



louisville arena authority

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Board of Directors Meeting June 10, 2013 9:00 a.m. EST KFC YUM! Center

MINUTES

Directors in Attendance: Mr. Andrew Beshear, Ms. Alice Houston, Metro Council President Jim King (Ex Officio), Mr. Tim Mulloy, Mr. Steve Rowland, Ms. Lindy Street, Chairman Larry Hayes

Directors present by telephone: Mr. Eric Gunderson, Vice Chairman William Summers V

Directors Absent: Mr. Michael Houlihan, Mr. Lee Kirkwood, Ms. Lesa Seibert, Ms. Maura Temes, Mr. Dan Ulmer

Consultants and Staff: Mr. Ed Glasscock, General Counsel; Mr. Dennis Petrullo, KFC YUM! Center General Manager

Welcome: **Chairman Hayes**

Chairman Hayes declared a quorum and convened the meeting.

DISCUSSION ITEM: **Acceptance of the May 13, 2013 Board Meeting Minutes – Chairman Hayes**

Ms. Street moved to accept the minutes of the May 13, 2013 Arena Authority Meeting. The motion was seconded by Ms. Houston and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: **Presentation of Financial Statements –Chairman Hayes**

Chairman Hayes initiated the meeting by addressing recent media reports that incorrectly declared that arena revenues had declined. Metro Council President Jim King noted that this could be attributed to several factors and asked board members to review the enclosed *KFC Yum! Center Event Revenue* explanation.

In 2012 event revenue was \$10.8 million, compared to \$9.65 million reported the previous year noted Mr. King. Mr. King emphasized that event revenue will drop to zero in 2013, this can be attributed to arena revenue numbers shifting from the LAA's financial records to AEG's financial records. This is due to AEG taking over the facility as the operator (not manager) and assuming the risk of all event losses that may occur. Additional changes in the recording of event revenues can be related to AEG's fiscal year which runs from July 1 to June 30.

The KFC Yum! Centers previous management group the Kentucky State Fairboard (KSFB) served only as the manager of the facility, allowing all event revenues to be noted in the LAA audited financial statements. Mr. King distinguished that in 2012 the audited financial statements noted event revenues of \$5.5 million, but this only includes the first six months of the year. The Yum Center audited financials reflected \$5.3 million in event revenue for the second half of 2012 with AEG as facility manager.

Mr. King also noted to the board that AEG makes a guaranteed payment to the LAA each year, noting a payment of \$1.2 million to the LAA in 2013. In addition, Mr. King emphasized that the city was asked to make its maximum annual payment to debt service for the first time this past year of \$9.8 million; the debt service payments from the city from the past three years total \$19.5 million. Mr. King concluded his event revenue explanation by emphasizing that all bills are paid and debt service is made.

(See enclosed *KFC Yum! Center Event Revenue* explanation for further clarification).

Mr. Jerry Hurt with DMLO than reviewed the enclosed *Management Discussion and Analysis, Audited Financial Statements- Years ended December 31, 2012 and 2011*. Mr. Hurt informed the board that the document was posted to the Louisville Arena Authority website to address the changes in net assets and give an analysis of the 2012 operations compared to 2011.

(See enclosed *Management Discussion and Analysis, Audited Financial Statements- Years ended December 31, 2012 and 2011* for further clarification).

DISCUSSION ITEM: AEG Management Update- Dennis Petrullo

Mr. Jokovich, Finance Director at the KFC Yum! Center provided the AEG Financial Update for the month of April. The facility hosted fourteen events during the month of April, including Fleetwood Mac, Jason Aldean, Ringling Bros. Barnum and Bailey Circus, and Thunder Over Louisville.

Mr. Jokovich initiated his financial report by highlighting the facilities net operating profit of \$221,813 for the month of April, bringing the Year-to-Date net operating profit to \$2.584 million. AEG is currently projecting a net profit of \$1.613 million for the fiscal year ending June 30, 2013. Mr. Jokovich noted that there are two months remaining in the fiscal year.

Mr. Jokovich then reviewed two capital item requests that were presented to the Finance Committee; a urinal system with a life expectancy of ten years that would save over 10 million gallons of water with a return on investment in 11 months and a Harshaw Train automated system with a life expectancy of ten to eleven years with a return on investment in about 13 months. Mr. Jokovich noted that the Finance Committee is only open to capital projects that will have a return on investment. Ms. Houston moved to approve both capital projects. The motion was seconded by Ms. Street and the motion passed unanimously with no abstentions.

Dennis Petrullo, General Manager informed the board that AEG is actively engaging with the Louisville Convention & Visitors Bureau to bring more nationwide events to the KFC Yum! Center to help drive business in the TIF district. He informed the board that Mary J Blige, One Direction, and Cirque Du Soleil will be at the facility in June. The Eagles will also be kicking off their tour at the KFC Yum! Center on July 6.

DISSUSSION ITEM: General Counsel Update –Chairman Hayes

Chairman Hayes introduced Mr. Ed Glassock, who reported that there is no new business to report.

DISCUSSION ITEM: New Business/Old Business –Chairman Hayes

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

Respectfully submitted,
Amelia Priest