



louisville arena authority

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**Board of Directors Meeting
February 15, 2010
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

Directors in Attendance: Mr. Larry Bisig, Mr. Junior Bridgeman, Mr. Tim Corrigan, Ms. Reba Doutrick (via phone), Mr. Eric Gunderson, Vice Chairman Larry Hayes, Ms. Alice Houston (via phone), Metro Council President Tom Owen (Ex Officio), Mr. James Patterson, Ms. Lindy Street, Mr. Dan Ulmer, Mr. Bob Woolery (via phone), Chairman Jim Host

Directors Absent: Mr. Todd Blue, Mr. Lanny Greer (Ex Officio), Ms. Cissy Musselman, Mr. William Summers V

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Ed Glasscock, General Counsel; Mr. Mike Clay, Populous; Mr. Bill Hedge, Mortenson Construction; Ms. Paula Yancey, PC Sports

Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting. He congratulated Mr. Bridgeman on his appointment to the Naismith Memorial Basketball Hall of Fame Board of Trustees. He congratulated Mr. Corrigan on his recent appearance on "The Price is Right."

Chairman Host introduced Mr. Workman, who announced that Mr. Ted Nicholson had been hired as the general manager of the Arena. Mr. Workman advised that Mr. Nicholson has a strong operational background in managing large, sports-oriented operations, including Arlington Park, the Fair Grounds Racecourse in New Orleans, and Calder Racetrack. Mr. Workman introduced Mr. Nicholson, who expressed his pleasure and excitement about the Arena project.

Chairman Host advised that pursuant to the management contract with the Kentucky State Fair Board, Mr. Workman was solely responsible for Mr. Nicholson's hire; however, Chairman Host expressed his agreement with the decision and welcomed Mr. Nicholson.



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DISCUSSION ITEM: Acceptance of the Minutes of January 19, 2010 Board Meeting – Chairman Host

Mr. Bisig moved to accept the Minutes of the January 19, 2010 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 Hayes

Vice Chairman Hayes introduced Mr. Jerry Frantz, Director of Administrative Services for the Kentucky State Fair Board, who reviewed the January 2010 financial statements. Mr. Frantz reviewed the state grant, bond proceeds and restricted pledges (James Graham Brown Foundation grant). He reported that interest income and other resources grew by approximately \$250,000 in January. Mr. Frantz reported that construction-in-progress increased by approximately \$14.5 million during January. Mr. Frantz reviewed the budget breakdown of expenditures to date, classified by arena design and construction, construction administration, and construction and land acquisition costs. Finally, Mr. Frantz reported that construction was 50% completed through the January 2010 billing cycle, and is expected to be 55% completed through the February 2010 billing cycle.

Vice Chairman Hayes asked about the amount of construction retainage being held for Mortenson. Mr. Frantz explained that 10% is retained through 50% construction completion and then the amount of retainage reduces to 5%.

DISCUSSION ITEM: Hilliard Lyons Bond Update – Vice Chairman Hayes

Vice Chairman Hayes introduced Mr. Jim Allen, Chairman and CEO of Hilliard Lyons, to provide an update on the current value of the Arena bonds.

Mr. Allen reported that the Arena bonds continue to trade on a limited basis consistent with tax exempt securities. He advised that during the past year, there have been a number of significant changes in the marketplace including the tightening of credit spreads. The introduction of Build American Bonds has resulted in a decrease in traditional tax exempt paper. Mr. Allen explained that the credit spreads have tightened, and a limited supply with higher prices and lower yields signifies a return to more historical levels. He advised that the Arena bonds are still trading at a modest price premium to issuance. There is a limited secondary market, and when the Arena bonds are available, they turn very quickly. Additionally, there are very few, if any, zero coupon bonds in the secondary market. Mr. Allen advised that the Arena bonds are now down in yield and up in price, reflecting the tightening of credit spreads. He concluded that the securities are performing as Hilliard Lyons had hoped.

DISCUSSION ITEM: PC Sports, Populous and Mortenson Updates – Dan Ulmer

Construction Committee Chairman Ulmer introduced Ms. Paula Yancey, who reported that PC Sports continues to provide oversight and day-to-day management of construction and design activities on the project site. PC Sports has Issued Requests for Proposals for the portable basketball floor, portable basketball goals and portable seating. Additionally, the furniture RFP proposals were received on February 11, 2010.

PC Sports continues its ongoing coordination with surrounding projects, including the Galt House garage and pedway and the Second Street Bridge and streetscape project. PC Sports continues to coordinate with the design team and LASEP regarding theming and signage and is providing food service coordination with Mortenson and Centerplate. Finally, PC Sports is engaged in the cell phone room design and construction.

Ms. Yancey introduced Mr. Mike Clay, who reported that Populous is continuing its review of the tile wall mock-up and has completed its review of the carpet and millwork submittals. Additionally, Populous is providing site monitoring of the roof truss installation and the exterior metal panel and curtainwall installation. Mr. Clay explained that the metal panel has an additional layer of insulation that provides a higher energy efficiency level. The exterior glass has a coating that deflects heat back into the atmosphere during summer months, and the roof system provides a good thermal value. Mr. Clay advised that quality products with high energy efficiency have been used in the Arena's construction. Finally, Mr. Clay reported that Populous has been involved in the review of the IPTV proposals and the security camera layout.

Mr. Clay introduced Mr. Bill Hedge from Mortenson Construction, who reported that the first set of structural steel trusses were de-centered on January 27, 2010. He anticipates that the west side trusses will be de-centered by March 17, and the high roof steel will be completed by the end of March. Mr. Hedge reported that the architectural precast has been completed at the west elevation adjacent to Third Street. He advised that the "waterfall" skylight glass system is underway, the exterior glass installation continues on Second Street, and the glass work at the main lobby will begin in late February. Mr. Hedge reported that the large escalators are being installed in the main lobby. Mechanical, electrical and plumbing work is ongoing in all levels of the Arena.

Mr. Hedge reported on the status of the parking garage, advising that the final punch list and quality walk-through with the PARC advisors will occur the week of February 15. The garage power was energized in January.

Mr. Hedge reported that more than 1,000,000 work hours have been performed on the Arena project to date. The project is averaging 475 workers on site. There have been 176 first aid cases to date, 488 hazard recognitions and 192 near misses. He advised that the recordable incident rate on the project is now 2.91, which is below the Louisville average of 5.00 and the national average of 5.10. Mr. Hedge then showed a series of photos of the construction progress.

Chairman Host commented on the importance of the energy savings elements in the Arena, as well as Mortenson's safety initiatives.

DISCUSSION ITEM: Affirmative Action and Labor Committee – Chairman Host

Chairman Host asked Ms. Yancey to provide an update on the Arena project's MWBE efforts. Ms. Yancey reported that through January 2010, more than \$231 million in goods and services have been procured by Populous, Mortenson, O'Rourke Wrecking, and Patriot Engineering. Of \$231 million, \$51.7 million (22.4%) has been committed to MBE firms and \$14.2 million (6.1%) has been committed to WBE firms. Ms. Yancey advised that the project is still tracking above the project goals.

Ms. Yancey advised that more than 830,000 total work hours have been spent on the Arena project through January, with 164,610 hours (20%) attributed to minority workers and 42,250 hours (5%) attributed to female workers.

Ms. Yancey reported that 1,260 workers have worked on the project, with 785 (62%) Louisville SMSA (standard metropolitan statistical area) residents and 1,096 (87%) Kentucky/Indiana residents.

Ms. Yancey introduced Mr. Hedge, who provided an update on Mortenson's MWBE efforts. Mr. Hedge reported that through January 2010, \$48.9 million in procurements have been committed to MBE firms, and

\$13.4 million has been committed to WBE firms. Additionally, \$149 million has been committed to local (Kentucky/Indiana) firms.

Mr. Hedge reported that Mortenson and its subcontractors' minority and female utilization on the project are 20% and 5% respectively. Additionally, 63% of the workers are Louisville SMSA residents, and 87% of the workers are Kentucky/Indiana residents. Mr. Hedge advised that approximately \$378,640 in occupational taxes and \$771,600 in state income taxes have been withheld from workers on the project.

DISSUSSION ITEM: Insurance Committee Update – Bob Woolery

Insurance Committee Chairman Woolery advised that Marsh currently handles the insurance for the Arena during the construction phase of the project. He advised that an insurance committee meeting will be scheduled in mid-May to review the Arena's insurance needs upon opening.

DISCUSSION ITEM: Sponsorship Update – Chairman Host

Chairman Host introduced Ms. Lynn Saltzman, General Manager of LASEP, who announced that in keeping with the Authority's directive to make the Arena one of the most technologically-advanced arenas in the country, Insight will become the Arena's "Official Advanced Communications Partner." Ms. Saltzman explained that as part of a ten-year commitment, Insight will provide hundreds of televisions throughout the Arena with hi-definition video, internet service and business class multi-line phone service. The Arena will host a half-hour television show and supply a variety of advertising within the Arena.

Ms. Saltzman recognized Mr. Jason Keller, Ms. Ellen Call, Mr. John Grismore and Mr. Chris Hibbs from Insight. Ms. Saltzman thanked Ms. Alicia Dunlap and Mr. Erik Marvin from the Kentucky State Fair Board for their assistance during her discussions with Insight.

In response to Chairman Host's question, Ms. Saltzman advised that the cumulative amount of revenue from sponsorships is now more than \$24 million. Chairman Host thanked Insight for their support of the Arena project.

DISCUSSION ITEM: "Topping Off" Ceremony Update – Larry Bisig, Linda Edwards

Mr. Bisig reported that the "Topping Off" Committee has met several times. The ceremony will be held on March 29 from 1:00 p.m. to 2:30 p.m. and will include remarks by Governor Beshear and Mayor Abramson, among others. Ms. Linda Edwards, Vice President of Sales for the Kentucky State Fair Board, reported that during a recent committee meeting, many details and logistics for the event were confirmed. Approximately 500 hard hats have been ordered, the invitation has been approved, and a photographer has been hired.

Chairman Host commended Ms. Edwards for her outstanding work in securing events for Louisville, including the National Quartet Convention.

DISSUSSION ITEM: General Counsel Update – Ed Glasscock

Mr. Glasscock reported that the final responses to the motions for summary judgment in the RAM case are due on February 26 and March 15, and the ruling is expected this summer. The Greyhawk and Schnell matters have been stayed pending the ruling in the RAM case.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

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

DISCUSSION ITEM: Old Business

None

DISCUSSION ITEM: New Business

No other business to come before the Authority, the meeting was adjourned at approximately 9:45 a.m.

Respectfully submitted,
Laura Chandler