

Minutes of the Special Meeting of the University of Louisville Board of Trustees and the Board of Directors of the University of Louisville Athletic Association, Inc.

In Open Session

Members of the University of Louisville Board of Trustees and University of Louisville Athletic Association Board of Directors met at 3:00 p.m., on Thursday, January 12, 2006, in the Brown & Williamson Club, Papa John's Cardinal Stadium, with members present and absent as follows:

Board of Trustees: Mr. J. Chester Porter, Chairman
 Ms. Marie Abrams
 Mr. Bill Brammell
 Mr. Ulysses L. Bridgeman, Jr.
 Mr. Kevin Cogan
 Ms. Donna Tinsley Denny
 Mr. Bill Forman
 Dr. Salem George
 Mr. Nathaniel Green
 Mr. Grant Helman
 Dr. Robert Curtis Hughes
 Ms. Margaret Handmaker
 Ms. Jessica Loving
 Prof. Bill Pierce
 Ms. Sandy Metts Snowden
 Mr. Bill Stone
 Ms. Beth Worland

Absent: Mr. Tommie Burns
 Mr. Owsley B. Frazier
 Mr. Steven Poe

ULAA Board of
Directors: Dr. James Ramsey, Chair
 Mr. Bob Benson
 Prof. Beth Boehm
 Mr. William Brammell, Jr.
 Ms. Bev Daly
 Prof. Brenda Hart
 Mr. Grant Helman
 Mr. Wade Houston
 Dr. J. Blaine Hudson
 Mr. D. Harry Jones
 Prof. Glenda Neely
 Mr. Larry Owsley

Dr. George Raque
Mr. Sam Rechter
Mr. Mike Seebert
Prof. Robert Stenger
Prof Richard Stremel
Mr. Greg Virgin
Dr. Shirley Willihnganz
Prof. Elaine Wise

ULAA Board of Directors

Absent:

Mr. Burt Deutsch
Mr. Henry Enck
Mr. Owsley Frazier
Mr. Gordon Gahm
Mr. Tom Jurich, *ex officio*
Prof. Bruce Kemelgor
Ms. Annette Schnatter
Prof. Gerald Tolson

Big East Facilities Committee

Members Present:

Mr. Ulysses L. Junior Bridgeman, Co Chair
Mr. Bill Brammell
Mr. Larry Clark
Mr. Bill Forman
Mr. Wade Houston
Prof. William Pierce
Ms. Sandra Metts Snowden
Mr. Bill Stone
Mr. George Unseld
Prof. Elaine Wise
Mr. Harold Workman

From the

University:

Ms. Angela D. Koshewa
Mr. Dave Barker
Mr. Mike Curtin
Mr. Joe Beyel
Mr. Ron Moore
Mr. Kevin Miller
Mr. John Carns
Mr. Gary Friedman
Ms. Julie Hermann
Mr. Kenny Klein
Ms. Kathleen Smith
Ms. Debbie Dougherty

I. Welcome and Call to Order

Having determined a quorum present of the Board of Trustees and the University of Louisville Athletic Association Board of Directors, University of Louisville Board of Trustees Chair Porter called the meeting to order at 3:00 p.m.

The following is a summary of the discussion and action taken.

II. Introduction of Briefing on Proposed Waterfront Arena

The Board of Trustees created the Big East Task Force to review facility needs relative to the University's transition into the Big East conference. The Task Force was chaired by Junior Bridgeman and Owsley Frazier. The University's task force determined an on-campus arena supported UofL's needs. However, because the Governor's Arena Task Force was concurrently receiving possibilities for a state supported arena, the Big East Facilities' Task Force passed a resolution (a copy of the resolution is attached) that identified the University's requirements if it were to be the primary tenant of the community arena.

President Ramsey recognized Mr. Host who spearheaded the gubernatorial task force. Mr. Host reported the new arena would have a significant economic impact on Louisville and the rest of the state. Louisville has more first class hotel rooms than any other city in the state. With the arena project and the proposed first class hotel, Louisville would become a major league attraction. Mr. Host noted that from the beginning of this project he had no pre-formed opinion concerning the location of the arena. It was obvious to him however, after about six weeks of working on the project, that it belonged on the waterfront provided the Task Force could find funding. He noted that the project was determined to be feasible. Mr. Host worked with grading agencies regarding the issuance of bonds, and there is enough revenue projected to pay for bonds, which would mean no general funds for this project. Mr. Host recognized the exceptional cooperation from the City of Louisville and the University of Louisville.

Mr. Host restated that the Governor's Task Force agreed to all the conditions in the Big East Facilities' Task Force resolution. Four national development groups have indicated an interest in bidding on the project. Also agreed upon is the building of a hotel, a restaurant and other retail on the site. Mr. Host shared the conceptual drawings. The arena will be large enough to house 1000 people for banquets, and it will have UofL championship banners and other UofL sinage all over it. There will be video boards on the outside and it will include the best state-of-the-art scoreboard of any facility in the country. It will boast 22,500 seats, including 1000 club seats on each side, 60 mini suites, a state-of-the-art TV room with immediate replays. The Task Force asked the NCAA what qualities were needed to host NCAA championships. The NCAA was excited to be asked

on the front end of the arena development. All its recommendations were incorporated.

Mr. Host confirmed the University will capture ticket and suite revenue.

Mr. Bridgeman noted he and Ms. Alice Houston agreed to serve on the Governor's Arena Authority. Mr. Host also stated there would be coordination because the Kentucky Fair Board will manage the new arena. After briefing the boards, Chair Porter opened the meeting up to any questions or comments from the board members.

III. Questions from Board Members

Mr. Benson asked if any formal agreement between UofL and the authority could be subject to legal review prior to board action and would the UofL Foundation assist in accomplishing this. Mr. Host stated the Task Force has legal counsel and hopes to establish a Memorandum of Understanding with the Fair Board and UofL. He noted that financial facts and a draft outline of an agreement are being drafted.

Mr. Stone complimented Mr. Host for his energy and enthusiasm and commended the task force for its foresight.

Prof. Wise commented on the importance of including seats for the loyal fan base. She stressed the importance of keeping the pricing at a modest level that average fans can afford and suggested the ULAA Board of Directors maintain the authority to oversee ticket prices, suite and club seating costs, etc. Revenue streams are critical to UofL's operations and critical to maintaining the fan base that built this program. She sought Mr. Host's assurances. Mr. Host responded that in the Task Force's report, there are no increases in ticket prices for the next 5 years, and the pro forma is based on current prices. If ticket prices are increased at UofL, the arena has no say on the outcome. In this report, the Task Force did not increase ticket prices over what they are now nor did suite prices increase.

Mr. Rechter asked if all of the Big East Facilities' recommendations were incorporated. Mr. Host concurred that all recommendations were incorporated.

Mr. Bridgeman said that men's basketball, for decades, has generated all revenues required to fund the sports necessary for UofL to compete as an NCAA Division I school. Football is now self-supporting. Men's basketball, however, still provides the revenue to support student-athletes in all sports other than football. Moving to a new waterfront arena is hope for more growth in all these sports. Mr. Bridgeman asked for support from the Arena Authority that the financing plan for the new waterfront arena will improve significantly the net revenues to Athletics – maintaining the status quo is not good enough. UofL expects its sports to compete aggressively and at the highest level in the Big East Conference. The school has earned the national visibility and will need increased

resources to build upon past successes. Mr. Bridgeman sought assurance from Mr. Host that the agreement with UofL as primary tenant for the new waterfront arena will significantly improve the revenues for Cardinal Athletics. Mr. Host agreed that the University would receive substantially more than its current revenue. The arena will also host championships of other sports, which he noted was not the practice now. Mr. Miller stated he and Vice President Jurich had met with Mr. Host, and they are in the process of reviewing the materials in more detail. A follow up meeting will occur within the next two days.

Ms. Abrams asked for assurance that the new facility will be recognized nationally as the home court of the University of Louisville with respect to design, decoration, installation of signage, etc. She also asked for confirmation that UofL will always be the sponsor for any NCAA event that is scheduled in the new arena so that the home court does not wave the colors of our competitors. Mr. Host responded to the following specific questions from Ms. Abrams:

- 1) University's relationship to the arena - UofL will be prime tenant in terms of scheduling. Mr. Host responded yes, absolutely.
- 2) Official host for any NCAA events? Mr. Host responded yes.
- 3) School colors -red and black; colors, décor and signage, all those things covered. Mr. Host said all those things VP Jurich has talked about - were the number 1 objective – you will not be disappointed. Tom Jurich has made that clear every time we talked. No question this is a Cardinal facility - all the seats will be red.

Ms. Snowden inquired regarding the financing specifics. Mr. Host responded the facility will turn a of profit \$600,000 in some years, while during the years when there aren't championships hosted, it may lose money. Mr. Host said there would be \$1.5 million in maintenance reserves so there shouldn't be a need to request funds from the state.

In response to Prof. Pierce's concern about preferential access to the University for professional conferences, commencements, etc., Mr. Host said he would discuss this request with Mr. Workman. This level of detail will need to be worked out, but the University would have access equivalent to or better than it has now at Freedom Hall.

In response to Mr. Houston's inquiry concerning current ticket holder seating, Mr. Host explained the task force hasn't gotten into that specific. There will be more prime seats in each side arena than currently there is at Freedom Hall.

Ms. Snowden inquired regarding the ramifications if the facility doesn't meet its financial projections. Mr. Host explained, in terms of debt coverage, there are far greater reserves to cover it. The state has never had a project where there's been \$1.5 million in reserves to cover maintenance.

Mr. Brammell sought assurance that students will be consulted. Mr. Host explained the Task Force had open meetings where several students spoke. Students are always invited and welcome to attend any of the Arena Authority meetings.

Mr. Brammell expressed concern for student seating and the pricing for such seating. Mr. Host stated there were more student seats proposed with the new facility than exist within Freedom Hall. The prices are UofL's decision.

Mr. Benson thanked Mr. Host for the presentation and offered a motion that the Memorandum of Understanding come back to the Board of Trustees and UofL Athletic Association Board of Directors for review. Mr. Deutsch seconded, and the motion passed with no dissenting or abstaining votes. President Ramsey said the Arena Authority has Greenebaum serving as its legal counsel, Ms. Koshewa is serving as the University's legal counsel. Mr. Porter commented on a number of firms with special expertise in commercial real estate transactions and also offered the assistance of the Foundation with legal review.

IV. Adjournment

Mr. Porter thanked everyone for attending the discussion today. The meeting adjourned at 4:15 p.m.