

**MINUTES of SPECIAL MEETING  
of the BOARD of COMMISSIONERS  
of the CITY of BOWLING GREEN, KENTUCKY  
held FEBRUARY 7, 2008**

The Board of Commissioners of the City of Bowling Green, Kentucky met in special session in the Commission Chamber of City Hall, Bowling Green, Kentucky at 3:00 p.m. on February 7, 2008. Mayor Elaine N. Walker called the meeting to order. Assistant City Manager/City Clerk Katie Schaller called the roll, and the following members were present: Commissioner Brian "Slim" Nash, Commissioner Brian K. Strow, Commissioner Bruce Wilkerson, Commissioner Joe W. Denning and Mayor Elaine N. Walker. Absent: none. There was a full quorum of the Board of Commissioners.

**DOWNTOWN REDEVELOPMENT PROPOSAL  
AND TAX INCREMENT FINANCING (TIF) DISTRICT**

The Board of Commissioner continued the discussion, which started at its previous meeting on Tuesday, February 5, 2008, regarding the City's involvement in the proposed downtown redevelopment project (WKU Gateway to Downtown Bowling Green), particularly a request by Warren County Economic Development Authority, Inc. and other developers for a commitment from the City to participate in the financing of the project. Attorney Jim Parsons, legal consultant for the City regarding the proposed redevelopment, outlined the proposal and the ways to address some of the financial risk to the City. He reported that since Tuesday's discussion, the City's financial advisors and bond counsel recommended that the City directly issue General Obligation Bonds instead of backing Warren County issued bonds. He explained that this would provide the City with more direct control over the use of those funds. Mr. Parsons also stated that the \$25 million GO bond issue would be restricted for use on public infrastructure costs and not used to purchase land. This would assist the City in recovering state funds if this project was approved later as a Mixed-Use TIF area. He further stated that there would need to be revisions made to the Local Participation Agreement to coincide with the changes to the proposal and the City's financial involvement.

Play Ball! '05 Committee Chairman Rick Kelley, who was also representing the private developers, commented about the discussions he had with sub-developers as requested by the Board at the previous meeting. He expressed appreciation to the Board for its time and consideration of the issue. Mr. Kelley responded to questions about the financing and land purchase for the ballpark.

Mary Cohron, Chairperson of the Warren County Economic Development Authority, Inc. (also known as the Chapter 58 Corporation), addressed the Board. She stated that the Authority would take very seriously the responsibility of handling the City's dollars in this project and would work hand-in-hand with the City. She also commented about the investment that Citizens First Bank had already committed to the project.

Howard Poindexter, a Bowling Green resident, expressed concerns about the City's financial involvement in the project and suggested that there should be more private investors involved. He also stated that it was not fair to the general public to obligate the City in developing a project that had no guarantee of succeeding.

There was further discussion about the types of sufficient assurances that could be provided to the City regarding Phase II of the project moving forward before bonds would be issued by the City. Mr. Parsons explained that the structure for how the money would be issued and spent would need to be determined based on the outcome of the Board's decision to proceed with financial assistance. In addition, he recommended that an interlocal agreement be executed between the City and the Authority. He confirmed that the interest on the bonds would be capitalized. Rick Delaney of Morgan Keegan, the financial advisor for the City, cautioned the Board about the potential for a portion of the bond issue being taxable based on its proposed use. Chief Financial Officer Jeff Meisel commented about the true debt cost over a 30 year period. He also cautioned the Board regarding the potential of having to take a closer look at, and possibly reprioritize, other projects that had been discussed and planned depending on the Board's decision at this meeting. In an effort to address some of the risks, the Board agreed to modify language in a draft Municipal Order to define sufficient assurances as "letters from reputable bond underwriters expressing serious interest to purchase the bonds when offered for sale."

Gary Bridges of Cumberland Ridge Way and Joe Natcher of 395 St. Joseph Lane both spoke in support of the redevelopment plan and how it could benefit the community.

Once discussion concluded, motion was made by Nash, seconded by Strow, to add Municipal Order No. 2008 – 32 with the modified language to the agenda for formal consideration by the Board. A roll call vote was taken.

ROLL CALL:           Voting Yea: Nash, Strow, Wilkerson, Denning and Walker  
                          Voting Nay: None

Motion to add Municipal Order No. 2008 – 32 to the agenda for consideration was approved by unanimous vote.

MUNICIPAL ORDER NO. 2008 – 32

MUNICIPAL ORDER OF THE CITY OF BOWLING GREEN,  
KENTUCKY COMMITTING TO PARTICIPATE IN THE  
FINANCING PLAN TO PROVIDE FINANCING FOR THE WKU  
GATEWAY TO DOWNTOWN BOWLING GREEN TAX  
INCREMENT FINANCING DISTRICT PROJECT

Summary of Municipal Order No. 2008 - 32 was read by the Assistant City Manager/City Clerk. Motion was made by Nash and seconded by Strow for consideration of said Municipal Order. Comm. Nash commented that he had spoke to many people about the project and found that several did not understand it. He indicated that this opportunity allowed the City to collect state revenues. He suggested that there was tremendous benefit in the project when it succeeds. Comm. Nash noted that Bowling Green had been successful with staying ahead of the curve and that it should stay proactive in its endeavors to remain the hub of the region.

Comm. Strow agreed that this was an opportunity to bring in state money that would not otherwise be returned to the City. He remarked that although there was a possibility that the taxpayer would have to pay the debt, the City would not be out the entire \$25 million if some development was completed which in turn encouraged other development to occur. He pointed out that the City would

have to invest in infrastructure anyway for any redevelopment to take place. Comm. Strow stated that this was the most important issue he had voted on to date and that it was a risk he was willing to take.

Comm. Denning stated that he would like to see the area changed; however, he was concerned with obligating the City for the next 30 years. He agreed that the project could be a tremendous asset, but he did not understand why others in the community were not willing to back the project and take on the risk. When the City was first approached by developers, he pointed out that the Board was told taxpayers would not be asked to put any money in the project, which was why he supported it initially. Comm. Denning stated that he would not be supportive of this project based on the revised amount requested from the City.

In an effort to protect the City's finances, Comm. Wilkerson made a motion, seconded by Denning, to amend Municipal Order No. 2008 - 32 by deleting paragraph C on page 4 and replacing it with revised language as follows: "After the payment of the Warren County Downtown Economic Development Authority, Inc. Tax Increment Financing Revenue Bonds, Series 2007 (\$6.3 million bank issued bonds), all TIF revenues shall be dedicated to the payment of debt service on the City issued bonds, and any excess revenues shall be dedicated to the payment of debt service on any other bonds of the Authority or County issued to finance the Project." Upon clarification, Comm. Wilkerson explained that the City should be second in line for payment of its bond issue and that any bonds issued after the City's could be paid with excess revenues. He noted that similar language changes would be needed throughout the Municipal Order and the attached Exhibit A and Exhibit B.

With discussion, Mr. Kelley declared that this proposed amendment would not allow the other bonds to be sold, such as the Naked TIF Bonds or Assessment Bonds, due to market requirements for adequate coverage on the debt. He reiterated that other revenue streams were recommended to be dedicated solely for the payment of the City's bonds, such as the lease payments from the ballpark and parking garage and naming rights from the ballpark as reported during the February 5, 2008 discussion. Comm. Strow agreed that with this amendment he did not see the other bonds being issued. A roll call vote was taken on the amendment.

ROLL CALL:           Voting Yea:   Wilkerson and Denning  
                                  Voting Nay:   Nash, Strow and Walker

Motion to amend Municipal Order No. 2008 - 32 to place the City second in line for payment of its debt service with TIF revenues was defeated by majority vote.

Since the previously proposed amendment failed, Comm. Wilkerson made a motion, seconded by Denning, to amend paragraph C on page 4 of Municipal Order No. 2008 - 32 to make the City an equal payment recipient as every other payment recipient with regard to the TIF revenues. Following discussion about the risk to developers and the potential impact to other financing plans for the project, a roll call vote was taken.

ROLL CALL:           Voting Yea:   Wilkerson and Denning  
                                  Voting Nay:   Nash, Strow and Walker

Motion to amend Municipal Order No. 2008 - 32 to provide the City an equal share of the TIF revenues for debt payments was defeated by majority vote.

Comm. Wilkerson commented about the discussions taken place over the past several months regarding the TIF project, the City's financial condition and future outlook, and the current softening of the economy. He stated that he supported the redevelopment and revitalization of downtown;

however, he expressed concern that the project might not generate enough revenues to cover the City's involvement. He explained that as an economic development project, he was prepared to offer financial incentives in the form of rebates on new City taxes generated, similar to the types of incentives offered to manufacturing prospects which locate in Bowling Green or expand their services. He pointed out that this particular project has the additional incentive of providing a rebate of 80% of new state tax revenue generated in the development district. Comm. Wilkerson further stated that his "no" vote with regard to the issuance of the bonds was in no way indicative of his support for the project. If successful, he believed it would be of great benefit to the City.

Mayor Walker commented about her involvement with the Downtown Redevelopment Master Plan which was adopted a few years ago and the approach to provide incentives to seek out interested investors. She indicated that the TIF project offered an opportunity to turn around the development of downtown at a much faster pace than the original 20 year plan. She remarked that a \$200 million infusion in revitalizing downtown, not just for baseball, but also for residential, commercial and retail developments, could occur in the next five to ten years. Mayor Walker stated that if this vote moved the financing forward, it would be up to the developers to make it happen and that it could be the best thing for the City. She further stated that she was willing to take the calculated risk with the City investment.

Once all discussion ended, a roll call vote was taken on Municipal Order No. 2008 - 32.

ROLL CALL:           Voting Yea: Nash, Strow and Walker  
                          Voting Nay: Wilkerson and Denning  
Municipal Order No. 2008 - 32 was approved by majority vote.

ADJOURNMENT

This being a special meeting and with no further business to come before the Board of Commissioners, at approximately 5:00 p.m., Mayor Walker declared this meeting adjourned.

ADOPTED: \_\_\_\_\_

APPROVED: \_\_\_\_\_  
Mayor, Chairman of Board of Commissioners

ATTEST: \_\_\_\_\_  
City Clerk

*Minutes prepared by Assistant City Manager/City Clerk Katie Schaller*