

**MINUTES of SPECIAL MEETING
of the BOARD of COMMISSIONERS
of the CITY of BOWLING GREEN, KENTUCKY
held JUNE 12, 2007**

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 7:00 p.m. on June 12, 2007. 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 K. Strow, Commissioner Bruce Wilkerson, Commissioner Joe W. Denning, Commissioner Brian "Slim" Nash and Mayor Elaine N. Walker. Absent: none. There was a full quorum of the Board of Commissioners.

WORK SESSION

Assistant City Manager/City Clerk Katie Schaller facilitated discussion regarding agency funding as part of the Fiscal Year 2008 recommended budget. She indicated that the City Manager provided a recommendation for funding of City created/contract agencies at the May 31, 2007 special budget session. In addition, she noted that with regard to the competitive agency category, a total of \$850,000 was set aside for the Board of Commissioners to determine funding levels among the requesting agencies, utilizing a consensus driven process. Once discussion concluded, Ms. Schaller stated that two agency appropriation municipal orders would be prepared for final consideration at the next regular meeting of the Board based on the outcome of the discussion.

DOWNTOWN REDEVELOPMENT

Play Ball! '05 Committee Chairman Rick Kelley presented information regarding the downtown redevelopment proposal, including the proposed tax increment financing (TIF) district, estimated capital expenditures of \$251,364,950 to be shared between public and private investment, financing plan for issuance of 30-year bonds, anticipated project benefits, and estimated TIF revenues from participation by the State, City and County to be generated over the life of the bonds. Mr. Kelley also noted that 20% of the TIF funds would be retained by the City and County and that a proposed lease of 601 State Street would provide \$100,000 to the Downtown Redevelopment Authority, Inc. (DRA). He requested that the City create the TIF district, pledge 80% of the incremental real property and occupational license fee revenues, and authorize the sale of City owned property known as the Otto Office lot, Kirtley building and Center Street (SKyPAC) properties. He further requested that the City move forward with the required steps in making application to the TIF Commission. Mr. Kelley also stated that commitments would be sought from Warren County to issue the project bonds and pledge 80% of its incremental real property tax revenues, and from Western Kentucky University (WKU) to lease 200 parking spaces in a proposed downtown garage for \$250,000 a year for fifteen (15) years and at \$1 per year for an additional fifteen (15) years, as well as including the Van Meter Hall renovation and North Campus parking lot construction in the TIF district.

In response to questions from the Board of Commissioners, Mr. Kelley clarified that only those funds generated above the existing revenue base in the proposed TIF district would be used for

the project and that he had discussed the proposed use and sale of the Center Street properties with the Southern Kentucky Performing Arts Commission (SKyPAC) Executive Director Mary Carpenter.

Attorney James Parsons, legal consultant for the City regarding economic development, outlined the terms of the proposed Master Development Agreement, which were fairly consistent with the previously approved Memorandum of Understanding. However, he noted that the Agreement was more concrete in nature and that WKU had been added as a party to the Agreement. Mr. Parsons indicated that the Agreement included the district boundaries for a TIF and would involve the pledge of 80% of the incremental tax revenues to finance projects of approximately \$74 million. He also confirmed that the City and County would continue to receive existing revenues generated from the area and that only the incremental increases from the district would be pledged. He explained that there was a window of opportunity to capture State revenues generated in Bowling Green with the creation of a Signature TIF which would require State approval. He further confirmed that the Agreement designated a Master Developer (Alliance Corporation), but that the City retained approval of any sub-developers brought to the project. Mr. Parsons noted that the Agreement established deadlines for certain steps in the process, such as creation of a TIF district by August 1, 2007 and proof from the Developer that it has sufficient capacity and experience to perform its obligations under the Agreement by September 30, 2007 or thirty (30) days after the TIF Commission determines State participation in the project, whichever comes later. He also explained that a Chapter 58 Corporation would be created by the County to issue the bonds, but that the City and County would not have any obligation toward the payment of the bonds beyond the pledge of TIF revenues.

Mr. Parsons responded to several questions from the Board regarding the perceived risk to the City if the development project failed, the financial obligation belonging to the Developer and private investment, the responsibility of the County to create a Chapter 58 Corporation, the ability of the City to buy its property back if the Developer did not perform, the benefit of the development downtown to the school system since it was not subject to the TIF, and the ability to pay the bonds off early and dispose of the TIF district if the development exceeded expectations. Mr. Parsons recommended the approval of the Agreement.

Mary Carpenter, SKyPAC Executive Director, stated that the SKyPAC Board had not agreed to the sale of the Center Street properties at this time and that further discussions were needed with Mr. Kelley.

Cheryl Blaine, Executive Director for DRA, stated that the DRA Board was not going to accept the lease of 601 State Street at this time. She indicated that the \$100,000 per year lease amount was below market value and that there may be restrictions to the use of the building because it was purchased and renovated with State grant funds. She requested to be included in the discussions.

Mr. Parsons confirmed that neither of the two property issues affected the approval of the Agreement since the transactions were contingent upon the respective parties approval.

Once all discussion concluded, motion was made by Nash and seconded by Strow to add Municipal Order No. 2007 – 197 to the agenda for consideration. With no discussion, a roll call vote was taken.

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

Motion to add Municipal Order No. 2007 - 197 to the agenda was approved by unanimous vote.

MUNICIPAL ORDER NO. 2007 - 197

MUNICIPAL ORDER APPROVING A MASTER DEVELOPMENT AGREEMENT AMONG THE CITY OF BOWLING GREEN, COUNTY OF WARREN, WESTERN KENTUCKY UNIVERSITY AND ALLIANCE CORPORATION

Summary of Municipal Order No. 2007 - 197 was read by the Assistant City Manager/City Clerk. Motion was made by Strow and seconded by Nash for consideration of said Municipal Order. Mayor Walker asked for additional discussion, and with none, a roll call vote was taken.

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

Municipal Order No. 2007 - 197 was approved by unanimous vote.

ADJOURNMENT

This being a special meeting and with no further business to come before the Board of Commissioners, at approximately 10:25 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