



louisville arena authority

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**Board of Directors Meeting
September 13, 2010
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

Directors in Attendance: Mr. Larry Bisig, Mr. Junior Bridgeman, Mr. Tim Corrigan, Ms. Reba Doutrick, Mr. Eric Gunderson, Vice Chairman Larry Hayes, Ms. Alice Houston, Ms. Cissy Musselman, Metro Council President Tom Owen (Ex Officio), Mr. James Patterson, Mr. William Summers V, Mr. Dan Ulmer, Mr. Bob Woolery, Chairman Jim Host

Directors Absent: Mr. Todd Blue, Mr. Ron Carmicle, Ms. Lindy Street

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Ed Glasscock, General Counsel; Mr. Mike Clay, Populous; Mr. Bill Hedge, Mortenson Construction; Ms. Paula Yancey, PC Sports

Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the Minutes of August 16, 2010 Board Meeting – Chairman Host

Mr. Woolery moved to accept the Minutes of the August 16, 2010 Arena Authority meeting. The motion was seconded by Ms. Doutrick, and the motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation of Financial Statements – Vice Chairman Hayes

Vice Chairman Hayes introduced Mr. Jerry Frantz, Director of Administrative Services for the Kentucky State Fair Board, who reviewed the August 2010 financial statements. Mr. Frantz advised that the state grant, bond proceeds and restricted pledges remain unchanged. He reported that interest income and other resources increased approximately \$300,000 in August. He advised that construction-in-progress increased by approximately \$13 million in August, and accounts payable increased by approximately \$4 million. Mr. Frantz reported that the amount of net resources is approximately \$81 million.

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



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Construction Committee Chair Ulmer introduced Ms. Paula Yancey, who reported that purchase orders have been issued for hand-held radios and the strobe and spot lighting systems. PC Sports is coordinating receipt, storage and installation of furniture, flags, plaza benches and trash cans, industrial shelving, small tools, pallet jacks and forklifts. Ms. Yancey advised that PC Sports is continuing its coordination of naming rights integration and concessions build-out. Additionally, PC Sports continues to provide financial tracking and monitoring, as well as reporting on construction progress and the monthly affirmative action progress. She advised that PC Sports is holding weekly meetings with staff from the Kentucky State Fair Board, UofL and Centerplate to coordinate training and operations turnover. Ms. Yancey introduced a new “fun fact” about the KFC YUM! Center, advising that there are enough stairs in the KFC YUM! Center to fill a 30-story building.

Ms. Yancey introduced Mr. Bill Norton, who provided an update on the pedway project, advising that the vestibule connecting the pedway to the arena is nearing completion. The project remains on schedule for completion by November 1, 2010.

Mr. Norton provided an update on the Second Street and Clark Memorial Bridge project, advising that the bridge painting is scheduled to be complete at the end of September. The bridge lighting schedule and programming has been defined. Mr. Norton reported that the project continues to involve ongoing coordination with Mortenson, the Main Street stimulus projects, Whiskey Row, O’Shea’s, and the Presbyterian Headquarters. The project is on schedule for completion by October 10, 2010.

Mr. Mike Clay provided an update on Populous’ design activities, advising that the arena’s temporary occupancy certificate has been approved. Populous is completing its efforts for final occupancy by October 1, 2010. He advised that Populous and its subcontractors are continuing their work on the arena punch list. Populous is overseeing equipment start-up and testing and providing site observation of the secondary sponsor spaces and theming installation. Mr. Clay reported that emergency generator testing was conducted the week of August 30.

Mr. Clay introduced Mr. Bill Hedge from Mortenson Construction, who reported that more than 3,000 workers have been on the site throughout the arena project. He advised that the seat installation is nearing completion in the lower bowl and retractable seating sections. The removable seating platforms have been completed in the lower bowl. The sound broadcast system testing is underway, the dasher boards have been delivered, and the divider curtain truss system (for ½ house and other smaller events) has been completed. Additionally, the advertising panel graphics have been installed.

Mr. Hedge reported that the plaster work is almost complete at the truck staging area, the metal panel work has been completed along River Road, and work on the screen walls at the auxiliary truck staging area continues. He advised that the finish work is nearing completion. The floor tile work is continuing on the upper concourse. The drywall work has been completed, and carpeting has been installed in the public area clubs and bars. The visitor’s locker rooms are nearing completion. Mr. Hedge reported that the final painting and the millwork installation is finishing in the clubs, premium boxes and meeting rooms. The final polishing of the terrazzo is underway, the suspended ceiling work is completed, the stained concrete flooring is completed on the upper concourse level, and the interior signage installation continues. He advised that all suites are completed, and Populous is reviewing the suites’ punch lists. The UofL Hall of Honor displays are being installed.

Mr. Hedge reported on the mechanical, electrical and plumbing work, advising that the mechanical testing and balancing work is underway for the final certification of systems in the arena. The plumbing fixtures and trim

installation is continuing in the food service areas and bars, and light fixtures are being installed throughout the arena. Mr. Hedge advised that the fire alarm is operational, the low-voltage terminations are finishing in the tele-data closets and IPTV locations, and the exterior façade lighting is underway.

Mr. Hedge reported that the hardscape work continues on the entrance plaza, and the granite curbs have been completed along Main Street. Paving is underway at the auxiliary TV truck parking area. Landscaping work is underway at the entrance plaza. He advised that the exterior marquee work will be completed by October 1, and the exterior light fixtures are being installed, including new lights on the plaza.

Mr. Hedge reported that more than 2 million work hours will be performed on the project by the time it is completed. He advised that the recordable incident rate on the project is currently 2.37, which remains below the Louisville average of 5.00 and the national average of 5.10.

Mr. Hedge then showed a series of photos of the construction progress.

At the conclusion of Mr. Hedge's report, Chairman Host acknowledged representatives from PC Sports, Mortenson and Populous and extended the Arena Authority's appreciation for the job they have done on the project.

DISCUSSION ITEM: Affirmative Action & Labor Committee Update – William Summers V

Affirmative Action and Labor Committee Chair Summers introduced a video produced by KentuckianaWorks featuring Mr. Jemiah Clay, a graduate of the Construction Pipeline Project. At the conclusion of the video, Mr. Michael Gritton, Executive Director of KentuckianaWorks, thanked the members of the Arena Authority and Governor Beshear for their support of the program. He recognized the partnership of the Louisville Urban League, the Justice Resource Center and the Building and Construction Trades Council, led by Dr. Joe Wise. Chairman Summers commented that all parties have worked together to ensure that the community has a skilled workforce.

Ms. Reba Doutrick advised the Authority that she attended the recent Pipeline graduation ceremony and found it to be truly inspirational.

Chairman Host recognized Mr. Anthony Mathis for his efforts to meet and exceed the minority, female and local employment goals of the project.

DISSUSSION ITEM: Parking & Transportation Committee Update – Eric Gunderson

Parking and Transportation Committee Chair Gunderson reported that the committee has been working on a communications plan regarding transportation and parking with the Communications Committee, Louisville Metro government, the police department, Riverside Parking and PARC. The plan will be unveiled before the first arena event.

DISSUSSION ITEM: IT Committee Update – Tim Corrigan

IT Committee Chair Corrigan reported that the arena's IT system is being installed. He advised that three new IT staff members were recently hired for the arena. The voice over internet protocol phone system is operational, the IPTVs have been installed, and the KFC YUM! Center website is nearing completion.

DISCUSSION ITEM: Sponsorship Update – Chairman Host

Chairman Host introduced Ms. Lynn Saltzman, General Manager of LASEP, who announced the addition of six new sponsors, bringing the total sponsorship commitment to more than \$48.5 million. Ms. Saltzman announced that Cintas has been named the "Official Uniform Provider" of the KFC Yum! Center. She advised that Yale Kentuckiana will provide lift trucks for the arena. Tennant Company will have prominent displays through the electronic messaging system of the arena, and the Kentucky Office of Highway Safety has agreed to inner bowl signage. Ms. Saltzman advised that Vivid Impact Company has been named the "Official Printer" of the KFC Yum! Center. Finally, Ms. Saltzman announced that the local Kentucky and Indiana Ford Dealers, exclusive domestic automobiles and trucks, will sponsor a portion of the Kentucky Athletic Hall of Fame inside the KFC Yum! Center. Ford will also have exclusive rights to showcase its automobiles and trucks in the interior of the facility and on the Plaza.

Chairman Host thanked the new sponsors for their involvement in the arena.

DISCUSSION ITEM: Grand Opening Update – Chairman Host

Chairman Host introduced Ms. Linda Edwards, Vice President of Sales for the Kentucky State Fair Board, to provide an update on the KFC YUM! Center's opening events.

Ms. Edwards announced that the General Council Assemblies of God will hold its annual meeting in the arena in August 2012. The event is expected to have a \$5 million economic impact on the city. Ms. Edwards reviewed the 25 events that have been booked in the arena thus far (not including UofL games), which total \$25 million.

Ms. Edwards reviewed the opening events at the KFC YUM! Center, beginning with an event for Mortenson workers on October 9, the Ribbon Cutting Ceremony on October 10 at 1:00 p.m., the Gala on October 14 at 6:30 p.m., and the Eagles concert on October 16 at 8:00 p.m. A copy of the KFC YUM! Center opening schedule is attached.

DISCUSSION ITEM: Budget Presentation – Vice Chairman Hayes

Vice Chairman Hayes introduced Mr. Jerry Frantz, who presented the arena's three-month debt service and operating budget from October through December 2010.

Mr. Frantz reviewed the "Category A" revenues, which are contractually obligated to be paid to the bond trustee. Category A funds include premium seating, tax increment financing ("TIF"), advertising and sponsorships, naming rights revenue, the Metro guarantee and debt service reserve income. The total Category A revenue is estimated to be \$10,243,653.

Mr. Frantz explained that "Category B" revenues will comprise the operating fund and include rent, ticket sales, net concessions, net catering, net merchandise, ticket fee surcharge, Ticketmaster revenue and ancillary income. The total Category B revenue is estimated to be \$5,054,000.

Mr. Frantz reviewed the operating expenses, which include salaries and benefits, hourly and contracted labor, direct event costs, general and administrative, utilities, repairs and maintenance, insurance, supplies and uniforms, communications, advertising, suite fees, extraordinary maintenance reserve, the KSFB management fee and Freedom Hall fee. The total operating expenses is estimated to be \$3,993,360. Mr. Frantz advised that the net income in the operating fund through December 31, 2010 is estimated to be \$1,060,640.

Vice Chairman Hayes made a motion to approve the three-month budget as it was presented. The motion was seconded by Mr. Patterson and passed unanimously.

Vice Chairman Hayes introduced Mr. Randy Davis, the Arena Authority's financial advisor from Mountjoy Chilton Medley, who reviewed the arena's cash flow for the first three months of operation. He advised that the Net Reserve Fund at December 31, 2010 is estimated to be \$6,174,761. Chairman Host stated that he anticipates funds will be returned to Metro in 2011; however, if the TIF revenues do not improve, the Authority may request the maximum guarantee in 2012.

Chairman Host advised the Authority that Crowe Horwath recently presented a proposal to perform 2010 audit and tax preparation services for the Authority for a total fee of approximately \$50,000. Vice Chairman Hayes advised that the Finance Committee recently reviewed the proposal and recommended its approval by the full Authority. Vice Chairman Hayes made a motion to approve the Finance Committee's recommendation and engage the services of Crowe Horwath on terms consistent with their proposal. The motion was seconded by Mr. Ulmer and passed unanimously.

DISSUSSION ITEM: General Counsel Update – Chairman Host

Mr. Glasscock reported that a hearing in the RAM case has been scheduled for September 15, 2010.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

Mr. Larry Bisig advised that recent news articles were included in the Arena board books.

No other business to come before the Authority, the meeting was adjourned at approximately 10:45 a.m.

Respectfully submitted,
Laura Chandler