



louisville arena authority

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**Board of Directors Meeting
November 12, 2012
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. Lee Kirkwood, Mr. Tim Mulloy, Ms. Lesa Seibert, Ms. Lindy Street, Ms. Maura Temes, Mr. Dan Ulmer, Vice Chairman William Summers V, Chairman Larry Hayes

Directors Absent: None

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

Welcome: Chairman Hayes

Chairman Hayes declared a quorum and convened the meeting. Chairman Hayes welcomed the new Board Members in attendance and noted that the new Board Members attended a new member orientation last week.

DISCUSSION ITEM: Acceptance of the October 15, 2012 Board Meeting Minutes – Chairman Hayes

Vice Chairman Summers moved to accept the Minutes of the October 15, 2012 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 introduced Ms. Rachel Spurlock with Crowe Horwath to discuss the filing of the Arena Authority's Form 990. Ms. Spurlock informed the Board that the Form 990 will be filed with the IRS for the 2011 Calendar Year and the return is due Thursday, November 15th. Ms. Spurlock encouraged the Board Members to review the Form 990 and the enclosed Summary Report.

Vice Chairman Summers advised the board on behalf of the Finance Committee to approve the Form 990. Mr. Ulmer moved that the Arena Authority approve the Form 990. The motion was seconded by Mr. Houlihan and passed unanimously.

Vice Chairman Summers introduced Mr. Alex Rorke with Hilliard Lyons, who gave a financial update. Mr. Rorke reported that Hilliard Lyons current focus is discussions with Standard & Poor's as they review the credit rating of the Arena Authority. He stated that this is the most in-depth report Standard & Poor's has done, and it is important to note the caliber of questions they are asking Hilliard Lyons. Mr. Rorke estimated the review will be completed within the next two weeks.

Chairman Hayes concluded the financial update by re-addressing inquiries he had received regarding the Arena Authority's contract with Hilliard Lyons as financial advisor. Chairman Hayes reported that communication had recently been sent to the Board explaining that the Finance Committee engaged Hilliard Lyons through a procurement process as financial advisor on a month to month basis.

DISCUSSION ITEM: AEG Management Update- Dennis Petrullo

Mr. Petrullo, General Manager, reported that the facility recently held five consecutive events, two of which (Bruce Springsteen and Justin Bieber) were sold out. Mr. Petrullo also reported the importance of spreading awareness of the positive community outreach initiatives that are taking place at the arena. Mr. Petrullo concluded his remarks by reporting that Dare to Care raised over \$17,000.00 to supply food to the hungry in our community at the Bruce Springsteen concert on November 2nd.

Mr. Jokovich, Finance Director at the KFC Yum! Center gave the AEG Financial Update. He began with the event recap for the month of September stating that the facility had a net operating loss of \$124,000 compared to a budgeted loss of \$178,000; resulting in a positive variance of \$53,000. Mr. Jokovich then reported that there is a large positive variance against the budgeted Year to Date operating profit due to the facilities efficiency in operating on the cost effective side. At the conclusion of his remarks, Mr. Jokovich reported the rolling forecast, stating AEG is projecting a \$1.2 million profit for the fiscal year ending June 2013. He informed the Board that he feels this is a conservative outlook and the staff plans to improve this number by continually booking first-rate events at the arena.

Chairman Hayes inquired about how the management plans to continually improve the arena's performance. Mr. Petrullo informed the Board that AEG recently hired a new Operations Director with extensive facility experience to help lower energy costs, as well as continually striving to bring popular shows to the Arena. Mr. Petrullo stated that AEG plans to announce several additional concerts in December that will take place in the first six months of 2013. He also informed the Board that AEG is working with the Louisville Sports Commission to bring the 2016 Olympic Swim Trials to Louisville; hosting the event would involve building a pool inside the arena and another at a nearby location. Chairman Hayes concluded the discussion by expressing his interest in receiving more information on how these new developments positively impact the downtown community.

DISSUSSION ITEM: General Counsel Update – Chairman Hayes

Vice Chairman Summers introduced Mr. Ed Glassock, who reported that there were no new developments from the courts to report.

DISCUSSION ITEM: New Business – Chairman Hayes

Chairman Hayes initiated the discussion of New Business by reviewing the existing committee structure that has been in place since the Boards formation. Chairman Hayes suggested that several of the committees such as the IT committee, Insurance Committee, etc. are no longer necessary as standalone committees. Ms. Houston recommended re-configuring some of the existent committees to form a more general committee under the umbrella of a Facility & Operations committee.

Chairman Hayes concluded that the Finance & Budget Committee, Media & Public Relations Committee, Facility & Operations Committee, and Customer Service serve relevant purposes at this point. Chairman Hayes emphasized the importance of the Board Members working together with the AEG Management staff to share their input and feedback. Chairman Hayes concluded that the Board will re-visit the discussion of committee structure at a later date.

Ms. Street inquired about the protocol for customer feedback. Mr. Petruccio informed the Board that patrons can share their suggestions/feedback through the KFC Yum! Center website; and that the marketing staff has also been using the arena's social media platforms to provide positive customer interaction and feedback.

No other business to come before the Authority, the meeting was adjourned at approximately 9:32 a.m.

Respectfully submitted,
Amelia Priest