



louisville arena authority

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**Board of Directors Meeting
September 10, 2012
9:00 a.m. EST
KFC YUM! Center**

MINUTES

Directors in Attendance: Mr. Eric Gunderson, Ms. Alice Houston, Mr. Michael Houlihan, Metro Council President Jim King (Ex Officio), Dr. Mark Lynn, Mr. Tim Mulloy, Ms. Lesa Seibert, Ms. Maura Temes, Mr. Dan Ulmer, Vice Chairman William Summers V

Directors Absent: Chairman Larry Hayes, Mr. Lee Kirkwood, Ms. Lindy Street

Consultants and Staff: Mr. Ed Glasscock, General Counsel; Mr. Dennis Petruzzo, KFC YUM! Center General Manager

Welcome: Vice Chairman Summers

Vice Chairman Summers declared a quorum and convened the meeting. Mr. Summers also welcomed Lesa Seibert to the Arena Authority.

DISCUSSION ITEM: Acceptance of the August 13, 2012 Board Meeting Minutes – Vice Chairman Summers

Dr. Mark Lynn moved to accept the Minutes of the August 13, 2012 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 Summers

Vice Chairman Summers introduced Mr. Jerry Hurt with DMLO, who presented the TIF Revenue Report. The TIF revenue was reported to Chairman Hayes by Richard Dobson with the Department of Revenue on August 29, 2012. Mr. Hurt reported that the total TIF revenue for sales tax increased by \$3,726,469; the arena is due to receive 80% of the revenue. The sales tax in addition to the property tax increment ascertained total TIF revenue of \$3,541,618.

Mr. Hurt shared a positive comparison from the prior year's TIF revenue. He explained that the department of revenue shared several positive increases: the receipts in the TIF area increased by 7.1% overall, the state saw an increase of 3.4%, the hotel sector increased by 10%, and the top restaurants saw about a 3% increase from the previous year. Vice Chairman Summers thanked Mr. Hurt for the TIF revenue update, and expressed his approval that the TIF revenue is increasing and will continue to grow.

DISCUSSION ITEM: AEG Management Update- Dennis Petrullo

Mr. Petrullo presented July's income statement and advised that only one event was held in July. He explained that the net operating profits were budgeted for a loss of \$395,000 but actually came in with a positive variance.

At the conclusion of his remarks, Mr. Petrullo stated that AEG is comfortable with the income numbers as it is anticipated that money will be lost in May, June, July, and August. Mr. Petrullo anticipates a positive cash flow to the bottom line in the months of September and October.

DISSUSSION ITEM: General Counsel Update – Vice Chairman Summers

Vice Chairman Summers introduced Mr. Ed Glassock, who reported that there were no new developments from the courts to report.

DISCUSSION ITEM: New Business – Vice Chairman Summers

Vice Chairman Summers asked Mr. Dan Ulmer to introduce the resolution to the board. Mr. Ulmer stated that the resolution was a recital of the board's request to the city requesting the maximum annual amount available under the Metro Contract for the Debt Service payments coming due on December 1, 2012 and June 1, 2013. Mr. Ulmer moved that the Arena Authority accept the resolution, members paused to review the resolution.

Vice Chairman Summers asked the board members to please review the last paragraph of the resolution:

“WHEREAS, attached hereto and made a part hereof as *Exhibit A* is a letter to The Honorable Greg Fisher, Mayor, of Louisville/Jefferson County Metro Government, requesting that Louisville/Jefferson County Metro Government to appropriate and make such payments to the Authority as are needed for the next Calculation Period, up to the maximum annual guaranteed amount of \$9,800,000, at such times and in such amounts as are necessary to prevent a debt service payment default on the Authority's outstanding bonds.”

President King pointed out a particular recitation of the resolution in conjunction with Chairman Summers previous recital:

“At such times and in such amounts as are necessary to prevent a debt service payment default on the Authority's outstanding bonds.”

President King advised that the Arena Authority is currently studying the Guaranteed Investment Contracts (“GIC”) and the availability of the funds and reviewing what lingering liabilities continue to exist. He stated that these are all factors in determining how much the city will ultimately have to pay, pursuant to the agreement between the city and the Louisville Arena Authority.

In response to President King's statement, Vice Chairman Summers stated that the Arena Authority is currently working with Hilliard Lyons to find the exact value of the monetization of the GIC's, and what can/cannot be done with the bonds.

Vice Chairman Summers moved that the Arena Authority accept the motion from Mr. Ulmer to accept the resolution. The motion was seconded by Mr. Houlihan and passed unanimously.

At the conclusion of the resolution remarks, Vice Chairman Summers stated that Chairman Hayes was not in attendance because he is carrying on state government business with the governor in India.

No other business to come before the Authority, the meeting was adjourned at approximately 9:18 a.m.

Respectfully submitted,
Amelia Priest