanimously.

DISCUSSION ITEM: Management Update – Ted Nicholson

Mr. Ted Nicholson, General Manager of the KFC YUM! Center, provided an update on recent activities at the Center. He reported that the arena had recently hosted Taylor Swift, Bob Seger, and Katt Williams among others. He stated that the arena is outperforming most other venues in terms of ticket sales. Mr. Nicholson advised that 14 basketball games and six volleyball games have been held in the arena this season. He stressed the importance of hosting volleyball games now as the arena will be hosting the 2012 NCAA Volleyball Championship next December.

Mr. Nicholson reported that Mike Epps, New Edition and the Harlem Globetrotters had recently been booked at the arena. March 2012 will be a busy month with several shows and the NCAA 2nd and 3rd rounds men's basketball tournament, to which 19,000 tickets have already been sold. He advised that the KFC YUM! Center has been nominated by Pollstar as a "best new arena." The award ceremony will be held in February 2012. Mr. Nicholson complimented the arena staff for their hard work and the pride they take in the arena. At the conclusion of Mr. Nicholson's remarks, Mr. Carmicle thanked Mr. Workman and his staff for the work they have done on the arena, particularly in terms of customer service and the cleanliness of the facility.

DISCUSSION ITEM: Sales Update – Chairman Host

Chairman Host introduced Ms. Linda Edwards, Vice President of Sales for the Kentucky State Fair Board, who reviewed the top 10 KFC YUM! Center events held since its opening. Ms. Edwards began with the "topping off" ceremony held in March 2010. She then discussed the ribbon cutting ceremony held on October 10, 2010, which was followed by the opening gala and the Eagles concert. She discussed the six volleyball games that were recently held in preparation for the 2012 NCAA Volleyball Championship. She advised that the arena had hosted USO and Congressional Medal of Honor events, which were streamed live to Afghanistan and Iraq. Additionally, since its opening, 27 women's basketball games and 48 men's basketball games have been held in

the arena. She advised that the arena has hosted 202 stand-alone events, including proms, receptions, and meetings. Ms. Edwards reviewed the Church of the Nazarene youth conference that included 8,000 youth who used the KFC YUM! Center and Kentucky International Convention Center, and she advised that 15 conventions have been booked in the arena between 2012 and 2015. Ms. Edwards stated that the arena has hosted 66 ticketed events, including concerts, comedy acts, the circus, and Cirque de Soleil. The arena is ranked 24 world-wide in gross ticket sales and has been nominated as a best new arena. She concluded by advising that more than 1.2 million people have walked through the doors of the KFC YUM! Center to attend a multitude of events.

DISCUSSION ITEM: Sponsorship Update – Chairman Host

Chairman Host introduced Ms. Lynn Saltzman, General Manager of LASEP, who provided an update on several new arena sponsors, including Equipment Depot, Ken Towery Tires and Autocare, WHAS 11, Clear Channel Communications, G&K Services, and Mercantile Lofts. The partners resulted in \$800,000 in additional sponsorship revenue. Ms. Saltzman thanked the LASEP team, KSFB staff, Centerplate and AEG for their assistance with sponsorships.

DISSUSSION ITEM: General Counsel Update – Chairman Host

Chairman Host introduced Mr. Ed Glasscock, who reported that the Court of Appeals has granted a stay of the proceedings in the RAM case pending its ruling on the Arena Authority's and Finance Cabinet's claim of sovereign immunity.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

Mr. Bisig advised that recent news articles were included in the board books.

DISCUSSION ITEM: Other Business – Chairman Host

Chairman Host announced his retirement from the Arena Authority. He thanked the board members for their partnership and hard work during the past six years. He advised that he will continue to serve as an advisor to the Authority until Governor Beshear selects a new chair.

No other business to come before the Authority, the meeting was adjourned at approximately 9:50 a.m.

Respectfully submitted,
Laura Chandler