



louisville arena authority

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**Board of Directors Meeting
May 12, 2008
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

Directors in Attendance: Mr. Larry Bisig, Mr. Junior Bridgeman, Mr. Zev Buffman (via telephone), Ms. Reba Doutrick, Vice Chairman Larry Hayes, Ms. Alice Houston, Metro Council President Jim King (Ex Officio), Mr. James Patterson, Ms. Lindy Street, Mr. William Summers V, Mr. Dan Ulmer, Mr. Robert Woolery, and Chairman Jim Host

Directors Absent: Mr. Todd Blue, Mr. Lanny Greer (Ex Officio), Mr. Eric Gunderson, Ms. Cissy Musselman

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Mark Sommer, General Counsel; Ms. Helen Thompson, Assistant General Counsel; Mr. John Hilken, PC Sports; Mr. Steve Hotujac, HOK; Mr. Anthony Mathis, Mathis & Sons; Mr. Tom Rousakis, Goldman Sachs; Mr. Allen Troshinsky, Mortenson

Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the Minutes of April 21, 2008 Board Meeting – Chairman Host

Mr. Bridgeman moved to accept the Minutes of the April 21, 2008 Arena Authority meeting. The Motion was seconded by Ms. Doutrick, and the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Hayes

Finance Committee Chairman Larry Hayes introduced Mr. Jerry Frantz, Director of Administrative Services for the Kentucky State Fair Board, who advised that a copy of the financial statements was included in the Authority members' board binders. Mr. Frantz reported that the cash-on-hand in the investment account as of April 30, 2008 was \$17,901,235. Vice Chairman Hayes made a motion to accept the financial report. The Motion was seconded by Mr. Summers, and the Motion passed unanimously.



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DISCUSSION ITEM: PC Sports Update – Dan Ulmer

Construction Committee Chairman Ulmer asked Mr. John Hilkene to provide an update from PC Sports. Mr. Hilkene reported that LG&E's construction of its new facility remains on schedule and on budget, and LG&E plans to vacate its current facility in July. Additionally, he advised that demolition of the Humana building is underway, and he expects that removal of all organic material in the building will be complete within one month. The building will then be primed for implosion, which is anticipated in late July. Mr. Hilkene reported that O'Rourke had also begun work within the LG&E property. He advised that under the direction of LG&E, the Muhammad Ali banner currently attached to the LG&E building is scheduled to be removed in late-May.

DISCUSSION ITEM: HOK Update – Dan Ulmer

Construction Committee Chairman Ulmer introduced Mr. Steve Hotujac, who provided an update from HOK. Mr. Hotujac reported that HOK had completed a series of interior design presentations, and the interior designs would soon be unveiled to the public. He advised that numerous meetings had been scheduled to identify furniture, fixtures and equipment for the Arena. Finally, he reported that HOK is completing its 100% construction documents, which will be provided to Mortenson in mid-June 2008.

DISCUSSION ITEM: Mortenson Update – Dan Ulmer

Construction Committee Chairman Ulmer introduced Mr. Allen Troshinsky from Mortenson Construction. Mr. Troshinsky was accompanied by Mr. Anthony Mathis from Mathis & Sons. Mr. Troshinsky reported that as HOK's designs evolve, Mortenson continues to provide cost information relevant to the designs. Additionally, he stated that earthwork proposals are being taken by Mortenson on May 13. Mr. Troshinsky advised that Mortenson has been working with O'Rourke Wrecking to coordinate demolition and construction activities on the Arena site. Finally, he reported that Mortenson is working with the local permitting authorities to secure the necessary permits for construction activities.

Mr. Mathis reported that Mortenson and Mathis & Sons will host a minority outreach event in June to match prime subcontractors with minority subcontracting firms.

DISCUSSION ITEM: Insurance Committee Update – Bob Woolery

Insurance Committee Chairman Woolery reported that the Insurance Committee recently met with Marsh, the Arena Authority's construction insurance consultant. The general liability, umbrella and excess policies would be bound in May, as would the directors and officers insurance. Mr. Woolery advised that Marsh and the Insurance Committee will continue to explore the appropriate and most cost effective insurance coverage for the Arena project.

DISCUSSION ITEM: Bond Issuance Update – Chairman Host

Chairman Host introduced Mr. Tom Rousakis, who provided an update on the bond issuance. Mr. Rousakis advised that if approved by the Arena Authority, Assured Guaranty, one of two bond insurers that currently has a “clean” investment rating, will replace Ambac as the bond insurer on the Arena project.

Mr. Rousakis explained that \$360 million in bonds will be issued for the Arena project. Goldman Sachs is reviewing the type of bonds that will be issued, and they are working with all attorneys involved to finalize the deal. He anticipates the bonds will be priced in June and close in July. Mr. Rousakis advised that the all-in net debt service will be approximately \$602 million, a significant reduction from the \$664 million quoted in early 2008. Mr. Rousakis also explained that Assured will insure the full \$360 million issuance as well as 50% of the debt service reserve, whereas Ambac had only agreed to insure \$330 million of the issuance.

Chairman Host thanked Mr. Rousakis and Goldman Sachs for their efforts. Vice Chairman Hayes commented that the financing has been extremely difficult due to the global market. He stated that Assured’s guaranty is a testament to both Chairman Host’s leadership and the strength of the project. Vice Chairman Hayes moved to allow Chairman Host to sign the preliminary commitment letter from Assured and the final document upon its receipt. The Motion was seconded by Mr. Ulmer and passed unanimously. Chairman Host advised that pursuant to Assured’s request, the commitment letter was to be kept confidential by the Arena Authority board members. Upon execution, the final document would be released to the public.

DISCUSSION ITEM: Contracts Update – Mark Sommer

Mr. Sommer reported that he and his associates are working on closing documents for the Arena’s financing. He advised that Ambac had released its legal counsel, DLA Piper, to be engaged by Assured Guaranty. He explained that this will save both time and money as DLA Piper is already familiar with the Arena project.

DISCUSSION ITEM: Motion to bind insurance – Bob Woolery

Insurance Committee Chairman Woolery made a motion to approve binding the construction insurance coverage discussed previously in the board meeting. The Motion was seconded by Ms. Street and passed unanimously.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

Mr. Bisig directed the Authority members to the news articles included in the Arena board book. He read a letter to the editor of *The Courier Journal* praising Chairman Host for his efforts on the Arena project.

DISCUSSION ITEM: Old Business

None

DISCUSSION ITEM: New Business

None

No other business to come before the Authority, the meeting was adjourned at approximately 9:35 a.m.

Respectfully submitted,
Laura Chandler