



louisville arena authority

WWW.ARENAAUTHORITY.COM

Board of Directors Meeting
October 27, 2008
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY

Directors in Attendance: Mr. Junior Bridgeman, Mr. Tim Corrigan, Mr. Eric Gunderson, Vice Chairman Larry Hayes, Metro Council President Jim King (Ex Officio), Ms. Cissy Musselman, Mr. James Patterson, Ms. Lindy Street, Mr. William Summers V (via telephone) Mr. Dan Ulmer, Mr. Robert Woolery (via telephone), Chairman Jim Host

Directors Absent: Mr. Larry Bisig, Mr. Todd Blue, Ms. Reba Doutrick, Mr. Lanny Greer (Ex Officio), Ms. Alice Houston

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Mark Sommer, General Counsel; Mr. Mike Clay, HOK; Mr. Bill Hedge and Mr. John Wood, Mortenson Construction; Ms. Paula Yancey, PC Sports

Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting. Chairman Host expressed the Arena Authority Board of Directors' appreciation for the "Spirit of Louisville" award recently presented to the Authority by Councilwoman Ellen Call. Metro Council President King remarked that the Council is grateful to the Arena Authority for their leadership of the Arena project.

DISCUSSION ITEM: Acceptance of the Minutes of September 22, 2008 Board Meeting – Chairman Host

Mr. Patterson moved to accept the Minutes of the September 22, 2008 Arena Authority meeting. The Motion was seconded by Mr. Ulmer, and the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Hayes

Finance Committee Chairman Hayes advised that the September financial statements reflected the inclusion of the \$344 million in proceeds from the recent bond issue as well as all other sources of income and revenue. He advised that the Authority members' board binders included a summary of resources and a Statement of Financial Position and Statement of Changes in Net Assets, both of which were prepared in accordance with Generally Accepted Accounting Principles. The two official



P. O. Box 21179, LOUISVILLE, KENTUCKY 40221-0179
221 SOUTH FOURTH STREET, LOUISVILLE, KENTUCKY 40202
(502) 815-6963 PHONE / (502) 815-6962 FAX

statements relate to fiscal year 2008, while the summary covers all sources and uses of resources since the Arena Authority's inception.

Chairman Hayes introduced Mr. Jerry Frantz, Director of Administrative Services for the Kentucky State Fair Board. Mr. Frantz reported that the sources of funds include the state grant, bond proceeds, interest and other income, and in-kind revenue. The uses of funds include prior years' administrative expenses, 2008 administrative expenses, prepaid insurance, construction-in-progress, accounts payable, bond issue costs, and deferred obligations. At the conclusion of Mr. Frantz' remarks, Chairman Host advised that because they have not yet been audited, a motion to approve the financial statements was not required. He also commented that as he had previously advised all Authority members, the guaranteed income stream ("GIC") was re-bid due to AIG's rating downgrade. It was re-bid to only AA banks in Kentucky (US Bank, Chase and PNC), and US Bank won the bid with a 3.54% interest rate, which was higher than the previous GIC, resulting in almost \$300,000 additional revenue to the Authority. The Arena Authority will receive one draw per month, and bills must be submitted for payment by the end of each month.

DISCUSSION ITEM: Presentation by Special Inspections Finalist – Dan Ulmer

Construction Committee Chairman Ulmer introduced Ms. Paula Yancey, who advised that on September 23, interviews were held with three finalists who responded to the Special Inspections RFP, and Patriot Engineering was selected to make a presentation to the full Arena Authority. She introduced Mr. Mike Vaught, who will serve as the senior project manager for the Arena project. Mr. Vaught advised that Patriot is headquartered in Indianapolis, and has six branch offices, including Louisville. With more than 200 employees (including staff engineers, scientists and technical specialists), Patriot provides geotechnical engineering, environmental services and construction materials testing. Construction materials testing is one of their main areas of expertise, and Patriot recently completed testing services for Lucas Oil Stadium. Other projects include Conseco Fieldhouse, Carmel City Center, the Kentucky Transportation Cabinet and McAlpine Lock and Dam.

Mr. Vaught discussed the experience of the senior Patriot staff members who will work on the Arena project. He stated that the testing laboratory is located approximately 10 miles from the project site. Further, Patriot's minority participation goal is 16% and its female participation goal is 6%.

Chairman Host advised that he and Authority members Tim Corrigan, Eric Gunderson, President King, and Dan Ulmer were present during the special inspections interviews. He stated that the Authority members were not seated together; they each voted independently and did not discuss their selection until after the votes were tallied. Patriot's contract price is \$650,000, which is less than the amount budgeted by PC Sports. Mr. Ulmer moved for approval of the agreement, and Ms. Musselman seconded the motion. In response to Ms. Musselman's question, Ms. Yancey advised that Patriot will test concrete, grout and structural steel to ensure they are installed according to code. Patriot will report to the Arena Authority, as well as PC Sports, HOK and Mortenson. Chairman Host asked for a vote on Mr. Ulmer's motion to approve Patriot's engagement. The motion passed unanimously.

DISCUSSION ITEM: PC Sports, HOK and Mortenson Updates – Dan Ulmer

Construction Committee Chairman Ulmer introduced Ms. Paula Yancey, who was joined by Mr. Mike Clay and Mr. Bill Hedge. Ms. Yancey reported that demolition on the project site is expected to be complete by the end of October. Ms. Yancey showed a series of photos from the project site documenting the demolition of the LG&E buildings. A photo taken the week of October 20 showed the remaining foundations, which O'Rourke is currently in the process of removing.

Ms. Yancey introduced Mr. Mike Clay, who provided an update from HOK. Mr. Clay reported that HOK revised its drawings to reflect the value analysis integration, and the revised drawings were issued on October 17. HOK is working with the Kentucky Office of Housing and Building Construction on plan reviews. The state reviews the drawings, and the city provides inspection. Mr. Clay reported that HOK expects to receive a plumbing permit the week of November 3. Additionally, HOK has been working with Mortenson on awarded subcontracts, such as electrical and millwork, and they continue to work on the themeing and sponsorship package.

Mr. Clay introduced Mr. Bill Hedge, who provided an update from Mortenson Construction. Mr. Hedge reported that Mortenson has been on the site for approximately six weeks. Mr. Hedge showed images of the retention system being installed along Main Street. He advised that the required preconstruction meeting had been held with the architect and others. Concrete work will begin in mid-November, and steel should begin going up in 11 months. Mr. Hedge also presented aerial images of the LG&E demolition. He advised that photos of the project site will be presented each month, creating a record of the project's progress. Mr. Hedge stated that awarded subcontracts include auger cast, deep retention and earthwork, as well as pre-cast concrete. Approximately 40 employees are currently on site, which will double in two weeks as the concrete work begins.

Mr. Ulmer encouraged Arena Authority members to visit the project site. He also advised that on November 10, members of the themeing team will travel to Toronto to view some of the state-of-the-art graphics being considered for the Arena.

Chairman Host asked Mr. Hedge to report on the status of the webcam. Mr. Hedge advised that a new webcam will be installed on the Galt House office building, providing a 24-hour view of ongoing construction activities. The webcam will be linked to the Arena Authority's website. Mr. Hedge expects the webcam to be operational within a week. Chairman Host also acknowledged the vital role Mr. Anthony Mathis and his company is providing to the project, especially in minority hiring and the construction pipeline project.

Chairman Host asked Mr. Clay to provide an update on HOK's efforts regarding "green" building. Mr. Clay advised that in the future, HOK will provide reports on areas in which they enhance green or environmentally-friendly elements within the Arena.

DISCUSSION ITEM: Affirmative Action and Labor Committee – Chairman Host

Chairman Host asked Ms. Yancey to provide an update of the Arena project's MWBE efforts. Ms. Yancey reported that the MWBE participation goal for the Arena project is 20%. Through September, the MBE commitment is 20.3%, and the WBE commitment is 5.4%. Additionally, through September, \$165 million in material and services has been procured, with \$33 million committed to MBE firms and \$9 million committed to WBE firms. Ms. Yancey advised that approximately 17,000 work hours have been completed on the project, with 3,651 (21%) completed by minority workers and 1,273 (7%)

completed by female workers. She reported that local participation is being tracked by the percentage of total workers on the site. Out of 60 workers, 19 (31%) reside in the Louisville SMSA, 36 (60%) reside in the Kentuckiana area, and 24 reside in other areas. Ms. Yancey stated that these numbers will increase as more workers are on the site.

Mr. Hedge provided an update on Mortenson's MWBE efforts. He reported that Mortenson's MBE participation to date is 20% and its WBE participation is 8%. However, Mortenson had not previously captured the work hours performed by local truckers in hauling debris from the Humana building demolition and the concrete demolition. Once those numbers are included, the minority and female participation numbers will increase.

Chairman Host asked Mr. Michael Gritton, Executive Director of KentuckianaWorks, to provide an update of the Construction Pipeline Project. Mr. Gritton advised that since November 2007, 1,745 individuals have been recruited to construction pipeline events. 111 individuals have completed all of the activities, including orientation, assessment and soft skills training - 23 women and 105 minorities. Mr. Gritton stated that job placement has increased significantly. Contracts were recently issued to the Associated Builders and Contractors and the Union's local apprenticeship program. Approximately 40 individuals have been placed, including five women and 37 minorities. Mr. Gritton stated that placements have been strong on the union side, as the unions have been involved since the pipeline project's inception, and with the addition of the Associated Builders and Contractors, Mr. Gritton believes more placements will be made in non-union jobs.

Chairman Host commended the Affirmative Action and Labor Committee for their progress and advised that the hiring goals and tracking process should allow the Metro Council to be comfortable with the Arena Authority's goals for minority and female participation goals. President King remarked that the Arena project has set the standard for other local projects.

DISCUSSION ITEM: General Counsel Update – Mark Sommer

Mr. Sommer reported that all variances and closures related to the Arena property have been formalized. A deed of consolidation will be recorded soon, which is required for title insurance. All financing post-closing matters have been resolved, and the draft agreement with Patriot is currently circulating. Regarding the RAM lawsuit, all four defendants have filed motions to dismiss, which will be heard in mid-November.

DISCUSSION ITEM: Arena news articles/press – Chairman Host

Chairman Host advised the Authority members that recent news articles were included in the Arena board book.

DISCUSSION ITEM: Other Business – Chairman Host

Chairman Host discussed the transition of leadership from the Executive Committee to the Kentucky State Fair Board, which will operate the Arena, and he asked Mr. Workman to comment on the transition. Mr. Workman reported that the Fair Board staff is currently handling the financial reporting and media and public relations for the Arena. Further, the Fair Board sales department, led by Ms. Linda Edwards, is working hard to market the Arena and is pursuing leads for trade shows and

conventions. Mr. Workman stated that many organizations are interested in a downtown venue that will hold approximately 20,000 attendees for major gatherings, as well as the use of the convention center for breakout meetings. He advised that most major conventions are booked five to 10 years in advance. Finally, he reported that they have been in active contact with the NCAA on upcoming events, including the NCAA Volleyball Final Four.

DISCUSSION ITEM: Old Business

None

DISCUSSION ITEM: New Business

None

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

Respectfully submitted,
Laura Chandler