



louisville arena authority

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**Board of Directors Meeting
May 13, 2013
9:00 a.m. EST
KFC YUM! Center**

MINUTES

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

Directors Absent: Mr. Lee Kirkwood

Consultants and Staff: Mr. Ed Glasscock, General Counsel; 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 March 11, 2013 Board Meeting Minutes – Chairman Hayes

Ms. Seibert moved to accept the minutes of the March 11, 2013 Arena Authority Meeting. The motion was seconded by Mr. Houlihan and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Summers

Vice Chairman Summers informed the board that the Finance Committee recently met with the Kentucky State Fairboard Chairman Dr. Mark Lynn in regards to the dissolution of the management contract between the Kentucky State Fairboard (KSFB) and the Louisville Arena Authority (LAA).

Mr. Summers, Finance Committee Chair advised the board on behalf of the Finance Committee to approve the *Resolution of the Louisville Arena Authority, Inc. authorizing payment of \$1,471,909.51 to the Kentucky State Fairboard pursuant to the terms of the mutual agreement of dissolution and termination of the management contract between the Kentucky State Fairboard and the Louisville Arena Authority, Inc.*

Chairman Hayes informed the board that the payment amount due to KSFB is fixed but the amortization schedule will be negotiated between the LAA and KSFB. It was distinguished that proper accounting measures were to taken to determine the compensation and fees due to KSFB.

Vice Chairman Summers moved that the Louisville Arena Authority approve the Resolution. The motion was seconded by Mr. Ulmer and the motion passed unanimously with no abstentions.

Mr. Summers then introduced Alex Rorke with Hilliard Lyons, the Arena Authority's financial advisor. Mr. Rorke advised the board that Hilliard Lyons is optimistically preparing for a full review with Moody's in June and noted that S&P will be re-visiting last year's review.

Mr. Rowland, Chief Financial Officer for Louisville Metro Government informed the board that Metro Council put forth an ordinance to authorize the increase of \$3.2 million to assist in the payment of the facilities debt service. He also notified the board that when the Mayor proposes his budget for the 2014 fiscal year to Metro Council it will include an appropriation of \$9.8 million to assist in the debt service payments. Mr. Rowland anticipated the appropriation would be approved.

The Louisville Arena Authority offered official congratulations to the University of Louisville basketball programs on their success in the 2013 NCAA Tournament. Chairman Hayes concluded the discussion by notifying the board that the LAA will review all contractual agreements and is currently working with the University of Louisville to make adjustments to facility signage.

DISCUSSION ITEM: AEG Management Update- Dennis Petrullo

Mr. Jokovich, Finance Director at the KFC Yum! Center provided the AEG Financial Update for the month of March. The facility hosted nine events during the month of March; including Kid Rock, Pink, Bon Jovi, Mike Epps, two University of Louisville Men's basketball games, and the NCAA Women's Division I Championship first and second rounds.

Mr. Jokovich initiated his financial report by highlighting the facilities net operating profit of \$558,097 for the month of March, bringing the Year-to-Date net operating profit to \$2.344 million. AEG is currently projecting a net profit of \$1.424 million for the fiscal year ending June 30, 2013, up \$20,000 since February's rolling forecast. Mr. Jokovich expressed confidence that these numbers are conservative and will continue to increase.

Dennis Petrullo, General Manager provided an update of positive event feedback the management staff has recently received. He initiated his discussion by reviewing an email sent from Jason Aldean's Production Manager after the successful April 19th show.

“Yesterday was a banner day in show business and most of it can be attributed to your facilities staff. Every department (facilities, security, engineering, etc.) was a pleasure and made a hard tour day much easier, resulting in a better show for the patrons....”

Mr. Petrullo then reviewed positive comments received from patrons at the 2013 Thunder over Louisville event and the Director of the Julep Ball. The success achieved from the first Julep Ball held on May 3rd initiated discussions between AEG and the Julep Ball directors to secure the event in 2014.

DISSUSSION ITEM: General Counsel Update – Vice Chairman Summers

Vice Chairman Summers introduced Mr. Ed Glassock, who reported that there is no new business to report.

DISCUSSION ITEM: New Business/Old Business – Vice Chairman Summers

Mr. Petruzzo re-visited an inquiry from a past meeting involving the potential to place signage on the western face of the building on I-64. He noted that the management group has met with Daktronics (a company that designs and manufactures computer programmable display systems) to obtain an installation estimate, as well initiating discussions with Louisville Arena Sports and Entertainment Properties to evaluate the potential advertising and sponsorship dollars that would be generated from this additional piece of inventory.

Mr. Petruzzo also re-visited recent concerns on the facilities wireless and data coverage, noting he would present the estimated costs of installation and facility improvements at a future date.

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

Respectfully submitted,
Amelia Priest