



louisville arena authority

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**Board of Directors Meeting
September 3, 2008
9:00 a.m. EST
Kentucky International Convention Center
Louisville, KY**

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

Directors Absent:

Consultants and Staff of Arena Authority: Mr. Harold Workman, Executive Director; Mr. Mark Sommer, General Counsel; Mr. Greg Carey and Mr. Tom Rousakis, Goldman Sachs

Special Guests: Governor Steve Beshear; Mayor Jerry Abramson; Dr. James Ramsey, President, University of Louisville

Welcome: Chairman Host

Chairman Host declared a quorum and convened the meeting.

DISCUSSION ITEM: Acceptance of the Minutes of August 28, 2008 Board Meeting – Chairman Host

Ms. Doutrick moved to accept the Minutes of the August 28, 2008 Arena Authority meeting. The Motion was seconded by Mr. Bridgeman, and the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Bond Issuance Update – Chairman Host

Chairman Host introduced Mr. Tom Rousakis, who provided an update on the Arena financing. Mr. Rousakis announced that on August 26, 2008, \$349 million in fixed rate bonds were priced, the financing closed on the morning of September 3, and the funds were delivered to the Arena Authority.

Mr. Rousakis explained that closing on the bonds in the current market was monumental. He discussed numerous factors that resulted in the successful closing, including the Arena's reduced



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construction cost. Mr. Rousakis stated that an additional \$11 million in construction costs could have resulted in the bonds not closing. He then discussed other factors that led to the successful closing, such as significant public support for the project, strong TIF revenue growth, general interest rate conditions, a reduced bond insurance premium, and the comprehensive marketing strategy. Mr. Rousakis explained that Goldman Sachs and Chairman Host responded to numerous calls from bond investors inquiring about the specifics of the project. Mr. Rousakis advised that local support for the project was critical; explaining that Hilliard Lyons' commitment to purchase the subordinated bonds gave Goldman Sachs the confidence to enter the market. He commented that while interest rate markets had been volatile, they recently trended in the Authority's favor.

Mr. Rousakis explained that the financing is structured as all fixed rate with senior and subordinate bonds, including \$319 million in tax exempt bonds, \$20 million in taxable bonds, and \$9.9 million in subordinate bonds. The final structure results in a lower estimated debt service through call options and lower up-front costs. The total debt service is \$585 million, which is less than the amount quoted in June 2008 (\$598,775,428) and slightly higher than the amount quoted in January 2007 (\$573,233,010). Mr. Rousakis concluded by advising that the total all-in interest rate is 6.46%; and he stressed the significance of the reduced construction cost and reduced bond insurance premiums.

Chairman Host introduced Mr. Greg Carey, recognized by *Business Week* as one of the top two deal makers in the United States in terms of sports projects. Mr. Carey stated that when Goldman Sachs was chosen as underwriter for the Arena project, they recognized the unique partnership between the city, state and private community as a model that could be replicated. Mr. Carey noted that while most financing plans take four years, the Arena Authority's took only 18 months, and he commended the Arena Authority for its work on the financing plan, stating that he has never received as much help from a client. Chairman Host commented that the Arena project was the eighth largest deal done in August.

Chairman Host thanked Mr. Carey, Mr. Rousakis, Mr. Zach Effron and the entire team from Goldman Sachs for their work. He then recognized the following individuals and organizations and thanked them for their assistance to the Arena project:

- Members of the Arena Task Force
- Members of the Louisville Metro Council
- Members of the Downtown Development Corporation
- Members of the Kentucky State Fair Board
- KentuckianaWorks, Louisville Urban League, Justice Resource Center, and Dr. Joe Wise with the Associated Buildings and Trades Council
- Greater Louisville Inc.
- Members of the Jefferson County Legislative Delegation
- Members of Mayor Abramson's administration, including Bruce Traugher
- Members of the Governor Beshear's administration, including Secretary Sparrow, Secretary Miller, Commissioner Tom Miller, and Mr. Tom Howard
- Representatives from LG&E, including Mr. Vic Staffieri and Mr. Chris Hermann
- Phyllis Anderson from Humana, representing Mike McCallister
- Hilliard & Lyons

- Representatives from PNC, BB&T, Chase, Fifth Third Bank, National City Bank, and US Bank, the six local banks that committed twice to assist with the financing
- All of the attorneys who worked on the project
- PC Sports, HOK, Mortenson
- Team Services, Centerplate, Leib Advisors, Godsey, Marsh, Chilton & Medley and Mountjoy & Bressler
- Paul Ford, Riverside Parking
- Tom Jurich and the University of Louisville
- Members of the Louisville Arena Authority

DISCUSSION ITEM: Remarks by Special Guests – Chairman Host

Chairman Host introduced Governor Beshear, who congratulated the Authority on the bond closing, stating that the Arena project will add to the vibrancy and economic vitality of Louisville. Governor Beshear extended his gratitude to Governor Fletcher for his leadership of the project. He remarked that three years of hard work and perseverance by the Authority has finally paid off, and he stated that it is fitting that the Arena will be the home of a championship team because the project has been a tremendous team effort.

Chairman Host introduced Dr. James Ramsey, President of the University of Louisville. Dr. Ramsey discussed the difficult financial market, and he praised the Arena Authority for keeping the project on track. He also recognized Mr. Tom Jurich for his leadership of the University’s athletic program.

Chairman Host introduced Mayor Abramson. Mayor Abramson praised the local banks for their willingness to assist the project, and he thanked Hilliard Lyons, an outstanding local corporate citizen, for their participation. He then commented on the new development that has occurred since the Arena’s announcement. He thanked Metro Council President King for his guidance and support.

DISCUSSION ITEM: Adoption of Resolution

Chairman Host asked the Arena Authority to formally approve the actions taken by the Executive Committee to finalize the bond issue. Mr. Patterson moved to adopt the Resolution, a copy of which was provided to the board members. The Motion was seconded by Ms. Houston and passed unanimously without abstentions.

No other business to come before the Authority, the meeting was adjourned at approximately 3:50 p.m.

Respectfully submitted,
 Laura Chandler