



louisville arena authority

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**Board of Directors Meeting
June 19, 2007
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

DRAFT

Directors in Attendance: Mr. Larry Bisig, Mr. Todd Blue, Mr. Junior Bridgeman, Ms. Reba Doutrick, Vice Chairman Larry Hayes, Ms. Alice Houston, Mr. James Patterson, Ms. Lindy Street, Mr. William E. Summers V, Mr. Dan Ulmer, Mr. Robert Woolery, and Chairman Host

Directors Absent: Metro Council President Rick Blackwell (Ex Officio), Mr. Neville Blakemore, Mr. Zev Buffman, Ms. Cissy Musselman, Mr. Tom Schifano (Ex Officio)

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Mark Sommer, General Counsel; Mr. Brad Clark, HOK Sport; Mr. John Hilkene, 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.

DISCUSSION ITEM: Acceptance of the Minutes of May 21, 2007 Board Meeting – Chairman Host

Larry Bisig moved to accept the Minutes of the May 21, 2007 Board of Directors Meeting. The Motion was seconded by Robert Woolery, and the Motion passed unanimously with no abstentions.



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DISCUSSION ITEM: Marketing Firm Presentation – Lindy Street

Media and Public Relations Committee Chair Lindy Street explained that after issuance of an RFP, interviews with finalists and deliberations by the Media and Public Relations Committee, Learfield Sports/Team Services was recommended as the firm to secure naming rights and sponsorship opportunities for the Louisville Arena. Ms. Street advised that Chairman Host did not participate in the discussion or voting process.

Ms. Street introduced E.J. Narcise, Principal of Team Services, a division of Learfield Sports. Mr. Narcise introduced Bob Agramonte, Regional Vice President of Learfield; Katherine Johnson-Reid, who directs research efforts for Team Services; and Ceo Wimmer, Vice President of Sales for Team Services.

Mr. Narcise described Learfield as the leader in the collegiate sports marketing/multi-media rights industry. Learfield holds the rights to more than 35 Division I collegiate programs. He explained that Team Services is a Learfield company and is the leading naming rights agency in the industry, having successfully secured more naming rights entitlements than any competitor. Naming rights opportunities negotiated by Team Services include the Comcast Center, Bright House Stadium, Consecro Fieldhouse, and Reliant Stadium, among others.

Mr. Narcise advised that Learfield Sports and Team Services will work as a seamless, one-stop sales organization to serve the Louisville Arena and will establish an on-site sales force doing business as, “Louisville Arena Sports & Entertainment Properties (LASEP).” Under the direction and oversight of the Arena Authority, LASEP will be responsible for all aspects of sales strategy, planning and execution under the direction of an on-site General Manager and Account Representative, with additional personnel as needed.

Mr. Narcise provided an overview of the naming rights process, beginning immediately with extensive research and analysis and followed by development of a unique selling proposition. In preparing to go to market, Team Services will fully vet target companies and submit a list to the Arena Authority. Implementation of the selling process involves a full understanding of the points of contact within target companies and establishing a buying relationship with the Arena project. Team Services will provide continuous service throughout the process, leading to negotiation of a naming rights agreement. Mr. Narcise explained the naming rights timeline, advising that it is approximately a 13+ week process, and it may take six to 18 months to finalize a naming rights contract.

The naming rights Sales Fee includes a base fee retainer of \$10,000 per month based on a 12 month contract term. The retainer will be paid for a maximum of 12 months or until one month following the execution of a contract by both parties (whichever occurs earlier). The Commission Fee is a percentage fee to be paid each year over the life of the agreement based on the following incentive scale: 3% on a contract averaging less than \$2 million per annum; 6% if the contract average is between \$2 million and \$2,999,999 per annum; and 9% if the contract average is \$3 million or above per annum.

Additionally, a Success Bonus of \$500,000 will be paid if LASEP secures a naming rights agreement with a total contract value of \$50 million or more in gross revenue.

For all sponsorship and advertising revenues outside of naming rights, LASEP has guaranteed a minimum of \$15 million as part of a seven year commitment. The revenue split between the Arena Authority and LASEP is 75/25 (LAA/LASEP) up to \$4 million and 65/35 for \$4 million and above. Mr. Narcise noted that an on-site general manager will be hired no later than Fall 2007 for signage and sponsor sales, but work would begin immediately on naming rights.

Mr. Narcise concluded by repeating his 2005 quote that the Louisville Arena naming rights are worth at least \$40 million. He also commended the Authority and the Media and Public Relations Committee for adherence to its RFI and RFP.

Chairman Host asked Mr. Narcise if any member of the Arena Authority had a financial interest in Learfield or Team Services, to which Mr. Narcise responded “no.” Chairman Host explained that the agreement with Team Services is fundamentally a one-year agreement to secure naming rights. The agreement with Learfield has a seven-year term.

Chairman Host opened the floor for questions. Larry Bisig asked about non-traditional naming rights opportunities in areas such as the cellular and wireless industry. Mr. Narcise stated that the category is significant, explaining that the Arena’s wiring provides opportunity for integration with sponsorships at an early stage of the Arena’s design. Mr. Bisig also asked about the relationship between LASEP’s General Manager and the Kentucky State Fair Board. Mr. Narcise responded that the relationship will be seamless.

Ms. Street thanked everyone who participated in the selection process and moved that the Authority finalize and execute an agreement with Learfield Sports/Team Services. The motion was seconded by Dan Ulmer and passed unanimously.

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

Committee Chair Street reported that a copy of the Louisville Arena Authority List of Accomplishments was contained within the Board Binders. Ms. Street also advised that a power point presentation was being finalized and would be used in presentations to the community regarding the Arena project.

DISCUSSION ITEM: PC Sports Update – Dan Ulmer

Dan Ulmer asked John Hilkene to provide an update from PC Sports. Mr. Hilkene reported that construction of LG&E’s new facility was underway and the foundation work is complete. He stated that PC Sports meets with LG&E once a month to review its progress. The project remains on schedule and on budget.

Mr. Hilkene reported that Arena design meetings are held regularly with the Construction Committee and HOK. He also advised that Mortenson recently completed an initial analysis of the budget and an initial construction schedule.

DISCUSSION ITEM: Geotechnical Services Firm Presentation – Dan Ulmer

John Hilkene reported that a firm was being recommended by the Construction Committee to provide geotechnical services to the Arena project. He explained that geotechnical services include taking soil borings on the site in order to recommend foundation types to the structural engineers. He introduced Dave Sawitzki, Project Manager for AMEC Earth and Environmental. Mr. Sawitzki introduced Jo Tucker, Senior Geotechnical Engineer.

Mr. Sawitzki stressed the geotechnical experience of AMEC's engineers. He stated that AMEC's work on more than 20 major geotechnical projects in downtown Louisville, representing \$1 billion in construction costs, has provided AMEC engineers with knowledge of the Arena's subsurface conditions. Mr. Sawitzki advised that AMEC's direct experience in downtown will help it address the Arena's subsurface geotechnical design challenges. AMEC's fee is \$160,000.

AMEC's sub consultants on the Arena project will include ClasSickle Incorporated, an MBE firm; K.S. Ware & Associates, a WBE firm; GRL Engineers; American Drilling Services and Mathes Drilling. AMEC has worked with these companies for many years.

Mr. Ulmer opened the floor for questions. Larry Bisig asked about the difficulty managing ground and flood water. Mr. Sawitzki responded that although it is not cheap, it is not difficult to manage; AMEC will analyze the situation and make appropriate recommendations.

Chairman Host advised that the Arena Authority will bid another stage of geotechnical services. Mr. Hilkene explained that additional testing and inspection will be necessary during construction of the structure.

Mr. Ulmer moved to authorize and finalize an agreement with AMEC for geotechnical services. The motion was seconded by Vice Chairman Larry Hayes, and passed unanimously.

DISCUSSION ITEM: HOK Sport Update – Dan Ulmer

Dan Ulmer introduced Brad Clark, who provided an update of the Arena's interior design. He reported that HOK has issued a notice to proceed directive to many of its consultants in areas such as structural, mechanical, food service, etc. He advised that HOK's mechanical team has met with local fire officials and will soon meet with the state fire plan reviewer regarding emergency exits and life safety.

Mr. Clark stated that HOK is entering the schematic design phase. He expects initial exterior designs will be presented at the July Authority meeting. HOK has begun discussions regarding the Arena's theming, and they continue to look for green design opportunities within the Arena structure.

Mr. Clark provided an update of the Arena's interior design, which is currently less than 700,000 square feet. The four parking levels will accommodate 798 cars. The lowest parking level is at 45 feet below grade, and all levels feed into a vertical circulation space into the Arena's lobby. HOK incorporated an additional covered truck staging area at River Road. The Event Level will include a loading dock with four dedicated docks, including an area for recycling. The Event Level also includes mechanical spaces, locker rooms, a practice court, and star dressing rooms. The Plaza Level will have a centralized main lobby, meeting rooms off the lobby and administrative offices. Design of the Plaza is continuing.

The Main Concourse/Suite Level is accessed via escalator or stairs and is a 10 – 12 feet rise from the Lobby. The Main Concourse Level will contain 36 suite modules, 18 on each side of the floor. The suites are elevated above the concourse by approximately eight feet, which creates a lounge space. Additionally, a sports bar/restaurant with a river view will be located on the main concourse. The Upper Suite Level will also contain 36 suites. HOK has also implemented four party suites, one on each corner of the bowl, and two meeting spaces are stacked above the sports bar. The Upper Concourse Level is accessed via escalators from the central lobby space. An additional meeting space will be located on the Upper Concourse Level.

The 22,000 seats will be split 50/50 in the lower and upper Arena bowl. A series of house reduction curtains will shield the upper bowl and ends when necessary to create a more intimate viewing experience at certain events. Mr. Clark also noted that the location of the Arena on the site allows an approximately 30 foot buffer on the River Road side that can be landscaped, etc.

Dan Ulmer noted that a great deal of work had gone into the design phase; however, the designs may be revised further, as it is important to get the Arena's square footage down to 700,000 square feet. Mr. Ulmer also explained the importance of the Arena's theming. He noted that theming in the Charlotte Arena is most impressive, and he introduced Barry Silberman, Chief Operating Officer at the Charlotte Arena, whom PC Sports will hire to assist in the Louisville Arena's theming. Mr. Ulmer also noted that Ann Swope, a consultant to HOK, will be involved in the theming process.

DISCUSSION ITEM: Mortenson Company Update – Dan Ulmer

Mr. Ulmer asked John Wood to provide an update from the Mortenson Company. Mr. Wood reported that Mortenson had completed its preliminary construction schedule, which will provide guidance to firms bidding on demolition. Mortenson is completing its cost model for the project. Finally, Mortenson has been working with the Arena

Authority's Affirmative Action and Labor Committee and community organizations to develop a training program for workers in the community.

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

Committee Chairman Summers reported that the Committee has been working closely with KentuckianaWorks to develop an evaluation and training program for women and minorities in construction and the skilled trades. An RFP was issued by KentuckianaWorks on June 11, and responses are due on July 9.

DISCUSSION ITEM: Bank Trustee RFP – Mark Sommer

Mark Sommer reported that responses to the Bank Trustee RFP are due June 21. He explained that the bank trustee is important as it serves as the gatekeeper of the bond proceeds.

DISCUSSION ITEM: Concessions RFP Update – Mark Sommer

Responses to the RFP for Concession and Catering Services are due June 26, 2007. Mr. Sommer has received two sets of questions regarding the RFP, and he expects the responses will be posted on the Arena Authority website by June 21.

DISCUSSION ITEM: Builder's Risk Insurance RFP – Mark Sommer

Mr. Sommer advised that a draft Insurance RFP had been circulated to the Insurance Committee, and he expects it will be posted on the Arena website soon. The Arena Authority will request new bids for an insurance broker.

DISCUSSION ITEM: Title Insurance RFP – Mark Sommer

Mr. Sommer advised that the Title Insurance RFP responses were due June 11, 2007. One response was received and was forwarded to members of the Insurance Committee. Mr. Sommer advised that in Kentucky, title insurance must be issued by a law firm.

DISCUSSION ITEM: TIF Compliance Agreement – Mark Sommer

Mr. Sommer noted that DMLO had previously been engaged by the Arena Authority to perform an audit of businesses in the TIF zone. The Authority is contractually obligated to review and forecast TIF numbers. The TIF Compliance Agreement specifies that the Arena Authority will not seek or receive confidential taxpayer information.

DISCUSSION ITEM: TIF Survey/Audit – Chairman Host

Chairman Host reported that representatives from DMLO had completed a physical audit of businesses in the TIF zone and found some businesses that were not previously listed

on the tax rolls. DMLO will contact business owners in the TIF zone using a letter provided by the Finance and Administration Cabinet identifying DMLO and describing its task. DMLO expects the letter will be mailed on June 19, 2007. DMLO will contact businesses that do not respond to the letter.

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

Mr. Sommer reported that the agreements are close to being finalized. Chairman Host advised that he may schedule a meeting with all attorneys involved to resolve outstanding issues.

DISCUSSION ITEM: Update on KSFB Agreement – Mark Sommer

Mr. Sommer reported that drafts of the agreement are being circulated among counsel for all parties, and the agreements are nearly final.

DISCUSSION ITEM: PARC Agreement – Mark Sommer

Mr. Sommer reported that the PARC Agreement has been executed.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

Larry Bisig directed Authority members to the recent news items provided in the Authority binders. He specifically mentioned an article naming Tom Jurich as Athletic Director of the Year.

DISCUSSION ITEM: Contract/Vendor Matters – Chairman Host

None

DISCUSSION ITEM: Old Business

Chairman Host reported that a copy of the final Leib Report had been provided to all Authority members.

DISCUSSION ITEM: New Business

None

No other business to come before the Authority, the meeting was adjourned at approximately 10:30 a.m.

Respectfully submitted,
Laura Chandler