



louisville arena authority

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**Board of Directors Meeting
November 12, 2007
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

DRAFT

Directors in Attendance: Mr. Larry Bisig, Metro Council President Rick Blackwell (Ex Officio), Mr. Todd Blue, Ms. Reba Doutrick, Vice Chairman Larry Hayes, Ms. Alice Houston, Ms. Cissy Musselman, Mr. James Patterson, Ms. Lindy Street, Mr. William E. Summers V (via telephone), Mr. Dan Ulmer, Mr. Robert Woolery (via telephone), and Chairman Jim Host

Directors Absent: Mr. Neville Blakemore, Mr. Junior Bridgeman, Mr. Zev Buffman, Mr. Tom Schifano (Ex Officio),

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Mark Sommer, General Counsel; Mr. John Hilkene, PC Sports; Mr. E.J. Narcise, Learfield/Team Services; Ms. Helen Thompson, Assistant General Counsel; Mr. Allen Troshinsky, Mortenson Company

Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the Minutes of October 15, 2007 Board Meeting – Chairman Host

Ms. Musselman moved to accept the Minutes of the October 15, 2007 Arena Authority meeting. The Motion was seconded by Ms. Street, and the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Opening Remarks – Chairman Host

Chairman Host recognized Mr. Tom Zimmerman, who recently retired as Vice President of the Kentucky International Convention Center. On behalf of the Arena Authority,



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Chairman Host thanked Mr. Zimmerman for his service to the Arena Authority and the Commonwealth.

Chairman Host recognized Vice Chairman Hayes and congratulated him on his recent appointment as Secretary of the Cabinet for Governor-elect Beshear. Chairman Host expressed his pleasure that Mr. Hayes would remain on the Arena Authority as Vice Chairman.

Chairman Host reported that he and representatives from Goldman Sachs recently met with the bond rating agencies, S&P and Moody's, updating them on the Arena project. Chairman Host stated that the current Muni market is favorable to the Arena project; however, the credit spread between the market and the amount the market will pay for the bonds is widening. Chairman Host advised that a Finance and Budget Committee meeting will be scheduled, during which Goldman Sachs will provide an update on the status of the bond market in order to determine whether the Authority should proceed with the bond issuance in December 2007 or wait until early 2008.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Larry Hayes

Vice Chairman Hayes advised that the Finance and Budget Committee recently met and reviewed the Arena Authority's financial statements for September and October 2007. Additionally, the Committee is considering various ways to resolve the issue raised in Chilton and Medley's 2006 audit regarding the engagement of a financial advisor. Mr. Workman advised that the issue would be resolved in the next few days.

Vice Chairman Hayes introduced Mr. Jerry Frantz, Director of Administrative Services for the Kentucky State Fair Board, who provided an overview of the draft financial statements for September and October 2007. Mr. Frantz advised that the October 2007 statement included prior expenses of \$153,000, representing the 2006 expenses. The statement also included updated expenses of \$354,003. Mr. Frantz advised that the balance from the state grant is \$45,922,330. Additionally, the Authority continues to earn considerable investment interest income. The accounts payable, representing outstanding bills in transit, is \$1,451,618, and the total cash on hand is \$49,166,830. Mr. Frantz stated that the financial statement includes the tax increment revenue earned in 2006. Chairman Host noted that \$2,136,350 has been earned as interest income since receipt of the \$75 million state grant. Vice Chairman Hayes moved to approve the September and October 2007 financial statements. The motion was seconded by Ms. Houston and passed unanimously.

DISCUSSION ITEM: PC Sports Update – Dan Ulmer

Construction Committee Chairman Ulmer asked Mr. Hilkene to provide an update from PC Sports and HOK. Mr. Hilkene reported that MSD has agreed to pay for any new flood gate to be designed and installed at the Arena site. Mr. Hilkene is finalizing the Demolition RFP and expects the draft RFP to be complete by November 16. HOK has

completed its 60% design development documents and are on schedule to complete the 100% documents by the December 21, 2007 deadline. The LG&E relocation project remains on schedule and on budget. Mr. Hilkene advised that he anticipates demolition will begin on the project site in early March 2008. Demolition will begin on the interior of the LG&E buildings, and demolition of the Humana building will occur in mid-August 2008. Mr. Ulmer commented on the outstanding cooperation the project has received from LG&E and Humana.

DISCUSSION ITEM: Mortenson Company Update – Dan Ulmer

Construction Committee Chair Ulmer introduced Mr. Troshinsky, who provided an update from the Mortenson Company. Mr. Troshinsky advised that the recent groundbreaking of Museum Plaza has raised the interest of local, regional and national contractors, which will benefit the Arena project through more competitive pricing and more respondents to bid packages. Additionally, Mr. Troshinsky reported that Mortenson has been reviewing the Arena's IGMP, comparing the Arena's pricing against other arenas, specifically the Sprint Center and the Charlotte Arena. He stated that Mortenson continues to work with the Authority and design team to review each element of pricing. Chairman Host noted that 60% of workers hired on the project must be from Jefferson and surrounding counties and 75% from Kentucky and Southern Indiana. Mr. Troshinsky advised that even with regional and national contractors, the majority of the workforce will be obtained from the local market.

Committee Chair Ulmer introduced Mr. Joe Wise with the Greater Louisville Building and Construction Trades Council, who presented Chairman Host with a construction hard hat in recognition of his work on behalf of the Arena project.

DISCUSSION ITEM: Learfield/Team Services Update – Lindy Street

Media and Public Relations Committee Chair Street introduced Mr. Narcise, who provided an update from Learfield/Team Services. Mr. Narcise reported that Team Services' communications with the University of Louisville Athletic group continues to progress. He advised that Team Services makes approximately two presentations each week to potential naming rights sponsors. Team Services initially targets regional companies with a national scope and companies that have expressed an interest in participating in the Arena project. He stated that Team Services has been working closely with HOK on designs. Mr. Narcise advised that Team Services does not take formal meetings or make presentations without first informing Chairman Host. In response to Mr. Patterson's question, Mr. Narcise explained that the naming rights process is long and could take between four and 18 months; however, he advised that Team Services has never been this far in front of a project, and the response thus far has been terrific.

DISCUSSION ITEM: Affirmative Action and Labor Committee – William Summers V

Committee Chairman Summers introduced Michael Gritton, Executive Director of KentuckianaWorks, who reported that KentuckianaWorks recently received another \$500,000 grant from the Commonwealth. The project has now received \$1 million in discretionary workforce investment funding from the state for the Construction Pipeline Project. Using the initial \$500,000 grant, KentuckianaWorks created a partnership with the Louisville Urban League, the Justice Resource Center and the Kentuckiana Plan. Mr. Gritton reported that more than 150 people attended a recent recruitment session. More than 100 returned for a two-hour orientation, and approximately 60 were scheduled for assessments. Every Monday night, the partnership will be in a different location in the community conducting outreach efforts. Mr. Gritton advised that the second \$500,000 grant may be used for an educational remediation effort. Currently, discussions are being held with union and non-union representatives to provide hard skills training to workers.

Chairman Host introduced Mr. Anthony Mathis and Ms. Lynn Littlejohn. Ms. Littlejohn reported that Mortenson spent a great deal of time during recent months providing community outreach regarding the Arena project. President Blackwell asked about the involvement of local high schools in the construction training project, and Chairman Host asked Mr. Mathis and Ms. Littlejohn to meet with President Blackwell to examine ways to involve local schools in the project.

DISCUSSION ITEM: RFP Updates – Mark Sommer

Mr. Sommer reported that multiple draft agreements were included in the Board binders. Because the University of Louisville Athletic Association agreement, Centerplate, and Learfield/Team Services agreements were previously approved by the Authority, it was not necessary for further action to be taken on those contracts. However, Authority action was required on the HOK contract addendum relating to the parking garage. Chairman Host explained that the parking garage provision was broken out because the cost of the garage will be borne by the Parking Authority of River City (“PARC”). Mr. Ulmer moved to approve the HOK contract addendum. The motion was seconded by Vice Chairman Hayes and passed unanimously. In response to Vice Chairman Hayes’ question, Chairman Host explained that PC Sports will provide construction oversight for the parking garage.

Mr. Sommer reported that after a competitive bid process, Old Republic Title Insurance and the Stoll Keenon Ogden law firm were selected as title insurance providers. Chairman Host explained that pursuant to the bond insurer’s requirements, the property must be insured in the full amount of the bond issue. Mr. Patterson moved to approve the engagement of Old Republic and Stoll Keenon Ogden as title insurance providers. The motion was seconded by Mr. Blue and passed unanimously.

Chairman Host requested a motion to approve Goldman Sachs’ engagement of Ambac Assurance Corporation as bond insurer in a manner consistent with the terms of Ambac’s October 1, 2007 proposal at a cost of approximately \$13 million. Chairman Host

reported that Goldman Sachs recommended Ambac's engagement, as their bid was the most competitive. Chairman Host explained that the bond insurer is needed to improve the bonds' rating to Double A or Triple A. Ms. Musselman moved to approve the engagement of Ambac as the bond insurer. The motion was seconded by Vice Chairman Hayes, and the motion passed unanimously.

Mr. Sommer reported that the TIF grant compliance agreement was expected by the November 12.

Mr. Sommer also advised that a definitive agreement with Metro government and the Arena Authority will be forthcoming. The agreement will provide that PARC will fund the parking garage, and at its completion, the Authority will convey ownership of the garage to PARC.

DISCUSSION ITEM: TIF Survey/Audit Update – Chairman Host

Chairman Host reported that \$848,000, representing the 2006 TIF has been placed on the Arena Authority's financial reports.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

Mr. Bisig directed Authority members to recent news items provided in the Authority binders, including an article on Mr. Workman.

DISCUSSION ITEM: Contract/Vendor Matters – Chairman Host

None

DISCUSSION ITEM: Old Business

None

DISCUSSION ITEM: New Business

None

No other business to come before the Authority, the meeting was adjourned at approximately 10:00 a.m.

Respectfully submitted,
Laura Chandler