



## louisville arena authority

### **Board of Directors Meeting**

**October 14, 2013**

**9:00 a.m. EST**

**KFC YUM! Center**

### **MINUTES**

**Directors in Attendance:** Mr. Eric Gunderson, Mr. Michael Houlihan, Ms. Alice Houston, Metro Council President Jim King (Ex Officio), Mr. Lee Kirkwood, Mr. Steve Rowland, Ms. Lesa Seibert, Ms. Maura Temes, Mr. Dan Ulmer, Vice Chairman William Summers V, Chairman Larry Hayes

**Directors Present via telephone:** Ms. Lindy Street

**Directors Absent:** Mr. Andrew Beshear, Mr. Tim Mulloy

**Consultants and Staff:** Mr. Dennis Petruzzo, KFC YUM! Center General Manager

**Welcome:** **Chairman Hayes**

Chairman Hayes declared a quorum and convened the meeting.

**DISCUSSION ITEM: Acceptance of the September 15, 2013 Board Meeting Minutes – Vice Chairman Summers**

Ms. Seibert moved to accept the minutes of the September 15, 2013 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**

Vice Chairman Summers initiated the finance update by having the Authority's Financial Advisor, Hilliard Lyons give the board an update. Mr. Rorke thanked the board for their cooperation and coordination in regards to the approval of the amended TIF district. Mr. Rorke then noted that Standard & Poor's (S&P) recently visited the KFC Yum! Center; they drove the TIF district and were very engaged during their visit. Mr. Rorke anticipates receiving feedback from S&P in November or December of this year.

**DISCUSSION ITEM: AEG Management Update - Dennis Petruzzo**

Justin Jokovich provided the AEG Financial Update for the month of August. The facility hosted two concerts in August; Bruno Mars and American Idol. Mr. Jokovich noted that August is the second month of AEG's fiscal year which resulted in a loss of \$150,000. Comparatively, the budgeted loss of \$236,000 illustrated a positive variance of \$87,000. For the Rolling Forecast, AEG is projecting a profit of \$1.3 million for the 13'-14' fiscal year; this is \$114,000 over AEG

Managements minimum guarantee to the Louisville Arena Authority. Mr. Jokovich informed the board that the Rolling Forecast is based on shows that have already been booked for the remaining fiscal year, noting that AEG is currently ahead in booking.

Dennis Petrullo gave an update on upcoming events, noting the multitude of December events such as Trans-Siberian Orchestra, Keith Urban, Beyonce, and Justin Timberlake. Mr. Petrullo noted the upcoming NCAA Division I Women's Basketball Regional Finals that will be taking place at the arena on March 29 and April 1, 2014; highlighting the positive effect regional events provide for the TIF district.

Ms. Sandra Kendall, Director of Marketing notified the board of the KFC Yum! Center's recent launch of a mobile app. The KFC Yum! Center was one of first arenas in the country to develop a mobile app, placing the arena at the forefront of this digital technology allowing new ways for fans to connect before and after events. The app has multiple features including the ability to view the full facility schedule, purchase tickets directly from the app, add events directly to your personal calendar, allows fan to share their attendance on social media, and receive push notifications to get the latest concert updates and special offers.

Mr. Petrullo notified the board that the KFC Yum! Center was recently ranked as one of the country's top ten arena's by concert industry magazine, *Rolling Stone*. The KFC Yum! Center ranked seventh on the list that includes some of the nation's most iconic concert venues, such as the Staples Center. Lastly, Mr. Petrullo informed the board of the new 2<sup>nd</sup> street entrance policy. The 2<sup>nd</sup> Street entrance will be utilized by suite holders, press and club seat holders in order to keep the facility's main lobby escalators from backing up. This measure was put into place as a safety precaution and was implemented at the first Red & White scrimmage. Mr. Petrullo concluded the management update by updating the board on recent bids submitted by the University of Louisville, noting that UL and AEG are working together to secure new NCAA events, such as the NCAA Division I Wrestling Championships for 2016 and 2017.

**DISSUSSION ITEM:           General Counsel Update – Chairman Hayes**

Chairman Hayes introduced Mr. Ed Glasscock, who reported that settlement agreements with M.A. Mortenson and Vite will be made this week. An update of the settlement terms and provisions will be given to the board at the next meeting.

**DISCUSSION ITEM:           New Business/Old Business – Chairman Hayes**

Chairman Hayes asked Mr. Edward Glasscock to report the Memorandum of Understanding between the Louisville Arena Authority and the University of Louisville Athletic Association. Mr. Petrullo gave a short summarization of the Arena's Sponsorship Revenues, noting that a portion of the revenue from Learfield's Sponsorship sales go towards Bond payments. Contractually, the University of Louisville receives a portion of the revenue from Learfield's Sponsorship sales as well, either 50% or 1/3 of the inventory value, depending on the piece of inventory. Mr. Petrullo noted that the University of Louisville Athletic Association (UL) received about 1 million in sponsorship revenue from Learfield sponsorship sales last year.

Mr. Glasscock reviewed the MOU noting that for the payment year 2012-2013, the fixed annual amount UL will receive will be \$750,000. For the payment year 2013-2014, the fixed annual

amount will be \$850,000, for the payment year 2013-2014, the fixed annual amount will be \$950,000. For the payment years 2015-2016 and thereafter, the ULAA share will be determined by the following equation: The ULAA Share = (the Gross Revenue less the LASEP Commission) x the ULAA Percentage.

Mr. Hayes highlighted the cooperation between the University of Louisville and Learfield allowing for a better return on investment for facility Sponsors. Mr. Petrullo finalized the update by noting that the facility is continually looking at new areas/categories for sponsorship development, such as the placement of a exterior video board of the west side of the facility.

Chairman Hayes sought a motion to pass the agreement. William Summers moved to accept the *Memorandum of Understanding between the Louisville Arena Authority and the University of Louisville Athletic Association*. The motion was seconded by Mr. Ulmer and the motion passed unanimously with no abstentions.

*(Memorandum of Understanding between the Louisville Arena Authority and the University of Louisville Athletic Association is enclosed).*

No other business to come before the Authority, the meeting was adjourned at approximately 9:50 a.m.

Respectfully submitted,  
Amelia Priest