

**MINUTES of SPECIAL MEETING
of the BOARD of COMMISSIONERS
of the CITY of BOWLING GREEN, KENTUCKY
held MARCH 30, 2015**

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 1:00 p.m. on March 30, 2015. Mayor Bruce Wilkerson called the meeting to order. Assistant City Manager/City Clerk Katie Schaller called the roll, and the following members were present: Commissioner Joe W. Denning, Commissioner Melinda M. Hill, Commissioner Sue Parrigin, Commissioner Rick Williams and Mayor Bruce Wilkerson. Absent: none. There was a full quorum of the Board of Commissioners.

APPROVAL OF MINUTES

Minutes of Special Meeting March 12, 2015, Regular Meeting March 17, 2015 and Special Meeting March 26, 2015

Minutes of the above-referenced meetings were distributed to the Board of Commissioners with the Agenda for their review. Motion was made by Hill and seconded by Williams to approve said minutes as written. Mayor Wilkerson asked for discussion, and with none, a roll call vote was taken.

ROLL CALL: Voting Yea: Denning, Hill, Parrigin, Williams and Wilkerson
 Voting Nay: None

Motion to approve the minutes of the special meeting of March 12, 2015, regular meeting of March 17, 2015 and special meeting of March 26, 2015 was approved by unanimous vote.

SPECIAL AGENDA

**ORDINANCE NO. BG2015 - 6
(Second Reading As Amended)**

ORDINANCE AMENDING ZONING ORDINANCE

**ORDINANCE AMENDING ARTICLES 2 THROUGH 8 OF THE
ZONING ORDINANCE FOR THE CITY OF BOWLING GREEN,
KENTUCKY AS RECOMMENDED BY THE CITY-COUNTY
PLANNING COMMISSION**

Title and summary of Ordinance No. BG2015 - 6 was read by the Assistant City Manager/City Clerk. Motion was made by Hill and seconded by Denning for second reading of said Ordinance. Mayor Wilkerson asked for discussion, and with none, a roll call vote was taken.

ROLL CALL: Voting Yea: Denning, Hill, Parrigin, Williams and Wilkerson
 Voting Nay: None

Ordinance No. BG2015 - 6 as amended was adopted by unanimous vote.

MUNICIPAL ORDER NO. 2015 - 44

**MUNICIPAL ORDER AUTHORIZING THE APPROVAL AND
SUBMISSION OF FISCAL YEAR 2016 ANNUAL PLAN AND FIVE**

YEAR PLAN UPDATE FOR THE HOUSING CHOICE VOUCHER PROGRAM

Summary of Municipal Order No. 2015 - 44 was read by the Assistant City Manager/City Clerk. Motion was made by Hill and seconded by Williams for consideration of said Municipal Order. DeFebbo reviewed the requirement from the Department of Housing and Urban Development (HUD) to complete the annual and five year plans. Mayor Wilkerson asked for additional discussion, and with none, a roll call vote was taken.

ROLL CALL: Voting Yea: Denning, Hill, Parrigin, Williams and Wilkerson
 Voting Nay: None

Municipal Order No. 2015 - 44 was approved by unanimous vote.

ORDINANCE NO. BG2015 - 7

(First Reading)

ORDINANCE AMENDING CODE OF ORDINANCES

**ORDINANCE AMENDING CHAPTER 2 (ADMINISTRATION),
SUBCHAPTER 2-2 (BOARD OF COMMISSIONERS) OF THE CITY
OF BOWLING GREEN CODE OF ORDINANCES TO REVISE THE
REGULAR MEETING SCHEDULE OF THE BOARD OF
COMMISSIONERS**

Title and summary of Ordinance No. BG2015 - 7 was read by the Assistant City Manager/City Clerk. Motion was made by Hill and seconded by Parrigin for first reading of said Ordinance. Commissioner Hill explained why the Board proposed changing the regular meeting schedule from 7:00 p.m. to 4:30 p.m. She also suggested that any items impacting more residents should be placed at the end of the agenda to allow ample time for interested people to attend the meeting after work hours. Commissioner Parrigin also mentioned the benefit to staff by having the meetings start earlier. Mayor Wilkerson asked for additional discussion, and with none, a roll call vote was taken.

ROLL CALL: Voting Yea: Denning, Hill, Parrigin, Williams and Wilkerson
 Voting Nay: None

First reading of Ordinance No. BG2015 - 7 was approved by unanimous vote.

MUNICIPAL ORDER NO. 2015 - 45

**MUNICIPAL ORDER APPROVING TAX INCREMENT FINANCING
(TIF) DISTRICT SUMMARY OF 2013 INCREMENTAL REVENUE
AND AUTHORIZING DISTRIBUTIONS TO THE APPROPRIATE
RECIPIENTS**

Summary of Municipal Order No. 2015 - 45 was read by the Assistant City Manager/City Clerk. Motion was made by Hill and seconded by Denning for consideration of said Municipal Order. DeFebbo indicated that for each year of the TIF District, the City has to go through the process of calculating the incremental revenues collected in the designated downtown areas in accordance with established agreements. Chief Financial Officer Jeff Meisel reviewed the collections from the original and expanded areas totaling \$466,372, with \$373,098 (80%) being payable to the

Warren County Downtown Economic Development Authority and others. With no further discussion, a roll call vote was taken.

ROLL CALL: Voting Yea: Denning, Hill, Parrigin, Williams and Wilkerson
 Voting Nay: None

Municipal Order No. 2015 - 45 was approved by unanimous vote.

DISCUSSION OF TERMS REGARDING THE ISSUANCE OF NEW BONDS FOR PERMANENT FINANCING OF THE DOWNTOWN TIF BLOCK 6 WRAP, INCLUDING A DISCUSSION OF POSSIBLE REVISIONS IN THE CURRENT REVENUE SHARING AGREEMENT

At the request of the City Manager, Attorney Jim Parsons provided an overview of how a tax increment financing (TIF) district program should work and how it was set up in Bowling Green. He mentioned there were only five Signature TIF Projects in the State and only two of those have been activated to date, including Bowling Green's. He also stated that in most cases the base revenues collected in any given block were never pledged toward the project, only the incremental growth in revenues above the established base. Mr. Parsons indicated that the City's issuance of General Obligation (GO) bonds and backing of private debt was unique and unusual, as was the use of State money returned to the project. He explained that State money was generally only used to pay for public infrastructure costs associated with the project.

Mr. DeFebbo explained the purpose of this meeting was to have the principle parties involved with the Block 6 Wrap development, namely Warren County and the Warren County Downtown Economic Development Authority, publically discuss a possible resolution to the issues. He pointed out the City had received a revised Term Sheet from Warren County as of March 28th and asked that the parties go through the changes in the Term Sheet.

Attorney Scott Bachert, representing the Warren County Downtown Economic Development Authority and speaking on behalf of Warren County, indicated he was not prepared to address each individual element of the Term Sheet or have any discussions regarding pending negotiations or litigation on this matter, but rather was needing to know if the general framework was acceptable by the City. He felt it was premature to discuss the details and asked that the City allow the County to negotiate with the other parties as long as there was no negative impact to the City. In response to a question from Commissioner Denning, Mr. Bachert indicated negotiations would be conducted in the best interest of the citizens and they were not looking for the City to renegotiate the terms. Mr. Bachert reiterated his request for the City to agree to the framework of the Term Sheet so negotiations could continue with all the parties. Commissioner Williams said he thought the City had already agreed to negotiations with Jerry Katzoff through prior action of the Board. He further stated he thought they were here today to nail down the details of the Term Sheet as the Board of Commissioners had a fiduciary duty to its citizens.

As the discussion continued about the elements of the Term Sheet, Mr. DeFebbo inquired about the request from Warren County for a GO Lease by the City and the structure the County would use to back the indemnification of it. Mr. Bachert indicated he was not privy to those discussions. Commissioner Denning pointed out that part of negotiations was to find a compromise we can all live with and in the best interests of the citizens. He went on to say that we all want the same thing

somewhere down the line. Mr. Bachert agreed and also indicated not everyone was going to be happy with the results. Commissioner Williams specified he wanted to come up with an agreement on the terms and did not want it to keep bouncing back and forth. Mr. Bachert reiterated he needed to know that the highpoints of the discussion were acceptable by the City. Commissioner Hill expressed concern with the City giving approval today. She asked what the City's recourse would be later if additional elements were added or changed during the negotiations with the other parties. Mr. Bachert confirmed if any highpoints were changed the deal would fall apart. He also added there would not be any increase to the proposed \$30 million bond issue by the County to be backed by the City with a GO Lease.

While discussing the current structure of the Authority membership, Mayor Wilkerson noted when the first proposal was made to get the City out of it altogether, it was acceptable to not continue having representation on the Authority. However, with the City still having participation, he stated not having equal representation was a problem. Mr. Bachert explained that as a County board, the County needed to maintain control to be in compliance with State statutes. He advised the current makeup of the Authority (5 members) would remain the same with two representatives from the City and one of whom could be the Chief Financial Officer since there was no opposition to that proposal. He remarked one of the current City appointments would simply need to be replaced.

Further discussion continued about other revised elements of the Term Sheet, including designating funds for debt service (paragraph F). City Attorney Gene Harmon reported the County's financial advisor told him the funds would be used for Warren County TIF related purposes and not just for debt. Mr. Parsons interjected that if approved as written, Warren County would get to determine how the funds would be used and not give the City a role in the process which was a fundamental shift to the City's position on the issue where all TIF funds given up by the City should be committed to debt service.

Commissioner Denning expressed frustration with still being in a position where the City could not talk to anyone about these items. He felt strongly the Authority people needed to be here as part of this discussion. Mr. Bachert commented Mr. Gorman was supposed to be here, but had an emergency at the last minute. Chief Financial Officer Jeff Meisel advised clarifications were needed on some of the revised language in paragraphs F, H and L. Mr. DeFebbo also remarked staff was concerned about the indemnification language in paragraph B and the ability to hold Warren County accountable through a legally enforceable agreement. Mr. Parsons reiterated the two most critical issues for the City in the Term Sheet were the GO Lease and indemnification structure as well as the debt provisions.

Mayor Wilkerson pointed out the City has been concerned about the Wrap project for over a year. Commissioner Denning had previously mentioned the word on the street was that the City was to blame for all the problems. Mr. Bachert asserted the City was not to be blamed for any of the issues with the Wrap. Commissioner Williams reiterated his desire to get to a solution and the need to know where to get the language to get this deal done, especially since the City had already doubled down on this once and was now being asked to give up General Fund money and not just TIF revenues, which impacts services provided by the City. Mr. Bachert proposed the Board vote on the highpoints, allow staff to work through the details and then bring it back to the Board for final approval.

Mayor Wilkerson read a prepared statement which outlined the TIF Project from inception to where things stand today. He expressed his concerns about the potential misuse of bond funds related to the Block 6 Wrap development and his desire to hold those involved accountable. He also applauded his colleagues “for their determined focus on trying to address this situation with as little exposure to the general fund as possible.” Mayor Wilkerson closed his remarks by stating he would support the majority of the Board with its decision even if it differed from his own.

There was continued discussion to try and determine what the Board would actually be voting on at this time. Commissioner Parrigin expressed concerns about not having more details about the indemnification. Mr. Harmon recommended the Board not take a vote today since they did not have a final document on which to vote.

In an effort to confirm the highlights of the Term Sheet with which the two parties agree, Mayor Wilkerson had the Board go through each of the proposed language revisions. There was general consensus voiced for the March 28th revised terms of paragraphs A, B, D, E, H and J. With regard to paragraph F, Mr. Bachert clarified the intent of the changes was to have the City’s local TIF revenues go to the debt service and have the City’s State TIF revenues go where the County wanted. County Attorney Amy Milliken confirmed the County wanted the freedom to use the State TIF revenues for maintenance or other things in Block 6 and not be dedicated to the debt. Mr. Harmon also opined the language in paragraph L was too vague and the types of expenses to be recouped by the County needed to be specified.

At approximately 2:50 p.m., the Board of Commissioners took a brief recess to allow staff time to prepare an actionable item for the Board to consider based on the discussion up to this point. After approximately 25 minutes, the Board reconvened the meeting. A motion was made by Denning and seconded by Hill to add Municipal Order No. 2015 – 46 as prepared by staff to the agenda for consideration. With no discussion, a roll call vote was taken.

ROLL CALL: Voting Yea: Denning, Hill, Parrigin, Williams and Wilkerson
 Voting Nay: None

Motion to add Municipal Order No. 2015 - 46 to the agenda for consideration was approved by unanimous vote.

MUNICIPAL ORDER NO. 2015 - 46

**MUNICIPAL ORDER OF THE CITY OF BOWLING GREEN,
KENTUCKY APPROVING A CONCEPTUAL AGREEMENT
PRESENTED ON A TERM SHEET RELATED TO THE TAX
INCREMENT FINANCING BLOCK 6 WRAP PROJECT WITH
WARREN COUNTY**

Summary of Municipal Order No. 2015 - 46 was read by the Assistant City Manager/City Clerk. Motion was made by Hill and seconded by Williams for consideration of said Municipal Order. Commissioner Williams pointed out they were approving a concept agreement and not the actual Term Sheet. Mr. Bachert conveyed this was what they needed to proceed with the negotiations with the other parties. With no other discussion, a roll call vote was taken.

(Minutes-Board of Commissioners-March 30, 2015)

ROLL CALL: Voting Yea: Denning, Hill, Parrigin and Williams
 Voting Nay: Wilkerson
Municipal Order No. 2015 - 46 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 3:25 p.m., Mayor Wilkerson 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