



louisville arena authority

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**Board of Directors Meeting
October 15, 2012
9:00 a.m. EST
KFC YUM! Center**

MINUTES (Draft)

Directors in Attendance: Mr. Eric Gunderson, Chairman Larry Hayes, Mr. Michael Houlihan, Mr. Tim Mulloy, Vice Chairman William Summers V, Ms. Lindy Street, Ms. Maura Temes, Mr. Dan Ulmer.

Directors Absent: Mr. Andrew Beshear, Ms. Alice Houston, Metro Council President Jim King (Ex Officio), Mr. Lee Kirkwood, Ms. Lesa Seibert.

Consultants and Staff: Mr. Ed Glasscock, General Counsel; Mr. Justin Jokovich, KFC YUM! Center Finance Director

Welcome: Chairman Hayes

Chairman Hayes declared a quorum and convened the meeting. Chairman Hayes informed the Board of Directors that all meetings from this point forward will be held in the KFC Yum! Center board room versus the Legends Room to lower operating costs.

DISCUSSION ITEM: Acceptance of the September 12, 2012 Board Meeting Minutes – Chairman Hayes

Mr. Mulloy moved to accept the Minutes of the September 12, 2012 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 Summers

Vice Chairman Summers informed the board that in the recent Finance Committee meeting, the members proposed Hilliard Lyons become the financial advisor to the Louisville Arena Authority. Chairman Hayes stated that Hilliard Lyons has a history of working with the Arena Authority and will assist in developing a coherent financial plan. In their role as financial advisor, Hilliard Lyons will create a communications plan to rating agencies, insurers, and other members of the financial community; as well as providing oversight in regards to the preparation of monthly and annual financial statements. Chairman Hayes informed the board that communication between the Arena Authority and members of the financial community has been “sadly lacking,” and Hilliard Lyons will help pro-actively deal with this issue. The Arena Authority will also be working with AEG to create a forward thinking finance plan.

Mr. Alexander Rorke, Senior Managing Director of Municipal Securities Group at Hilliard Lyons introduced himself and emphasized the importance of the Downtown Arena as an economic engine for Louisville. Hilliard Lyons has been assisting the Arena Authority on a pro-bono basis, but Mr. Rorke stated that providing their services is now a full-time job. Mr. Rorke underscored the importance of creating a positive perception of the arena to the investment community.

At the end of Mr. Rorke's remarks, Ms. Street inquired about the cost to the Arena Authority for Hilliard Lyons services. Chairman Hayes stated that Hilliard Lyons will be paid \$10,000 per month due to the project taking up a large amount of their time. The need for Hilliard Lyons services will be evaluated on a month to month basis. Eric Gunderson asked Mr. Rorke how much experience Hilliard Lyons had with similar entities to the Louisville Arena Authority. Mr. Rorke ensured that although they had not dealt with an identical situation to that of the Arena Authority, they have considerable TIF & Sales tax experience along with a commitment to the region.

Chairman Hayes concluded Hilliard Lyons introduction by re-emphasizing the amount of work their staff has put in over the past two months and the importance of formalizing this arrangement in order for Hilliard Lyons to speak on the Arena Authority's behalf. Chairman Hayes highlighted that it is phenomenal for the facility to be profitable in August and the budget and revenues are now trending the way they should. He stated that he looked forward to AEG providing the board with monthly financial projections.

DISCUSSION ITEM: AEG Management Update- Justin Jokovich

Mr. Jokovich began the AEG Management update by introducing himself as the new Finance Director for the KFC Yum! Center. Mr. Jokovich informed the board that he has been at the arena more than a month; he previously held a finance position with AEG at the Staples Center in Los Angeles, California.

At the start of his remarks, Mr. Jokovich reviewed the event recap for the month of August. He stated that August was a great month for the facility. Five meetings & banquets were held, four of which were not originally budgeted but helped to drive facility revenue. Mr. Jokovich was proud to share that one of the events held during this time was the KFC Corporate event, drawing a large crowd from around the region.

Moving forwards, Mr. Jokovich predicted the month of November to be a active and profitable one with concerts such as Justin Bieber and Bruce Springsteen taking place; as well as the start of University of Louisville basketball play. Ms. Street inquired about how the KFC Yum! Center is performing compared to other venues in the market; Mr. Jokovich estimated that the arenas revenue was ranked in the top twenty grossing arenas in the country last year. The AEG financial update concluded with Ms. Street sharing her enthusiasm for a thriving downtown resulting from arena events.

DISCUSSION ITEM: General Counsel Update – Vice Chairman Summers

Chairman Hayes introduced Mr. Ed Glasscock, who reported that the RAM case is currently in the Court of Appeals. Mr. Glasscock stated that of the two pending environmental cases; Kentuckiana Trucking had settled and the Mars case was in good shape moving forwards. Chairman Hayes thanked Mr. Glasscock for the General Counsel Update.

DISCUSSION ITEM: New Business –Chairman Hayes

Chairman Hayes stated that Assured Guaranty visited the arena this month to review the financials, TIF area, and so forth. He noted that the Assured Guaranty staff toured the TIF district along with several finance committee members to illustrate the growth of the area since the opening of the arena. Vice-Chairman Summers mentioned that members of Assured Guaranty’s staff were impressed with the growth and activity of the TIF District as several of these individuals toured the district when the arena initially opened.

Chairman Hayes mentioned that Standard & Poor’s Bond Revenue Rating will be released within the next few weeks and he hopes the rating will stay where it currently is.

DISCUSSION ITEM: Old Business –Chairman Hayes

Regarding old business, Chairman Hayes wants the Arena Authority to stay as engaged as possible due to the management transition. The Finance & Budget committee will now be meeting more than once a month to keep up to date on all financial documents and standing.

Chairman Hayes mentioned that several Arena Authority members have rotated off the board. As several new board members have been recently appointed, Chairman Hayes would like them to attend a briefing and tutorial on the Authority’s financials, term and length of various contracts, etc.

At the conclusion of the resolution remarks, Chairman Hayes mentioned that new committee assignments will be taking place soon, and for members to please share their thoughts and preferences of the committees they would like to join.

No other business to come before the Authority, the meeting was adjourned at approximately 9:42 a.m.

Respectfully submitted,
Amelia Priest