



Louisville
Arena Authority, Inc.
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Board of Directors Meeting
May 15, 2006
10:00 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 teleconference); Ms. Reba Doutrick; Ms. Cissy Musselman; Mr. Jim Patterson; Ms. Lindy Street; Mr. William Summers V; Mr. Dan Ulmer; Mr. Robert Woolery

Directors Absent: Ms. Alice Houston

Guests and Others: David Stone – Lieb Group; Mark F. Sommer, General Counsel; Rob Hundon – Hundon Strategic Partners; Dr. Greg Harkenrider, Ph.D. – Kentucky Budget Director's Office

Issues Discussed:

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 Revised Minutes of February 20, 2006 and April 19, 2006 Board Meetings – Chairman Host

Revised Minutes of the February 20, 2006 meeting were discussed and reviewed; upon Motion to accept them (as revised and presented), which was duly seconded, the Motion passed unanimously with no abstentions.

Minutes of the April 19, 2006 meeting were also reviewed. Upon Motion to accept them, which was duly seconded, the Motion passed unanimously with no abstentions.

DISCUSSION ITEM: Presentation by David Stone of the Leib Group on the economic analysis study underway for the Louisville Arena.

Mr. Stone, along with Rob Hundon, of Hundon Strategic Partners, gave a presentation to the full Board as to the current status and preliminary findings, presenting (draft) PowerPoint reports, of the economic impact study requested by the Board at its February 2006 Board Meeting.

Questions, observations and comments were advanced by several Board Members including Chairman Host, Ms. Street, Mr. Buffman, Mr. Patterson, Mr. Blue, Ms. Musselman, and Mr. Blakemore addressing the topics presented, as well as multiple other areas, issues and perspectives, including: the need for the Communications Committee to be involved in this study, along with Dr. Harkenrider (from the State Budget Office) and Mr. Workman (from the State Fair Board); a concern that the analysis presented in the future be presented on a comparative basis to cities that not only have comparable arenas/stadiums but also do not include minor league sports teams; the impact and the necessary economic data associated with the on-going hotel study by Mr. Hundon; the observation that Louisville has historically approached building hotels by exceeding the existing supply and then building a new hotel to meet the then existing demand; whether or not Southern Indiana would be included within the hotel market being studied by the Hundon Group; and a comparison to downtown Cincinnati as a “wait and see hotel demand” type city as contrasted with Northern Kentucky/Newport on the Levee.

DISCUSSION ITEM: Finance Cabinet – Memorandum of Agreement with Arena Authority and other Agreements

Chairman Host reported on the on-going negotiations with the Finance and Administration Cabinet concerning utilization of the funds derived, ultimately, from the \$75,000,000 Bond authorization in the 2006–2008 State Budget Legislation.

Chairman Host and Mr. Sommer provided a status update on the MOAs and MOUs with various parties, including the Finance Cabinet, the University of

Louisville/University of Louisville Athletic Association, Metro Government, and LG&E as it relates to the Arena financing and site acquisition matters. It was reported that draft documents have been exchanged, with negotiations, consensus building, and editing taking place on almost all fronts, with most agreements being in very strong draft format.

DISCUSSION ITEM: Owners Representative/Construction Manager RFI Report

Chairman Host asked Committee Chairman Mr. Ulmer to give a report on the Construction Manager RFI that had been posted for the Arena Authority. Mr. Ulmer noted that RFI responses had been coming in throughout the week and that several responses from national firms had been received, which was being taken very favorably by Committee members. In its earliest stages of reviewing same, the Construction Committee plans to review same and invite some or all of those firms into Louisville for an all-day [separate interviews] session to go over their submissions/proposals – a construction attorney will be assisting the Construction Committee to use and assimilate and digest all the information, which would ultimately then lead to an RFP being issued in early July and posted on the website of the Arena Authority seeking an Owners Representative Program Manager.

Mr. Ulmer noted that the objective is to bring this matter along on a fast track, such that at the June 19, 2006 Board Meeting he hopes to have the Construction Committee recommend to the full Board an Owners Representative Program Manager candidate which could then be engaged shortly thereafter, with full Board authority and consent. This would be the party which would be representing the Arena Authority and the Board throughout the construction process, and is effectively one of the most important parts of the Arena project. Mr. Ulmer thanked Mr. Bridgeman, Mr. Buffman, Mr. Patterson, Mr. Hayes and Mr. Host for their assistance with that important part of the Arena project.

DISCUSSION ITEM: Posting of RFPs on Arena Website

Chairman Host re-emphasized one aspect of doing business with the Arena Authority as it relates to contracts, RFPs, etc. He indicated that each and every RFI and each and every RFP of the Arena Authority will be posted for information and disclosure purposes on the Arena Authority website, <http://www.arenaauthority.com>, which makes it very easy to disseminate information in the fastest manner possible, and also, having zero staff, is the most

cost effective way of communicating as well. Those wishing to do business should watch the site.

DISCUSSION ITEM: Update on Financing with National City Bank

Chairman Host highlighted the status of the National City Bank checking account and line of credit relationship, indicating that the key paperwork associated therewith was being provided to the Board Members for their files. He re-emphasized the very favorable and quite competitive credit terms extended to the Arena Authority by National City Bank (all unsecured and a line of credit calculated by reference to one quarter over LIBOR). Chairman Host indicated that the Board Resolution attached at Tab C of the Board Book needed to be considered and voted on by the Board. Mr. Host verbalized the basic terms of the Resolution, requested each Board Member to review same, and after Motion by Mr. Woolery, seconded by Vice-Chairman Hayes, the Motion passed unanimously with no abstentions; the Resolution is attached hereto at Tab C.

DISCUSSION ITEM: Bond Counsel Report – Stoll Keenon Ogden Engagement

Chairman Host requested that Vice-Chairman Hayes give an update as to the negotiations with the previously selected Bond Counsel, the law firm of Stoll Keenon Ogden. Mr. Hayes indicated that the Arena Authority was most pleased to have fine practitioners such as Bill Davis and Spencer Harper to assist them and highlighted the current engagement letter which had been negotiated by counsel for the Arena Authority as well as Stoll Keenon Ogden's over the last several weeks. Chairman Host indicated that the engagement letter attached at Tab D of the Board Book did not need Board action but was simply being provided for informational purposes, the Board having previously authorized the Bond Counsel Committee to pursue and finalize negotiations with Stoll Keenon Ogden.

DISCUSSION ITEM: Communications Committee Update and Information

Ms. Street provided an informational only report that the Committee was working on full service internet provider RFP and would hopefully have that moving shortly. After Motion by Ms. Street to advance an RFP for a web development firm, seconded by Mr. Bisig, the Motion passed unanimously with no abstentions.

DISCUSSED ITEM: Accounting Firm RFP Update/Status

Chairman Host gave an update on the accounting firm RFP matter, in place of Ms. Houston who had an inadvertent emergency situation and was unable to attend the Board Meeting. Chairman Host indicated that the Arena Authority had received several responses to the accounting firm RFP and that the RFPs were being reviewed by the Executive Committee, which is serving as the Committee to review the accounting firms, would conduct interviews and will make a recommendation at the next Board meeting, June 19, 2006.

DISCUSSED ITEM: D&O Insurance Broker Engagement and Status

Mr. Woolery gave an update to the full Board on the previously engaged (pursuant to an RFP) insurance broker, the Van Zandt Emerich firm, to purchase \$5,000,000 of primary D&O insurance. Mr. Woolery indicated that because of the so-called "high profile" of the project, some carriers had declined to provide a quote. Nonetheless, the insurance broker has secured and was recommending a \$5,000,000 primary coverage policy with an additional \$5,000,000 excess coverage/policy option. Mr. Sommer provided cost, retention, bid, etc., information to the Board, indicated that the coverage would be retroactive back to the date of the incorporation of the Arena Authority [in January of 2006], and that the cost of the primary coverage would be less than \$20,000 [\$19,500 on an annualized basis for the first \$5,000,000 of coverage assuming a \$25,000 retention/deductible; a \$50,000 retention/deductible would bring the price down to \$18,700, approximately; a \$100,000 retention/deductible would cost approximately \$16,800.] Mr. Woolery moved the Board to act and enter into the insurance contract discussed above, with AIG as the carrier, on the \$25,000 retention primary policy; St. Paul would be the secondary carrier with subsequent quotes to follow. After such Motion by Mr. Woolery, which was seconded by Mr. Patterson, the Motion passed unanimously with no abstentions.

DISCUSSED ITEM: Procurement Policies

Chairman Host indicated that documents provided at Tab E and Tab F of the Board Book were for informational purposes only, but nonetheless reiterated the point that the Arena Authority would be operating in accordance with the procurement laws of the state and the city, and that once an RFP process is concluded and a vendor/party engaged, the submissions by all the responders would be available under open records for anyone to see.

DISCUSSED ITEM: Minority Participation

Chairman Host asked Mr. Summers to give an update of the various minority participation projects under way within his Committee's purview. Mr. Summers reported that his Committee was actively working on several fronts and hopes to make a recommendation to Mr. Ulmer and the Construction Committee for appropriate language and appropriate documentation so as to insure minority participation in the building process.

DISCUSSED ITEM: Local Media Articles

Chairman Host responded to questions from the Board with respect to open records issues, and an opinion of the Attorney General that the Arena Authority was subject to the open records provisions.

DISCUSSED ITEM: Young Professional Association of Louisville ("YPAL") – President's Award

Vice-Chairman Hayes requested a moment to acknowledge Chairman Host for the recent announcement of him being selected as the 2006 YPAL President's Award recipient. Vice-Chairman Hayes requested and received a very heart-felt round of applause for Chairman Host for his efforts on behalf of Metro Louisville and the Arena project as a whole. Mr. Host indicated that while he had not accepted an award from any organization over the past several years, he indicated that he was very honored to receive the YPAL Award, and noted their great energy and support for the Arena project, the Arena task force and the Arena Authority.

Having no further business, the Meeting adjourned.

Attachments:

- A) May 2006 Board Meeting Notice**
- B) May 2006 Board Meeting Agenda**
- C) Board Resolution on National City Banking Relationship**