



louisville arena authority

Board of Directors Meeting

March 10, 2014

9:00 a.m. EST

KFC YUM! Center

MINUTES

Directors in Attendance: Mr. Eric Gunderson, Mr. Rick Guillaume, Ms. Cheri Bryant Hamilton (ex-Officio), Mr. Michael Houlihan, Ms. Alice Houston, Mr. Jim King, Mr. Lee Kirkwood, Mr. Tim Mulloy, Mr. Steve Rowland, Ms. Lesa Seibert, Ms. Maura Temes, Mr. Dan Ulmer, Vice Chairman William Summers V, Chairman Larry Hayes

Directors Present by Telephone: Ms. Lindy Street

Consultants and Staff: Mr. Dennis Petruzzo, KFC YUM! Center General Manager, C. Edward Glasscock, General Counsel

Welcome: Chairman Hayes

Chairman Hayes welcomed Councilwoman Cheri Bryan Hamilton to the board. Mr. Hayes declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the January 13, 2014 Board Meeting Minutes – Chairman Hayes

Mr. Gunderson moved to accept the minutes of the January 13, 2014 Arena Authority Meeting. The motion was seconded by Ms. Seibert and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements –Vice Chairman Summers

Mr. Alex Rorke of Hilliard Lyon's informed the board that Hilliard Lyons (Financial Advisor) will begin reviewing all agreements between the Louisville Arena Authority (LAA) and various parties (vendors) to make sure there are no inconsistencies or changes that can be made within the general scope of the agreement for an overall benefit to the LAA.

DISCUSSION ITEM: AEG Management Update- Dennis Petruzzo

Justin Jokovich provided the AEG Financial Update for the month of December 2013. In December, the facility hosted 18 total events: Keith Urban, Trans-Siberian Orchestra, Beyonce, Justin Timberlake, 4 University of Louisville Men's Basketball games, 5 University of Louisville Women's Basketball games and 5 meetings & banquets. The income statement for the period ending December 31, 2013 resulted in a net operating profit of \$1.147 million.

In January 2014, the facility hosted 12 total events: Brad Paisley, Harlem Globetrotters, The Roadshow, 4 University of Louisville Men's Basketball games, 3 University of Louisville Women's Basketball games and 1 meeting & banquet. The income statement for the period ending January 31, 2014 resulted in a net operating profit of \$296,156.

The Year-to-Date net operating profit for the period ending January 31, 2014 is \$1.345 million. According to the Rolling Forecast (a forecast based upon confirmed events) AEG is projecting a profit of \$1.802 million for the 13'-14' fiscal year. Mr. Petruccio attributed the variance in the December vs. January financial statements to the caliber of concerts that were booked in December, noting that shows like Beyonce & Justin Timberlake were sold-out and had high ticket prices.

Sandra Kendall, Marketing Director presented a marketing update to the Board. The top 10 cities for ticket sales at the KFC Yum! Center are Louisville, KY (57.64%), Southern, IN (6.95%), Lexington, KY (6.02%), Indianapolis, IN (1.54%), Cincinnati, OH (1.52%), Northern, KY (.96%), Evansville, IN (.90%), New York, NY (.75%), Los Angeles, CA (.56%), Chicago, IL (.54%). Ms. Kendall informed the Board that the marketing team uses this data to more accurately promote shows across various markets. The Marketing department noted two marketing platforms that have the greatest impact on ticket sales: Presale E-Blasts and 2-Day E-Mail. These platforms allow consumers to purchase tickets ahead of on-sales, provide advance parking options, provide information relating to concessions and present an additional platform for sponsorship. Ms. Kendall noted a vast growth in their consumer database since utilizing these tools.

Ms. Kendall also provided an update on the KFC Yum! Center's Social Media, noting their vital role in fan engagement. The main social media platforms used by the KFC Yum! Center are Facebook and Twitter. The KFC Yum! Center's Facebook page ranks 18th in the nation in venue (arena) pages. The Facebook page is utilized as a customer service tool, allowing instant access between the management team and fans. Ms. Kendall highlighted the use of social media platforms as a means of community engagement for building fans trust and interest.

Mr. Petruccio provided a sponsorship update to the board highlighting that AEG and LASEP are working together to continually provide innovative sponsorship opportunities. Arena sponsorships generate fan enthusiasm while providing an opportunity to showcase local companies. Mr. Petruccio notified the Board that Learfield Sports recently acquired Nelligan Sports Marketing. This partnership will allow for a more unified sponsorship selling process between the KFC Yum! Center and the University of Louisville.

DISSCUSSION ITEM: General Counsel Update – Chairman Hayes

Mr. Glasscock informed the Board that a hearing will be taking place this week on whether or not the RAM case will go to trial.

DISCUSSION ITEM: New Business/Old Business – Chairman Hayes

The Board provided positive feedback on the possibility of hosting facility tours for the community. Mr. Hayes highlighted the arenas role in the community and asked for an update from the management team at a later date on opportunities to interact with the community.

No other business to come before the Authority, the meeting was adjourned at approximately 9:55 a.m.

Respectfully submitted,
Amelia Priest