



louisville arena authority

**Board of Directors Meeting
January 12, 2015
9:00 a.m. EST
KFC YUM! Center**

MINUTES

Directors in Attendance: Ms. Jayshree Amin, Mr. Rick Guillaume, Ms. Cheri Bryant Hamilton (ex-officio), Ms. Alice Houston, Mr. Tim Mulloy, Ms. Lesa Seibert, Ms. Lindy Street, Vice Chairman William Summers V, Chairman Larry Hayes

Directors Absent: Mr. Michael Houlihan, Mr. Jim King, Mr. Lee Kirkwood, Mr. Steve Rowland, Ms. Maura Temes, Mr. Dan Ulmer

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

Welcome: Chairman Hayes

Chairman Hayes declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the November 10, 2014 Board Meeting Minutes – Chairman Hayes

Ms. Seibert moved to accept the minutes of the November 10, 2014 Arena Authority Meeting. The motion was seconded by Mr. Summers and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

Mr. Alex Rorke of Hilliard Lyons thanked the board for a successful New Board Member Orientation training session and recommended that the session be offered every six months to keep all board members up to date on any new developments. Mr. Rorke informed the board that both the Moody's and S&P ratings agencies affirmed the rating as stable. The reorganized TIF district performed better than they expected and the ratings agencies are anticipating future performance.

Mr. Summers introduced Patrick Brown of Crowe Horwath who discussed the annual audit of the Louisville Arena Authority's financial statements and will issue its report at the end of May 2015. In conducting the audit, Crowe Horwath will perform procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

Crowe Horwath submitted a proposal for the business of conducting the audit. Vice Chairman Summers informed the board that a motion needed to be passed to allow Crowe Horwath to conduct the audit. Ms. Cheri Bryant Hamilton moved to allow Crowe Horwath to continue with the audit. The motion was seconded by Ms. Seibert.

DISCUSSION ITEM: AEG Management Update - Dennis Petrullo

Mr. Justin Jokovich, Finance Director provided the AEG Financial Update for the months of October and November 2014. In October, the facility hosted 16 total events: Motley Crue, Demi Lovato, Mike Epps, Paul McCartney, Miami Heat Pre-Season Exhibition game, 2 University of Louisville Men's Basketball games, 3 University of Louisville Women's Volleyball games, 4 meetings & banquets and 2 other events. The income statement for the period ending October 31, 2014 resulted in a net operating profit of \$444,027.

For the month of November 2014, the facility hosted 16 total events: James Taylor, Katt Williams, 6 University of Louisville Men's Basketball games, 5 University of Louisville Women's Basketball games, 1 University of Louisville Women's Volleyball game and 2 meetings & banquets. The income statement for the period ending November 30, 2014 resulted in a net operating profit of \$368,290.

According to the Rolling Forecast for fiscal year 2014-2015 (as of the period ending November 30, 2014) AEG projects a net operating profit of \$1.656 million.

Mr. Dennis Petrullo discussed upcoming events and recapped 2014 events, sharing that the arena hosted 30 concerts (included 8 sell-outs), 23 University of Louisville Men's Basketball games, 17 University of Louisville Women's Basketball games, 7 University of Louisville Women's Volleyball games, 5 NCAA Sporting Events and 5 family shows.

Ms. Andrea McDaniel, Human Resources Director, provided an update on AEG Encore, the arena's customer service training program. Ms. McDaniel shared that 1,173 employees and contractors across Venue Services (KSFB), Centerplate, University of Louisville and AEG have participated in the 90-minute training course. As AEG Encore continues to evolve in 2015, the program will be expanded by assigning Encore coaches in each area to ensure team members are exemplifying Encore principles and assist them as needed, as well as by providing targeted training to specific groups and developing an employee recognition program. Chairman Hayes requested that guest feedback be shared at future meetings.

Ms. McDaniel also provided an update on some of the arena's technology and security upgrades. The arena's antenna system was updated to provide improved cellular service and all of the venue's computers were replaced and updated to Windows 7. All AEG, University of Louisville and Centerplate employees participated in active shooter emergency response training and building surveillance was improved by repositioning security cameras throughout the building.

Ms. Sandra Moran, Marketing Director, provided an update on the arena's sustainability efforts as part of AEG 1Earth. Ms. Moran shared that the KFC Yum! Center's organic waste recycling program has collected 14,820 tons of food waste that is converted into fertilizer by QRS Recycling. In September 2014, the arena began installing e-temp refrigeration energy saving units on its walk-in freezers. Once all installation is completed, the building may see a 15% reduction in electrical usage. Ms. Moran also shared that in 2014 the arena began recycling all wooden pallets and has turned in 12,000 pounds to date. The building also continues to replace all incandescent lights with more sustainable LED lights as the bulbs burn out.

Ms. Moran also provided an update on the arena's marketing initiatives, including the revamped KFC Yum! Center Insider e-newsletter. The Fan Interactive email platform provides the ability to send presale/special offers, thank you emails, and survey opportunities for fans that provide feedback to management, customer demographic information and segmentation of lists. Utilizing the new email platform, the KFC Yum! Center sent 127 email campaigns in 2014, resulting in \$340,740 in direct ticket sales. Ms. Moran also shared that the arena's online and mobile marketing assets, including the e-newsletter, social platforms and the mobile app, experienced substantial growth in 2014.

Ms. Moran also recapped the free events that the KFC Yum! Center hosted for the community in 2014, including several well-attended plaza events and the JCPS Journey 14-15 program. In 2015 the KFC Yum! Center will seek to build upon the success of these free community events and provide additional opportunities.

DISSUSSION ITEM: General Counsel Update – Chairman Hayes

Chairman Hayes introduced Mr. Ed Glassock, who reported that they have filed a motion for summary judgment in the RAM Construction lawsuit in which RAM is contesting the construction bidding process. RAM filed a motion for status that is expected to be announced on January 28, 2015.

DISCUSSION ITEM: New Business/Old Business – Chairman Hayes

No Old Business was presented. Chairman Hayes introduced New Business when he shared that he will be reviewing the committees and assigning previously unassigned board members to committees. He invited the board to provide him with any feedback they might have on the committees.

The meeting was adjourned at approximately 10:10 a.m.

Respectfully submitted,
Deanna Southerling