



louisville arena authority

Louisville
Arena Authority, Inc.

www.arenaauthority.com

Board of Directors Meeting

October 16, 2006

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

Directors in Attendance: Mr. W. James Host (Chair); Mr. Larry Bisig; Mr. Neville Blakemore; Mr. Todd Blue; Mr. Junior Bridgeman; Mr. Zev Buffman (via telephone); Ms. Alice Houston; Mr. Kevin Kramer; Ms. Cissy Musselman; Ms. Lindy Street; Mr. William Summers V; Mr. Dan Ulmer; Mr. Robert Woolery II

Directors Absent: Ms. Reba Doutrick; Mr. Larry Hayes (Vice Chair); Mr. Jim Patterson

Guests and Others: Mr. John B. Hilken, Paula Yancey and Bob Crittenden – PC Sports LLC; Mr. Mark F. Sommer, General Counsel; Barry Alberts - DDC

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 September 18, 2006 Board Meeting – Chairman Host

Minutes of the September 18, 2006 meeting were discussed and reviewed; upon Motion to accept them, which was duly seconded, the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Board Members Activities – Chairman Host

Chairman Host noted the recent article in the *Lane Report* on Zen Buffman and his efforts in the Arts in Owensboro. He also highlighted the recent activities of Alice Houston's family and the positive accomplishments they have made to Kentucky sports history, once again highlighting the continuing strength of the Board.

DISCUSSION ITEM: Humana MOU – Chairman Host

Chairman Host reported that the Humana MOU negotiations has concluded and all the final wording had been negotiated and agreed to. He then gave an overview of its key terms:

- The Arena is displacing 118,000 square feet of space from Humana.
- The purchase price of the property is \$11 million; the State appraisal price was \$11.2 million.
- The Arena Authority is responsible for the demolition, as it is at the LG&E site and we get all the salvage value.
- The property will be available on or before December 31, 2007.
- Arena Authority agrees to pay all relocation costs for Humana, similar to LG&E. Estimated costs \$4,800,000. Humana will give justification to the estimate before receiving \$3 million in cash.
- Humana will receive \$1.8 million in trade value of the new Arena upon the justification.
- The Arena Authority will see that Humana gets a minimum of 265 parking spaces at \$90 per month which Humana pays for five years close to the current location.
- Humana agrees to consider the purchase of \$7.5 million dollars of revenue opportunities within the Arena; meaning signage, sponsorship rights, etc.

After discussion, a Motion to enter into the MOU and for the Chair to take necessary steps to implement the MOU, including all definitive documents, was made by Mr. Ulmer. After seconding by Mr. Woolery, the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Affirmative Action Policy – Mr. Summers V

Chairman Host introduced Mr. Summers, Chairman of the Minority Affairs Committee, to update the Authority on recent matters. Mr. Summers explained that the previously adopted Policy was being rolled out with the Justice Resource

Center and the Urban League, and that PC Sports was playing an active role as well in the implementation process.

DISCUSSION ITEM: MOU with KSFB Update – Chairman Host

Chairman Host updated the Board, explaining that multiple meetings with KSFB representatives had been held and that all but the final terms remained. He advised of the likelihood of a Special Board Meeting (the first week of November) to review and approve the KSFB MOU.

DISCUSSION ITEM: PC Sports Update – Mr. Ulmer

Mr. Ulmer indicated that the draft Agreement (last month's meeting) with PC Sports was now finalized and signed and a copy in the Board Book. Mr. Ulmer then introduced Mr. Hilkene to give an update on the activities of PC Sports over the last month, also noting Bob Crittenden and Paula Yancey were here as well.

Mr. Hilkene reported to the Board that the floodwall issues have been its number one task for PC Sports at the present, and that they had had multiple meetings, physical tours, as well as sessions with among others MSD, the Corps of Engineers and LG&E on the floodwall project. He reported again that it is significant that LG&E will need no permits from the Corps of Engineers, no variance, permits, etc. from MSD for building in the flood zone/plain.

He also described the current plan to build a floodwall on three sides of the Arena itself noting access will be available to all parts of the Arena even if flooding were to occur by way of a drive to be built. He also noted much work on the demolition side had occurred, and reported that LG&E was moving forward with its bidding process, etc. He also reported that an RFP for an architect and design team was in process, and that upcoming meetings concerning same would be announced to the Board. Questions were advanced by Ms. Musselman and Ms. Houston, and it was expected that between four to six firms would be responding to the RFP.

DISCUSSION ITEM: Update on Tax Exemption Applications – Mr. Sommer

Mr. Sommer reported that the IRS Form 1023, Tax Exemption Application, had been submitted to the Internal Revenue Service recently, but that still other tax filings [here, Kentucky] needed to be made, copies of which were being provided to the Board in their books.

DISCUSSION ITEM: Request for Proposal (RFP) for OCIP Insurance – Mr. Woolery II

Mr. Woolery reported that three responses had been received for the Owner's Controlled Insurance Program RFP. Scoring criteria were being developed and committee meetings would ensue.

DISCUSSION ITEM: RFI Concerning Naming Rights Sponsorships and Advertising -- Lindy Street

Lindy Street reported that the Arena Authority has issued an RFI to identify potential vendors, seeking a firm that would represent the Authority in naming rights, sponsorships, advertising, etc. Five responses were received, with an RFP to follow in the coming weeks.

DISCUSSION ITEM: RFI on Bond Underwriter – Mr. Dan Ulmer

Mr. Ulmer reported that six firms had been interviewed as a result of the Bond RFI and that the overall quality was outstanding. Minority firms are also interested. An RFP will issue shortly with the goal to wrap up and go to market soon. Mr. Ulmer noted that questions and discussions ensued during the interviews about how the RFI process really validated the Lieb Report and the Task Force's efforts and projections. Multiple positive comments concerning same were received.

DISCUSSION ITEM: KPSC Approval of Sale of LG&E Property – Chairman Host

Chairman Host noted that the KPSC had issued its final Order approving the sale of the LG&E property to the Authority (Tab E).

DISCUSSION ITEM: Arena Authority Logo Trademarking Letterhead – Larry Bisig

Mr. Bisig reported that necessary paperwork to transfer the LAA mark had been filed. Chairman Host thanked Mr. Bisig and his Firm for this pro-bono work in creating the mark.

DISCUSSION ITEM: Excess Directors and Officers Insurance Coverage – Mr. Woolery II

Mr. Woolery updated the Board on the acquisition of "excess" D&O coverage (with prior acts coverage), consistent with all of the Committee's work earlier this

year. Upon Motion by Ms. Houston, seconded by Mr. Bridgeman, the Motion to enter into this contract was approved unanimously with no abstentions.

DISCUSSION ITEM: Information Updates – Chairman Host

Chairman Host reported Barry Alberts of the Downtown Development Corporation was here and ready to give an update on the design project they had undertaken.

Mr. Alberts noted that...

- DDC will have a two-day public input forum on November 16th and 17th and the locations are being worked on this week.
- A session with a number of nationally known experts in this field on the evening of the 16th to highlight the types of things that are important in terms of the exterior design of this building and how it's integrated into Downtown. And then on the 17th, there'll be a full-day session where the public will be invited in to provide input to talk about what's important to them and to hear about some of the things that other cities have done.
- It will be a structured process to determine what types of issues are really important to this community in terms of maximizing the benefit of this Arena to the Downtown environment and to the community as a whole.
- DDC is finding out that cities and authorities and entities that are building and have built major public facilities, sports facilities in particular and in some cases there has been a very detailed, very well thought out process up front to make sure that the, the facility takes advantage and is fully integrated into its surroundings.
- By the time the Authority is ready to select an architect, we will have formally transmitted to you a set of criteria that you can put into the design program.
- We've engaged to help us oversee this process Alice Krieger, who's the Chairman of the Urban Design Department at Harvard, who has worked with us on a number of projects and is familiar with Downtown Louisville.

- We will not be asking any of the architects who worked on these various projects to participate because we assume many of them will be, in fact, responding to the RFP for architectural services.
- Mr. Alberts noted that the goal the DDC work and, and the work that we will be submitting, is not to suggest a design of the building, it is to suggest aspects that are important to the community in terms of the exterior look and connections to Downtown.

Chairman Host thanked Mr. Alberts and noted that we all owe a great, deep debt of gratitude to Downtown Development Committee and for Mary Griffith's leadership, for putting all this together to the point that we get that input through such a great process as we're going through here because this will open it up where everybody will have a chance to communicate what they want to say.

Having no further business, the Meeting adjourned.

Attachments:

- A) October 16, 2006 Board Meeting Notice**
- B) October 16, 2006 Board Meeting Agenda**