



## louisville arena authority

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**Board of Directors Meeting  
July 23, 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, Mr. Zev Buffman, 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:**

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

**Opening Remarks and Welcome – Chairman Host**

Chairman Host declared a quorum and convened the meeting. Chairman Host thanked Metro Council President Rick Blackwell and Councilman Jim King for their leadership on the Arena funding ordinance.

**DISCUSSION ITEM: Acceptance of the Minutes of June 19, 2007 Board Meeting – Chairman Host**

Ms. Cissy Musselman moved to accept the Minutes of the June 19, 2007 Board of Directors Meeting. The Motion was seconded by Ms. Reba Doutrick, and the Motion passed unanimously with no abstentions.



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

Vice Chairman Hayes reported that a draft financial statement for the period ending June 30, 2007 was included in the Board binders. Mr. Hayes advised that the financial statement had not been reviewed by the Finance and Budget Committee, and the statement's format may be revised upon further review.

**DISCUSSION ITEM: Trustee Bank Presentation – Vice Chairman Larry Hayes**

Vice Chairman Hayes reported that five banks had responded to the Trustee Bank RFP. After review of the proposals, the Finance and Budget Committee selected U.S. Bank to present to the Arena Authority, primarily due to its experience and its local presence. Vice Chairman Hayes introduced Michael Hanks, Vice President/Site Manager of U.S. Bank Corporate Trust Services in Louisville.

Mr. Michael Hanks reported that U.S. Bank has 46 corporate trust locations with an experienced staff; it provides state-of-the-art technology for account reporting and control; and has a local presence. Mr. Hanks commented that U.S. Bank was eager to serve the Arena Authority.

Vice Chairman Hayes moved that the Board authorize approval of U.S. Bank to provide trustee bank services to the Arena Authority. The motion was seconded by Mr. Dan Ulmer and passed unanimously. Chairman Host commented that Goldman Sachs was extremely interested in the selection of a trustee bank by the Authority and supported the selection of U.S. Bank.

**DISCUSSION ITEM: KentuckianaWorks Presentation – William Summers V**

Affirmative Action and Labor Committee Chair Summers introduced Michael Gritton, Executive Director of KentuckianaWorks, the Workforce Investment Board for the seven- county region around Louisville. Mr. Gritton reported that in response to its request, in May 2007, Governor Fletcher awarded \$500,000 to KentuckianaWorks to provide training for minorities, women and other disadvantaged populations in the construction and skilled trades sector. The funding will benefit the Arena project, as well as Museum Plaza, the Iron Quarter, and the UPS expansion.

Mr. Gritton explained that in June, an RFP was issued for \$450,000 seeking bids to establish a construction-focused one-stop career center; to conduct outreach and recruitment of targeted populations; to conduct orientations to construction for new entrants; to conduct assessments of potential new entrants; and to provide soft skills training to new entrants. KentuckianaWorks retained \$50,000 for advertising and

printing costs. KentuckianaWorks received three responses from the following organizations:

- Jewish Family and Vocational Services proposed to spend approximately \$66,000 to provide the soft skills training component to a targeted number of immigrants;
- The Louisville Urban League in partnership with the Justice Resource Center proposed to spend \$450,000 to provide all of the requested services;
- The Kentucky Plan, a consortium of the AFL-CIO and Louisville Building Trades union apprenticeship programs, proposed to spend \$450,000 to provide all of the requested services.

A review team reviewed and scored each proposal and will conduct interviews of the bidders. They will then make recommendations to KentuckianaWorks' Program Oversight Committee, which will act upon the recommendations on July 26 and will forward its decision to the KentuckianaWorks' board members for consideration and approval. Mr. Gritton stated that he anticipates the board will issue its decision on July 30. KentuckianaWorks will then negotiate with the selected provider(s).

Mr. Gritton advised that KentuckianaWorks may request additional funds from the state.

**DISCUSSION ITEM: PC Sports Update – Dan Ulmer**

Construction Committee Chair Dan Ulmer asked Mr. John Hilkene to provide an update from PC Sports. Mr. Hilkene reported that PC Sports continues to monitor the LG&E relocation project, which remains on schedule and on budget.

Mr. Hilkene advised that soil borings on the Arena site were underway, and AMEC will issue a preliminary report in August. Mr. Larry Bisig asked if nine borings (reduced from 12) would be sufficient. Mr. Hilkene responded that if more borings are needed, AMEC will conduct the borings at no additional cost to the Arena Authority.

Mr. Hilkene advised that PC Sports has participated in meetings with the Construction Committee regarding the Concessions RFP and has participated in meetings regarding the HOK and Mortenson contracts.

**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 in conjunction with its structural engineers, HOK has finalized the Arena's geometry grid, which relates to the long span structure interface with the parking structure and overall integration with the building design grid. Mr. Clark advised that the floor plan has been updated and continues to be developed in more detail. The preliminary events seating configurations have been developed for basketball, hockey, volleyball, swimming, concert events, etc. HOK has received a preliminary code analysis from its code consultant, and will be giving a notice to proceed to its wind study consultant. Mr. Clark advised that the

exterior designs, including the front plaza and landscape, continue to be developed. Additionally, HOK continues to focus on sustainable designs for the Arena project. Mr. Clark reported that representatives from HOK recently joined members of the Arena Authority on a tour of the Charlotte Bobcats Arena. HOK has begun to develop a conceptualization, branding and interior design document to help guide the thematic development of the Arena's interior. Finally, HOK has begun initial suite designs.

Chairman Host asked about LEED. Mr. Clark explained that LEED is a program designed to develop environmentally-friendly buildings. He advised that HOK is reviewing LEED documents and will attempt to incorporate LEED designs where they are able to do so. Chairman Host advised that the Arena project is trying to become the first Arena to obtain LEED certification, or come close to obtaining LEED certification, while staying within budget.

**DISCUSSION ITEM: Mortenson Company Update – Dan Ulmer**

Construction Committee Chair Dan Ulmer asked Mr. John Wood to provide an update from the Mortenson Company. Mr. Wood reported that each time design alternatives are considered, Mortenson provides input related to cost effective alternatives to ensure the systems are “buildable” and to achieve schedule objectives.

Mr. Wood introduced Mr. Tom Bond, who is the Manager of Preconstruction Services on the Arena project.

Ms. Lynn Littlejohn provided an update on Mortenson's affirmative action efforts. Ms. Littlejohn reported that prior to KentuckianaWorks' issuance of its RFP, Mortenson participated in discussions with them regarding their prior experience with workforce development and training programs. In June, Mortenson participated in the Kentucky Minority Business Council Business Opportunity Fair, providing an overview of the Arena project schedule, major milestones, the procurement schedule, and information regarding how to connect with Mortenson. They received positive feedback from participants. Ms. Littlejohn advised that Mortenson will continue to perform community outreach, and is currently planning to host an outreach effort in the fall.

**DISCUSSION ITEM: Learfield/Team Services Update – Lindy Street**

Media and Public Relations Committee Chair Lindy Street introduced Bob Agramonte, who provided an update from Learfield/Team Services. Mr. Agramonte reported that Team Services has begun an evaluation of the regional business sponsorship landscape in the Louisville and tri-state area, and is in the process of creating an in-depth overview of the active sponsorship categories, including banking, automotive and telecommunications. Additionally, Learfield/Team Services have begun scheduling meetings with companies that have expressed interest in sponsorship opportunities. They have begun prioritizing tier one and tier two level prospects based on category, regional presence, and strategic marketing objectives. Mr. Agramonte reported that

Learfield/Team Services is developing an overall sales strategy and is in the process of crafting the appropriate presentation materials.

Mr. Agramonte advised that Learfield/Team Services have identified and begun scheduling interviews with general manager candidates to operate their local office, and they intend to have a general manager in place by Fall 2007. Finally, they have been working with Mark Sommer to draft and finalize their contract with the Arena Authority.

**DISCUSSION ITEM: Media and Public Relations Committee Update – Lindy Street**

Media and Public Relations Committee Chair Lindy Street reported that a draft PowerPoint presentation to be used for Arena public relation efforts would be forwarded to Chairman Host for his review.

Mr. Street reported that she, Larry Bisig, Ann Swope, Pete Cautilli, Kenny Klein, and others recently visited the Charlotte Bobcats Arena, which was enlightening and helpful to the thematic approach being undertaken in the Louisville Arena. Ms. Street thanked Barry Silberman for hosting the trip.

**DISCUSSION ITEM: NCAA Presentation – Chairman Host**

Chairman Host reported that a number of individuals recently met with the NCAA Championship staff in Indianapolis. Chairman Host asked Harold Workman to offer his impression of the visit. Mr. Workman reported that the meeting included representatives from the Louisville Convention and Visitors Bureau, the Kentucky State Fair Board, the Greater Louisville Sports Commission, Kentucky Sports Authority, the University of Louisville, and the Arena Authority. He advised that UofL has agreed to host any NCAA championship pursued. The presentation was well received, and Mr. Workman expressed his belief that the Arena has a good chance of hosting the NCAA Women's Volleyball Championship in December 2010.

Chairman Host advised that representatives from the Louisville Arena were the first group to approach the NCAA to ask what was needed to design a facility to get NCAA championship events. The Arena's practice facility, staging areas, number of locker rooms, configurations, etc. were all designed to enable it to host championship events. The Arena's location in the center of the country, the "walkability" within Louisville, the number of hotel rooms, the local entertainment district are all elements that the NCAA wants and Louisville possesses. The group will return to Indianapolis on August 24 and make a presentation for men's and women's first and second round regional games. The Arena is not eligible for a Final Four because the U of L men and women's teams will play in the Arena.

Chairman Host commended everyone who participated in the presentation for the terrific team effort.

**DISCUSSION ITEM: Concessions RFP Update – Dan Ulmer**

Construction Committee Chair Dan Ulmer reported that the concession finalists were asked to make an additional presentation to the Construction Committee. The presentations will be made on July 24, and negotiations with the successful company will immediately follow.

**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 explained that DMLO is responsible for surveying the TIF district, locating businesses within the district, and reporting on the sales tax and property tax changes. Approximately 1400 letters were mailed to business within the district, and approximately 33% responded. The sales tax increase was 7.24% based on the 33% response rate. Mr. Hurt advised that DMLO contacted the Kentucky Department of Revenue regarding the response rate. The Department of Revenue agreed to assume responsibility for obtaining the tax figures, which it can do quickly by accessing its records. DMLO's revised task will include locating business, applying sales tax numbers to process calculations, and help the state determine sales within and outside the district.

Mr. Hurt reported that the property tax analysis was a much easier process. DMLO contacted the Jefferson County Sheriff's office and the Property Valuation Administrator's office, obtained the assessed values for 2005 and 2006, applied the state tax rate and arrived at a percentage increase of 11.5%.

Chairman Host explained that DMLO will locate all businesses within the TIF district and forward its information to the Department of Revenue, which will access its database and give the Arena Authority one final number.

Chairman Host directed Authority members to the follow up presentation Goldman Sachs made to the bond rating agencies. The presentation included a 50% sales tax increment - \$443 million. The Authority needs \$229 million in sales tax; the rest is property tax and income tax from the arena site. The 50% sales tax increment is based on 6.03%. The first 4% of growth goes to the state each year, and 50% of the increment above that will go to the Arena project. The numbers are conservative, and the 6% rate will pay off the TIF bonds in 14 years. With property tax, the Arena project receives everything over 2.5% growth. Chairman Host advised that 36.2% of the total of the debt service will be applied to the TIF each year, and the remainder will be applied to the TIF reserve fund.

**DISCUSSION ITEM: Construction Insurance RFP – Mark Sommer**

Mr. Mark Sommer reported that five proposals were received in response to the Construction related Insurance RFP. He reported that an Insurance Committee meeting will be scheduled to review the proposals, followed by interviews with finalists.

**DISCUSSION ITEM: Title Insurance RFP – Mark Sommer**

Mr. Sommer advised that the Title Insurance RFP received one response. He is currently working with Metro Government, MSD and others on various site-related issues that impact the insurance coverage. Additionally, Mr. Sommer is working on ways to reduce the cost of the title insurance policy, which is driven by the final terms of the bond insurer.

**DISCUSSION ITEM: PARC Agreement – Mark Sommer**

Mr. Sommer advised that the PARC MOU has been executed. A side letter agreement has been negotiated that will authorize PARC to engage a consulting engineer to help with allocation of costs that may be unique to the Arena. The next step is to formalize a services agreement with HOK. Mr. Sommer expressed his belief that further action by the Board will not be needed. Once the HOK agreement has been formalized, a Mortenson agreement relating to the parking garage will be negotiated.

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

Mr. Sommer reported that multiple meetings have been held regarding the U of L agreements to resolve the remaining legal issues, which primarily concern the tax exempt nature of the Arena Authority.

**DISCUSSION ITEM: Other Legal Matters – Mark Sommer**

Mr. Sommer advised that the Team Services agreement must be conformed to the U of L and KSFB agreements.

Mr. Sommer reported that an IRS private letter ruling was recently submitted, which relates to the tax exempt nature of the Arena Authority. Multiple drafts of the financial bond agreements have circulated and efforts are being made to resolve all of the outstanding agreements by the bond issuance date.

Chairman Host expressed the importance of the tax exempt nature of the Authority in terms of the cost of the bond issuance. Vice Chairman Hayes asked if the bond issuance will be jeopardized if the agreements are not complete. Chairman Host responded that the agreements must be complete prior to the issuance date, and the next four weeks are critical to complete the bond issuance in October.

**DISCUSSION ITEM: Arena news articles/press – Larry Bisig**

Larry Bisig directed Authority members to the recent news items provided in the Authority binders. Mr. Bisig expressed his appreciation for the recent trip to the Charlotte Bobcats Arena.

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

None

**DISCUSSION ITEM: Old Business**

None

**DISCUSSION ITEM: New Business**

Chairman Host advised that a special meeting of the Arena Authority may be called prior to the scheduled August 20 Authority meeting to review the Arena’s exterior designs.

No other business to come before the Authority, the meeting was adjourned at approximately 10:00 a.m.

Respectfully submitted,  
Laura Chandler