



louisville arena authority

**Louisville**  
**Arena Authority, Inc.**  
*www.arenaauthority.com*

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**Board of Directors Meeting**

**September 18, 2006**

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

**Directors in Attendance:** Mr. W. James Host (Chair); Mr. Larry Hayes (Vice Chair); Mr. Larry Bisig; Mr. Neville Blakemore; Mr. Todd Blue; Mr. Junior Bridgeman; Mr. Zev Buffman (via telephone); Ms. Reba Doutrick; Ms. Cissy Musselman; Ms. Lindy Street; Mr. William Summers V; Mr. Dan Ulmer; Mr. Robert Woolery

**Directors Absent:** Ms. Alice Houston; Mr. Kevin Kramer; Mr. Jim Patterson

**Guests and Others:** Mr. Robert Crittenden and Mr. John B. Hilkené – PC Sports LLC; Councilman David Tandy (representing Metro Council in place of Councilman Kramer); Mr. Mark F. Sommer, General Counsel

**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 August 22, 2006 Board Meeting – Chairman Host**

Minutes of the August 22, 2006 meeting were discussed and reviewed; upon Motion to accept them, which was duly seconded, 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 present the Authority's Affirmative Action Policy. Mr. Summers explained that the Policy (attached at the Board Book, Tab B) was designed to ensure that minority participation is guaranteed and achieved throughout the Arena project. Mr. Summers thanked many people who contributed to the Policy, including Messrs. Blakemore and Bridgeman, Ms. Houston and Chairman Host. Chairman Host then walked the Board through the policy via an executive overview, indicating that all contractors, vendors and consultants engaging in work for the Authority need to satisfy the Authority that they have used their best efforts to involve women and minorities or firms owned by women and minorities as is possible; a Fairness Committee is constituted consisting of five members convened by the Louisville Urban League Justice Resource Center, including at least one union representative designated by the Trades Council – all consistent with the Metro MOA; workforce goals are set forth concerning recruitment, training, case management, start-up costs, additional support services, etc.; as well as the specific goals on contractor employment in the Metro area, as well as MWBE participation and other points. After Motion by Mr. Summers, which was seconded by Ms. Musselman, the Motion passed unanimously with no abstentions.

**DISCUSSION ITEM: MOU with KSFB Update – Mr. Sommer**

Mr. Sommer explained that over the past weeks, the Authority's accounting firm, Chilton & Medley, has been meeting with the KSFB to understand the financial aspects of the operations of Freedom Hall, all to facilitate agreements and understandings relating to the Authority's obligation under the 2006 Budget Legislation, whereby any negative impact to Freedom Hall brought about by the Arena Project is to be negated through revenue sharing or other incentives. Draft Agreements have been circulating on the Authority's side and Mr. Host will be meeting with the Fair Board principals shortly to go over specifics.

**DISCUSSION ITEM: Update on PC Sports Agreement – Mr. Ulmer**

Mr. Ulmer indicated that after finishing all due diligence, the Agreement with PC Sports was 99% finished, but that a few loose ends needed to be finalized between the attorneys for both sides, though no material changes to the previously approved proposal/draft agreement have been made. Mr. Ulmer then introduced Mr. Hilkene to give an update on the activities of PC Sports over the last month.

Mr. Hilkene reported to the Board that the LG&E relocation project is the number one task for PC Sports at the present, and that they had had multiple meetings, physical tours, as well as scheduling sessions to begin the LG&E relocation project. Mr. Hilkene also reported that significant work had been undertaken concerning floodwall issues, and in particular, noted multiple meetings with MSD to facilitate planning, scheduling and the like concerning the floodwall. He reported that the LG&E relocation project was effectively “unengaged” from the floodwall project, such that the LG&E project will not be dependent upon the location of the floodwall, nor will it be contingent on when the floodwall is built/relocated. He reported that this is significant in 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.

**DISCUSSION ITEM: Update on IRS Form 1023/Federal Tax Exemption Application – Mr. Sommer**

Mr. Sommer reported that the IRS Form 1023, Tax Exemption Application, had been submitted to the Internal Revenue Service recently, consistent with the Authority’s prior approval and authorization of same. He indicated that expedited handling had been requested of the Internal Revenue Service, a procedure whereby a tax exempt entity may request the Internal Revenue Service to expedite processing.

**DISCUSSION ITEM: Request for Proposal (RFP) for OCIP Insurance – Chairman Host/Mr. Woolery**

Chairman Host and Mr. Woolery reported that a necessary element of the Arena Project would be insurance, likely an Owner’s Controlled Insurance Program, and thus an RFP had been posted recently to solicit input concerning same, including bids, etc. A Motion to endorse such action was made by Mr. Woolery, seconded by Ms. Musselman, which passed unanimously with no abstentions.

**DISCUSSION ITEM: RFI Concerning Naming Rights Sponsorships and Advertising -- Chairman Host**

Chairman Host reported that the Arena Authority is issuing an RFI to identify potential vendors, seeking a firm that would represent the Authority in naming rights, sponsorships, advertising, etc. He reported that given the MOU with the University of Louisville, it is now important to get an organization on board

concerning that issue to expedite the sales/solicitation of naming rights, etc. during the two years before Arena construction actually begins. From this information and subsequent interviews, an RFP would be issued to solicit bids concerning same. Chairman Host reported that Ms. Street and Mr. Bisig, and others on the Committee, will be meeting with RFI responders, and that the RFI was posted this past week. Chairman Host again reiterated that it has been and will remain the policy of the Authority to distribute all RFIs and RFPs via the website only, as this is the only way to ensure total fairness in doing business with the Arena.

**DISCUSSION ITEM: RFI on Bond Underwriter – Vice-Chairman Hayes**

Vice-Chairman Hayes and Chairman Host reported that based on the present condition of the bond market, interest rates and tax exempt interest rates relating thereto, it is the consensus of the Authority leadership to move forward with the process of a bond issue. Vice-Chairman Hayes indicated that based on conversations with those in the industry, it may be the best time possible to move forward with the bond underwriting aspect of the project. Chairman Host indicated that an RFI will be posted shortly and that the Building Committee, chaired by Mr. Ulmer, will begin the process of reviewing all RFI responses and interviewing responders relating to same. Thereafter, an RFP will derive from the RFI process, consistent with prior RFI/RFP action by the Board.

**DISCUSSION ITEM: Humana MOU Update – Chairman Host**

Chairman Host reported that the Humana MOU negotiations continued, that strong drafts had been circulated by and between the parties, and all but the final wording had been negotiated and agreed to. He expressed hope to have this finalized shortly.

**DISCUSSION ITEM: Information Updates – Chairman Host/Mr. Bisig**

Chairman Host reported that there were no contract/vendor matters to address this month, and also highlighted the news clippings and various news articles which have appeared over the last month. Mr. Bisig highlighted a New York Times article recently published concerning the University of Louisville Athletics Program, and also noted that articles in the Board Book (Tab G) have been published by the Associated Press, CBS Sports, and other national media, concerning the Arena project and highlighted the visibility that the project has received in the national sports industry.

Chairman Host also highlighted the final draft of the Chilton & Medley engagement letter, which was attached at Tab 1, such final draft containing no material changes to the draft previously approved and authorized by the Board. Chairman also reported that the LG&E Public Service Commission application process to relocate the operations on the Arena site have been proceeding (Tab 2 of the Board Book), and reported that LG&E had requested in an expedited resolution by the KPSC, which was expected on or around October 15<sup>th</sup>.

**Having no further business, the Meeting adjourned.**

**Attachments:**

- A) September 18, 2006 Board Meeting Notice**
- B) September 18, 2006 Board Meeting Agenda**