



louisville arena authority

Louisville
Arena Authority, Inc.

www.arenaauthority.com

Board of Directors Meeting

November 13, 2006

9:00 a.m. EST – Kentucky International Convention Center

Louisville, Kentucky

Directors in Attendance: Mr. W. James Host (Chair); Mr. Larry Hayes (Vice Chair); Mr. Larry Bisig; Mr. Neville Blakemore; Mr. Zev Buffman; Mr. Kevin Kramer; Ms. Alice Houston; Ms. Cissy Musselman; Mr. Jim Patterson; Ms. Lindy Street (by phone); Mr. Dan Ulmer

Directors Absent: Mr. Todd Blue; Mr. Junior Bridgeman; Ms. Reba Doutrick; Mr. William Summers V

Guests and Others: Mr. Mark F. Sommer, General Counsel; Helen Thompson; Barry Alberts (DDC); John Hilkene (PC Sports)

Opening Remarks and Welcome – Chairman Host

Chairman Host convened the meeting, declared a quorum, welcomed and thanked the Board for their attendance.

DISCUSSION ITEM: Acceptance of the Minutes of October 16, 2006 Board Meeting – Chairman Host

Minutes of the October 16, 2006 Meeting were discussed and reviewed; upon Motion to accept them, which was duly seconded, the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Acceptance of the Minutes of November 3, 2006 Board Meeting – Chairman Host

Minutes of the November 3, 2006 Special Meeting were discussed and reviewed; upon Motion to accept them, which was duly seconded, the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Web Site [www.arenaauthority.com] Terms of Use – Mark Sommer

Mr. Sommer presented for the Board's consideration draft www.arenaauthority.com "Terms of Use," and requested discussion and approval. Mr. Sommer noted that the current website contains extremely detailed and important information, some of which could be viewed as proprietary information as it relates to the Arena Authority itself, as well some of the Authority's contract vendors [consultants, experts, etc...]. After questions and discussion by the Board, a Motion to adopt the Terms of Use was made by Mr. Ulmer, seconded by Ms. Houston; the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Committee Assignments – Chairman Host

Chairman Host noted that all Board members should review the Committee Assignments Memorandum attached to the Board book at Tab D -- Chairman Host noted that he wanted to make sure that everyone had a clear understanding of the working committees, and not just which committees exist but who is on each of the working committees.

DISCUSSION ITEM: RFPs Update – Chairman Host/Mark Sommer

Chairman Host requested Mr. Sommer to give an update on the RFP/RFIs which were outstanding.

Mr. Sommer indicated that the Bond Underwriter/Senior Manager RFP is currently pending and posted on the website and moving forward according to plan. Tentative dates for RFP fly-ins or call back interviews have been set for December 15, and the Bond Committee would be meeting prior to that date to review the RFP responses. The Architect/Planner/Design RFP is active as well and call back interviews are set for December 15 as well. Mr. Sommer noted that the Construction Committee would be meeting at least once and probably twice prior to that time to review same. The RFP for OCIP Insurance has been posted and the window closed, and the Insurance Committee would be meeting shortly to determine whether or not OCIP is the best way to proceed. A Title Insurance RFP has been determined to be on the horizon, given the need for full title insurance on the real estate [LG&E site Humana Inc. site]. Naming rights: A sponsorship RFI has concluded and an RFP is in process on that. Additionally, a Minority and Labor Participation RFP is in process and under the direction of PC Sports. Once again, the "Doing Business with the Arena Authority" area of the website [www.arenaauthority.com] was highlighted and it was indicated that current as

well as expired RFPs, RFIs, etc... are contained on the web site, the exclusive means for doing business with the Arena Authority.

DISCUSSION ITEM: Downtown Development Corporation – Dan Ulmer

Chairman Host requested Barry Alberts to approach the dias to go over the various Downtown Development Corporation events. Mr. Alberts noted that the Thursday evening panel will actually have four panelists, and will be discussing several projects as it relates to Urban Design: Conseco Fieldhouse, Nationwide Arena, The MCI Center, and The Verizon Center. Four sessions will be run on Friday sequentially, with the goal to invite the public in to discuss what is important to the public, including what symbolism is important in the Arena design process in order to connect it to Louisville. Chairman Host thanked Mr. Alberts and the DDC for their valuable work.

DISCUSSION ITEM: Fair Board – Ex Officio Member Resolution – Chairman Host

Chairman Host indicated that, as previously discussed, now that the MOU with the KSFB was finalized and in place, it was time for the Authority to bring onto the Board of Directors the Chairman of the Kentucky State Fair Board as an Ex-Officio Member of the Board. Noting that required corporate documentation was attached at Tab E of the Board book, Chairman Host called for a Motion to approve same. After Mr. Bisig moved to approve, which was seconded by Vice-Chairman Hayes, the Motion was approved unanimously with no abstentions.

DISCUSSION ITEM: Executive Director/General Manager Position – Chairman Host

Chairman Host noted that as the Memorandum of Understanding with the Fair Board had been approved and executed by both the KSFB and the Arena Authority, Mr. Host was informing the Board of the appointment of Harold Workman, pursuant to the MOU, as the Executive Director of the Louisville Arena Authority, Inc. Chairman Host also noted as an fyi that he, counsel (Mark Sommer) and Mr. Workman had met over the past week and went over many items that are necessary and appropriate with respect to ongoing operations.

DISCUSSION ITEM: Assistant General Counsel – Chairman Host/Mark Sommer

At Chairman Host's request, Mr. Sommer introduced the newest member of the Arena Authority team, Helen Thompson. Helen is an Associate attorney at

Greenebaum Doll & McDonald PLLC, the Law Firm for the Arena Authority, and because of the relatively fast pace which the Authority has been moving (and will be moving even more so during 2007), additional support on various matters has become necessary and appropriate. Chairman Host extended his welcome and requested that Ms. Thompson meet the Board as she moved forward in her new role.

DISCUSSION ITEM: Deductibility of Out-of-Pocket Expenses of Board Members – Mark Sommer

Chairman Host called on Mr. Sommer to discuss the item at Tab G of the Board book, a Memorandum concerning the tax deductibility of Board member out-of-pocket expenses. Mr. Sommer noted that assuming 501(c)(3) tax exempt status is ultimately awarded to the Arena Authority by the Internal Revenue Service, various out-of-pocket and unreimbursed expenses incurred by Board members in furtherance of the charitable nature of the Arena Authority would be tax deductible. Mr. Sommer noted that interested directors should contact their tax advisor, and he offered to discuss this topic with each of the Board members or the Board members' tax advisors.

DISCUSSION ITEM: PC Sports Update – Chairman Host/Dan Ulmer

Chairman Host requested Mr. Ulmer to lead the discussion, and Mr. Ulmer called John Hilkene of PC Sports to the dias to make a presentation and to facilitate discussion concerning the important next steps of the Arena Design and Construction process.

Mr. Hilkene began his discussion by indicating that the Board, the Arena Authority, and PC Sports were going to be very, very busy for the next several weeks and months. He introduced one of the PC Sports managers, Candace Dillon who has been assisting on the Arena project. He next reported that LG&E had issued and received bids on all major equipment within the last 30 days, that the bids had come in under budget, and that LG&E remained on task and on time in its process of designing the building that will be holding all of its specialized equipment. He likewise reported that LG&E and its advisors have been meeting with the Metro Government building officials to talk about permitting, and again Mr. Hilkene reported a very good working relationship with LG&E and all of their designers. Mr. Hilkene then introduced Bob Crittenden and turned over the program to him.

Mr. Crittenden indicated that one of the topics for consideration and discussion and hopefully approval by the Board would be an overview of the different delivery methods that have been considered as it relates to construction of the Arena itself: the first, negotiated; the second is design/build; and the third is design/bid/build. Crittenden walked the Board through various background information and explained the distinctions and differences between the three delivery methods, utilizing Powerpoint presentation format. He then drilled down into greater detail as to the timing and sequencing, as well as the costing of the various delivery methods, again on an individual/specific basis. Mr. Crittenden then presented the advantages and disadvantages of the various types of delivery method, and indicated that the various methods could result in cost overruns or cost guarantees, depending, again, on which delivery method was ultimately utilized by the Arena Authority. Questions from the Board were entertained intermittently throughout the presentation, with answers provided by and discussion lead by PC Sports, touching on, *inter alia*, the goals set by the Arena Authority with respect to the jobs deriving from Jefferson County et al., Mr. Crittenden also walked through the RFP/RFI scheduling process, and the critical dates contained therein, and also addressed other questions concerning this process from the Board.

PC Sports, in direct response to several questions from the Board, indicated that in its opinion there was no reason why the Arena Authority would not want to go with the Construction Manager - at risk delivery method, indicating that they had had very positive and favorable experience in other projects with this method. After additional discussion, Chairman Host called for a Motion to approve the recommendations of PC Sports that a Construction Manager [CM] - At Risk RFI be put out in accordance with the scheduling previously discussed at today's board meeting. Mr. Blakemore moved in accordance with Chairman Host's request, which was seconded by Ms. Houston, upon which the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Procurement Matters – Chairman Host/Mark Sommer

Chairman Host requested that Mr. Sommer explain the Procurement issues for the Board's consideration. Mr. Sommer indicated that pursuant to KRS Chapter 45A, the Kentucky version of the Model Procurement Act, a minimum level under which traditional day-to-day purchases could be made under a no bid process was needed. As explained, the Motion would empower the Executive Committee or the Chair to take necessary or appropriate action concerning day-to-day purchases under the dollar amount set forth in the Motion. Upon Motion by Chairman Host,

seconded by Mr. Patterson, the Motion was approved unanimously with no abstentions.

DISCUSSION ITEM: Tax Exemption Update – Mark Sommer

Mr. Sommer reported that the IRS Form 1023, Tax Exemption Application, had been submitted to the Internal Revenue Service recently and was pending. He reported that the Authority's request for expedited handling was still in process, and that it could take two to nine months before approval was finally in hand.

DISCUSSION ITEM: Update on Other Matters - Chairman Host

Chairman Host reported that a "groundbreaking" ceremony was being planned for November 28th, -- and that the ceremonial groundbreaking would be at the LG&E/Waterfront site, commencing at 11:00 a.m., followed by a luncheon at the Kentucky International Convention Center at noon. Chairman Host noted that the Governor, the Mayor, all of the Metro Council, key members of the General Assembly, leadership of the General Assembly, the Jefferson County General Assembly Delegation, the Governor's Arena Task Force, as well obviously all of the Members and Advisors to the Arena Authority had been invited.

DISCUSSION ITEM: Addendum – Chairman Host

Chairman Host noted that certain FYI documentation was attached to the Board book in the Addendum section; Mr. Sommer pointed out that each of the definitive documents by and between the Arena Authority and LG&E, each pursuant to the previously agreed upon MOU, were finalized recently and were attached for the Board's information.

Having no further business, the Meeting was adjourned.

Attachments:

- A) October 16, 2006 Board Minutes
- B) November 3, 2006 Board Minutes
- C) November 13, 2006 Board Meeting Agenda
- D) November 13, 2006 Board Meeting Notice