



louisville arena authority

**Board of Directors Meeting
September 9, 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. Lindy Street, Ms. Maura Temes, Mr. Dan Ulmer, Vice Chairman William Summers V

Directors Absent: Mr. Lee Kirkwood, Ms. Lesa Seibert, Chairman Larry Hayes

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

Welcome: Vice Chairman Summers

Vice Chairman Summers declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the August 12, 2013 Board Meeting Minutes – Vice Chairman Summers

Mr. Ulmer moved to accept the minutes of the August 12, 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 initiated the finance update by notifying the board that the Form 990 (Annual Tax Return) was prepared by Crowe Horwath and would be presented by Rachel Spurlock. A copy of the Form 990 was distributed to the board along with a summary report of the 2012 period. The tax return is due by November 15, 2013. Upon review of the Form 990; Mr. Beshear moved to accept the Form 990. The motion was seconded by Mr. Ulmer and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: AEG Management Update - Dennis Petruzzo

Justin Jokovich provided the AEG Financial Update for the month of July and the fiscal year end. The facility hosted one concert in July, The Eagles. Mr. Jokovich noted that July is the first month of AEG's fiscal year which resulted in a loss of \$91,000. Comparatively, the facility saw a loss of \$272,000 in the prior year, July 2012. As reflected in the July budget, Mr. Jokovich informed the

board that AEG projected a loss in the first month of its fiscal year, noting it to be an industry standard.

Dennis Petruzzo gave an update on upcoming events and introduced the KFC Yum! Center management staff (name, title listing enclosed). Mr. Petruzzo then addressed a past inquiry regarding the diversity of the AEG Management staff informing the board that of the AEG Total Employee Population, 49% are classified as a minority. AEG exceeded the Louisville Arena Authority's Affirmative Action policy requirement and/or goal of 20% minority. Mr. Petruzzo concluded his discussion of diversity by highlighting that the management staff is working on increasing vendor diversity.

DISSUSSION ITEM: General Counsel Update – Vice Chairman Summers

Chairman Hayes introduced Mr. Ed Glasscock, who introduced his associated Michael Shull of Frost, Brown, Todd. Mr. Shull informed the board that the RAM case has one remaining piece of litigation. Currently, they are awaiting a decision from the court of appeals to reconsider its ruling that the Louisville Arena Authority does not enjoy sovereign immunity.

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

Vice Chairman Summers introduced Alex Rorke of Hilliard Lyons. Mr Rorke noted that it is traditional to review vendors every 5-6 years and the board had recently been reviewing the role Bond Trustee Services. Mr. Summers informed the board that upon the recommendation of the LAA's Financial Advisors, Regent's Bank was chosen as successor trustee. Mr. Rorke noted that the original Bond Trustee documents set criteria for companies capable of being a trustee and that all companies capable of doing so sent in a Request for Proposal. Upon the recommendation of the Louisville Arena Authority's Finance Committee, Mr. Ulmer moved to accept the resolution to the Bond Trust Services. The motion was seconded by Ms. Houston and the motion passed unanimously with no abstentions.

(Resolutions of the Board of Directors of Louisville Arena Authority, Inc., - Bond Trustee Services is enclosed).

Mr. King then initiated discussion on the TIF District. Mr. King read the enclosed *Executive Summary* to the board proposing to reduce the TIF boundary from 6 square miles to 2 square miles. He noted that unfortunately, the geographic size and resulting business diversity of the Arena TIF district has negatively impacted its operating results rather than having the positive effect expected. In short, it is expected the immediate result of this change will be an increase in cash flow from the TIF tax collections relative to the 6 mile district in excess of \$1 million annually.

John Egan of Frost, Brown, Todd informed the board that in order for the boundary change to take effect, it must first be adopted by the Metro Council. Upon the recommendation of the finance committee Mr. King asked that the board accept the enclosed *Resolutions of the Board of Directors of Louisville Arena Authority, Inc. - The TIF District and the Grant Contract with the Commonwealth*. Mr. Gunderson moved to accept the amended TIF district. The motion was seconded by Mr. Houlihan and the motion passed unanimously with no abstentions.

No other business to come before the Authority, the meeting was adjourned at approximately 9:45 a.m.

Respectfully submitted,
Amelia Priest