



louisville arena authority

WWW.ARENAAUTHORITY.COM

**Board of Directors Meeting
September 21, 2009
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

Directors in Attendance: Mr. Larry Bisig, Mr. Todd Blue, Mr. Tim Corrigan, Ms. Reba Doutrick, Mr. Eric Gunderson, Vice Chairman Larry Hayes, Ms. Alice Houston (via telephone), Ms. Cissy Musselman, Mr. James Patterson, Ms. Lindy Street, Mr. William Summers V, Metro Council President David Tandy (Ex Officio), Mr. Dan Ulmer, Mr. Robert Woolery, Chairman Jim Host

Directors Absent: Mr. Junior Bridgeman, Mr. Lanny Greer (Ex Officio)

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Ed Glasscock, General Counsel; Mr. Mike Clay, Populous; Mr. Bill Hedge and Mr. Anthony Mathis, Mortenson/Mathis 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 17, 2009 Board Meeting – Chairman Host

Mr. Patterson moved to accept the Minutes of the August 17, 2009 Arena Authority meeting. The Motion was seconded by Mr. Gunderson, 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 2009 financial statements. Mr. Frantz advised that construction-in-progress increased by approximately \$8 million, and the 2009 administrative expenses increased by approximately \$200,000. Additionally, the statements included an in-kind contribution from Frost Brown Todd. The financial statements reflected net resources of \$253,418,330. Mr. Frantz also reviewed the budget breakdown of expenditures to date, classified by arena design and construction, construction administration, and construction and land acquisition costs. He advised that expenditures remain within budget.



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

DISCUSSION ITEM: Presentation by Auditing Services Firm – Vice Chairman Hayes

Vice Chairman Hayes advised that the Finance Committee recently met with representatives from Crowe Horwath LLP, who had responded to the Auditing Services RFP issued by the Arena Authority. The Finance Committee agreed to recommend Crowe Horwath to the full Authority. Vice Chairman Hayes introduced Mr. Tony Brutscher, signing partner for Crowe Horwath. Mr. Brutscher introduced Ms. Rachel Spurlock, Ms. Laurie Haun, Mr. Doug Allen and Mr. Sanford Fleck.

Mr. Brutscher advised that Crowe Horwath is the ninth largest CPA firm in the United States. Crowe has offices in Lexington and Louisville, with 95 professional staff members. Crowe has a public sector group that focuses on serving non-profit organizations, state and local governments and institutions of higher education. Mr. Brutscher stated that Crowe's management approach emphasizes direct senior involvement in all aspects of the services provided. Mr. Allen, who will serve as the primary contact to the Arena Authority, reviewed Crowe Horwath's auditing process, which includes planning, field work and post-audit reporting. Ms. Spurlock advised that Crowe has a team of 40 professionals who work only with tax exempt entities. Further, Crowe has developed a streamlined process for Form 990 reporting. Ms. Haun described the additional services Crowe can provide if requested, including assistance with adoption of new accounting standards, corporate governance and tax planning. She advised that Crowe also provides accounting seminars, webinars and other educational services to its clients. Mr. Brutscher advised that Crowe's services to the Arena Authority will include the 2009 audit, preparation of the Form 990, and routine advice and direction. Their hourly rate will not exceed \$125, and their total fee will not exceed \$25,000. Any additional fees will be subject to prior approval from the Arena Authority.

Vice Chairman Hayes made a Motion that the Authority approve Crowe Horwath as the auditing firm under the terms disclosed and that the Chairman be authorized to enter into an agreement with Crowe Horwath consistent with the terms outlined in their presentation. The Motion was seconded by Mr. Blue and passed unanimously.

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

Construction Committee Chairman Ulmer introduced Ms. Paula Yancey, who provided an update from PC Sports. Ms. Yancey reported that PC Sports continues to meet with representatives from the Kentucky State Fair Board regarding operational issues. She advised that they will soon begin the FF&E (furniture, fixtures and equipment) RFP process. Additionally, PC Sports has assisted with several Arena site tours and has participated in parking/transportation and themeing meetings. Finally, Ms. Yancey reported that representatives from PC Sports recently conducted architectural precast and precast stadia inspections.

Ms. Yancey introduced Mr. Mike Clay, who reported that Populous is continuing its review of shop drawings. Mr. Clay advised that Populous is working with the University of Louisville and the Kentucky State Fair Board on the Arena seating manifest (the classification of tickets). Finally, he stated that Populous conducted structural steel and millwork inspections.

Mr. Clay introduced Mr. Bill Hedge, who provided an update from Mortenson Construction. Mr. Hedge reported that since the August Authority meeting, approximately 4,000 yards of concrete were

placed, bringing the total to more than 46,000 yards. He advised that concrete work on the main concourse and suite mezzanine decks has been completed. Concrete work on the suite level is scheduled for completion in early October, and the entire concrete structure is expected to be completed in December 2009. Mr. Hedge reported that ongoing work includes rough-in work of the mechanical systems, masonry work on the event level, HVAC ductwork and plumbing, chilled water piping and suite framing.

Mr. Hedge reported on the status of the parking garage, advising that the waterproofing and backfill work has been completed. Installation of light fixtures is continuing, and a quality assurance walk-through is ongoing with Populous and PARC.

Mr. Hedge advised that the project is averaging 346 workers on site. He reported that there have been 95 first aid cases to date, 351 hazard recognitions and 123 near misses. He advised that the recordable incident rate on the project is now 4.09, which is below the national average of 5.7 and the Louisville average of 5.6. Mr. Hedge then showed a series of photos of the construction progress.

DISCUSSION ITEM: Affirmative Action and Labor Committee – William Summers V

Affirmative Action and Labor Committee Chairman Summers asked Ms. Yancey to provide an update on the Arena project's MWBE efforts. Ms. Yancey reported that through August 2009, approximately \$226 million in goods and services have been procured by Populous, Mortenson, O'Rourke Wrecking, and Patriot Engineering. Of \$226 million, \$49.1 million (21.8%) has been committed to MBE firms and \$14.3 million (6.3%) has been committed to WBE firms, well above the 25% goal.

Ms. Yancey advised that more than 500,000 total work hours have been spent on the Arena project, with 100,600 hours (20%) attributed to minority workers and 27,100 hours (5%) attributed to female workers.

Ms. Yancey reported that more than 770 workers have worked on the project, with 458 (59%) Louisville SMSA (standard metropolitan statistical area) residents and 695 (90%) Kentucky/Indiana residents. She noted that the percentage of SMSA residents continues to increase.

Ms. Yancey introduced Mr. Anthony Mathis, who provided an update on Mortenson's MWBE efforts. Mr. Mathis reported that through August 2009, approximately \$208 million in goods and services have been procured by Mortenson, with approximately \$60 million (28.7%) committed to MWBE firms. Additionally, approximately \$85.4 million has been committed to local firms. Mr. Mathis advised that more than 465,000 work hours have been spent on the project by Mortenson and its subcontractors, with more than 96,000 (21%) attributed to minority workers and 22,200 (5%) attributed to female workers. He reported that in August, 64% of the workers were Louisville SMSA residents, bringing the SMSA cumulative to 61%. Additionally, 91% of the workers were Kentucky/Indiana residents. Mr. Mathis advised that the amount of occupational taxes withheld from workers on the project is \$168,900, and the amount of state income taxes withheld is \$319,100. Finally, he reported that 11 Pipeline Project graduates have worked on the Arena project. Mr. Mathis advised that he recently spoke to the National Urban League president, who was very excited and impressed by the Arena Authority's MWBE and workforce participation efforts.

DISSUSSION ITEM: Parking & Transportation Committee Update – Eric Gunderson

Parking and Transportation Committee Chairman Gunderson reported that the Parking and Transportation Committee recently met to review Qk4’s progress in developing the Arena’s traffic management plan. He introduced Mr. David Reed, who reported that Qk4 continues to meet with technical advisory members and stakeholders in the area regarding the traffic and parking study. Specifically, Qk4 met with representatives from the DDC, Galt House, Metro Works, the University of Louisville, the Kentucky Center for the Arts, PARC and Riverside Parking to review concepts for daily and event traffic.

Mr. Reed explained that Qk4 is nearing the end of its study and has begun preparing a draft report that will be submitted to the Parking and Transportation Committee in early November. He advised that Qk4’s preliminary recommendations will address the daily operational changes, as they are still analyzing and formulating recommendations for event traffic. Overall, Qk4 will recommend and support traffic patterns around the Arena that will yield the highest practical level of accessibility and flexibility. Mr. Reed stated that based on their research, Qk4’s preliminary recommendations include the temporary closure of Second Street between Main and Washington Streets during events; Second Street between Washington Street and River Road should be converted to a two-way traffic pattern; and the current stop condition at Second and Washington Streets should remain and be converted to a three-way stop condition. Mr. Reed reported that they continue to review public comments, which have been quite helpful to the process.

Chairman Host advised that the preliminary recommendations will be submitted to Louisville Metro, as the Arena Authority is simply gathering information and does not have the authority to close streets or direct traffic patterns.

DISCUSSION ITEM: Sponsorships Update – Chairman Host

Chairman Host introduced Ms. Lynn Saltzman, General Manager of LASEP, who announced the addition of three new Arena strategic partners. Ms. Saltzman introduced Mr. Pete Mahurin, Mr. Jim Allen and Mr. Stephen Brown from Hilliard Lyons. She explained that Hilliard Lyons, who had previously committed to handle the taxable bonds, is now an Arena partner representing the financial category. She then introduced Mr. Ja Hillebrand, President of Stock Yards Bank. LASEP has entered into a letter of agreement with Stock Yards Bank whereby Stock Yards will become the Arena’s “official bank.” Finally, she introduced Mr. Roger Fries from Kentucky Employer’s Mutual Insurance, which has entered into a four-year Arena sponsorship agreement. Ms. Saltzman stated that the announcements are significant in the validation of the Arena project.

Chairman Host stated that the Arena now has more than \$8 million in sponsorship commitments, which brings the current total to \$18 million with four partners. Chairman Host recognized the three companies, thanking them for their commitments to the Arena project.

DISCUSSION ITEM: AEG Presentation – Chairman Host

Chairman Host introduced Mr. Bob Newman, Chief Operating Officer of AEG. Mr. Newman explained that AEG is the world’s largest entertainment and sports facilities operator, with more than 100 venues that have welcomed more than 40 million visitors. He stated that AEG is very selective in

the facilities with which they partner, advising that the Arena will be a great flag for AEG. He continued that the structure of the partnership truly motivates AEG to out-perform, as they must reach specific thresholds before they realize a profit.

Chairman Host thanked Mr. Workman for initiating the agreement with AEG. He explained that pursuant to the agreement, AEG takes all of the risk in bringing events to the Arena. The Arena Authority receives the first \$2 million generated from AEG-sponsored events. AEG receives the next \$250,000 generated. The Arena Authority receives 90% of the next \$1 million and 80% of the following \$1 million.

Mr. Ulmer made a Motion to approve the engagement of AEG under the general terms disclosed and to authorize the Chairman to enter into an agreement with AEG and the Kentucky State Fair Board consistent with the terms outlined in Mr. Newman's presentation. The Motion was seconded by Ms. Musselman. Chairman Host requested a voice vote on the Motion, which passed unanimously.

DISSUSSION ITEM: General Counsel Update – Ed Glasscock

Mr. Glasscock reported that several depositions were recently taken in the RAM case. There was no activity on the Schnell case last month, and discovery requests were filed in the Greyhawk matter. Mr. Glasscock advised that Frost Brown Todd attorneys working on the Arena project recently toured the project site.

DISCUSSION ITEM: Arena news articles/press – Larry Bisig

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

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