



**Louisville Arena Authority**

**Memorandum of Understanding**

**between**

**the Louisville Arena Authority and the University of Louisville Athletic Association, Inc.**

This Memorandum of Understanding ("MOU") is executed by and between the Louisville Arena Authority (the "LAA") and the University of Louisville Athletic Association, Inc. ("ULAA") to resolve questions that have arisen under the Lease Agreement between the LAA and ULAA dated July 3, 2008 (the "Lease Agreement").

**1. Purpose:** The intent of this MOU is to outline the agreement between the LAA and ULAA regarding:

A. the amounts that will be paid to ULAA as ULAA's share of the revenues generated by the LAA's sales agent LASEP, Inc. ("LASEP") (or any successor sales agent) and received by the LAA for all sales from signage, IPTV and video board usage in relation to the KFC Yum! Center under sections 7.1(g)(1), (2) and (3) of the Lease Agreement (the "ULAA Share") for the payment years 2012-2013 through and including 2014-2015; and

B. the method of calculating the ULAA Share for the payment years 2015-2016 and thereafter.

**2. The LAA and ULAA agree that:**

A. For the payment years listed below, the LAA will pay to ULAA the fixed annual amounts listed below. The fixed annual amounts will be accepted by ULAA in lieu of the amounts that otherwise would be paid as the ULAA Share under sections 7.1(g)(1), (2) and (3) of the Lease Agreement. The fixed annual amounts will be reported to ULAA annually as part of the Landlord Payables for purposes of the Annual Payment as provided in section 7.1(j) of the Lease Agreement.

[1] For the payment year 2012-2013, the fixed annual amount will be \$750,000.

[2] For the payment year 2013-2014, the fixed annual amount will be \$850,000.

[3] For the payment year 2013-2014, the fixed annual amount will be \$950,000.

B. For the payment years 2015-2016 and thereafter, the ULAA Share will be determined by the following equation:

[a] the ULAA Share = (the Gross Revenue less the LASEP Commission) x the ULAA Percentage.

[2] For purposes of the above equation, the "Gross Revenue" will be determined for each signage or sponsorship asset sold based on the rates set forth in the Rate Card then in effect. The Gross Revenue for each asset sold will not be lower than the corresponding rate set forth in the Rate Card, unless mutually agreed by the LAA and ULAA.

[3] For purposes of the above equation, the "LASEP Commission" will be [i] the percentage of the Gross Revenue that is subtracted from the Gross Revenue and withheld by LASEP when it computes the amount of the Qualified Sponsorship Payment fee that is paid by LASEP to the LAA under section 16 of the Naming Rights, Marketing, Sponsorship Sales Rights and License Agreement dated as of March 31, 2008 by and among the LAA, LASEP, Team Services, LLC and Learfield Communications, Inc. (the "Learfield Agreement"), or [ii] the percentage of Gross Revenue that is subtracted and withheld by any successor sales agent under any sales agency agreement that shall hereafter replace the Learfield Agreement. Further, in the case of any payments that are made by a sponsor for both signage and naming rights or other exclusivity, the LASEP Commission shall be applied against only the portion of the Gross Revenue that is allocated to ULAA under the applicable provisions of Section 7.1(g) of the Lease Agreement

[4] For purposes of the above equation, the "ULAA Percentage" will be 50% for the categories of revenue described in section 7.1(g)(2) of the Lease Agreement and 33.3% for the categories of revenue described in section 7.1(g)(3) of the Lease Agreement. For purposes of section 7.1(g)(3) of the Lease Agreement, the term "inventory on all video boards outside the Arena" will include not only the current external marquee and IPTV but also any future external or internal digital screens and technologies/displays used for the playing of sponsorship videos.

[5] Notwithstanding the foregoing provisions, the LAA will retain 100% of the Gross Revenue from categorical official status arena partnerships that are mutually agreed by the LAA and ULAA to have demonstrated business vendor correlation to the operations of the Arena, after the amount of revenue allocated to ULAA for signage or video board inventory under section 7.1(g)(2) or 7.1(g)(3) of the Lease Agreement, as applicable, has been mutually agreed by

the LAA and ULAA. The amount of Gross Revenue from any official status arena partnerships that is allocated to ULAA for signage or video board inventory will be included in the above equation. As of the date of this MOU, the official status arena partnerships that are mutually agreed to be subject to 100% retention by the LAA are as follows: The Coca-Cola Company; Al J. Schneider Company d/b/a The Galt House; J. J. B. Hilliard, W .L. Lyons, Inc.; Pie Kitchen LLC d/b/a Homemade Ice Cream and Pie Kitchen; Louisville Gas and Electric Company; Norton Healthcare, Inc.; Stock Yards Bank and Trust Company; Clark Foods, Inc. d/b/a American Beverage Marketers; Boar's Head Provisions Co., Inc.; john conti Coffee Co.; Creation Gardens, Inc.; The Popcorn Station, Inc.; Klosterman's Baking Co.; Konica Minolta Business Solutions U.S.A., Inc.; Okolona Pest Control, Inc. d/b/a OPC Pest Control; Time Warner, Inc.; Vivid Impact Company, LLC; Clear Channel Broadcasting, Inc.; and Sysco Corporation – all totaling \$1,150,871

[6] Notwithstanding the foregoing provisions, the revenues received for the value of any tickets to basketball games or other University-sponsored Events that are included in packages sold by LASEP and the revenues received from the lease of any future additional luxury suites will not subject to the LASEP Commission and will not be included in the above equation. Any such ticket revenues will be subject only to section 6.1 of the Lease Agreement and any such luxury suite revenues will be subject only to section 6.2 of the Lease Agreement. Provided, it is agreed that [i] the arrangements that are in existence on the date of this MOU and are listed on Exhibit A attached to this MOU by which certain revenues relating to suites and tickets are subject to the LASEP Commission shall remain in effect, and [ii] any of the foregoing provisions in this section 2.B [6] may be amended at any future date if such amendment is mutually agreed in a writing signed by the LAA, ULAA and LASEP.

[7] A copy of the current Rate Card is attached to this MOU as Exhibit B. The LAA and ULAA will review the Rate Card each Winter and will mutually agree upon any revisions to the Rate Card that are necessary to ensure that LASEP sells signage and sponsorships for premium values comparable to other similar venues.

[8] The LAA and ULAA will also review each Winter and mutually agree upon inventory placement maximums to manage and balance commercialized clutter in the Arena, taking into account any additional sponsorable locations that could be allocated to ULAA's 10% share of the Permanent Signage as provided in section 7.1(g)(1) of the Lease Agreement and/or the locations that are or could be used for "branding" of the University of Louisville's athletic programs as provided in section 3.2(c) of the Lease Agreement.


C. The LAA acknowledges that section 34.19 of the Learfield Agreement provides that in the event of a conflict in definitive sections or substantive

provisions between the Lease Agreement and the Learfield Agreement, the definitive sections or substantive provisions in the Lease Agreement shall control. The LAA agrees that it shall hereafter take all necessary action to ensure that the provisions contained in such section 34.19 shall be binding upon and enforceable against both the LAA and any successor sales agent in the event that any sales agency agreement shall hereafter replace the Learfield Agreement.

D. Any capitalized terms in this MOU that are not defined herein shall have the meanings given to them in the Lease Agreement.

E. As permitted by section 28 of the Lease Agreement, the provisions of this MOU shall modify sections 7.1(g)(1), (2) and (3) and 7.1(j) of the Lease Agreement for the respective periods of time stated above. Except as so modified, all provisions of the Lease Agreement shall remain in full force and effect.

**APPROVED**



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Secretary Larry Hayes  
Chairman of the Board, LAA



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Tom Jurich  
Director of Athletics/VP, ULAA

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