

CITY OF NEWPORT, KY
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS
Monday, October 29, 2018
MINUTES

CALL TO ORDER / ROLL CALL FOR SPECIAL MEETING

The special meeting was called to order by Mayor Peluso at 5:00 p.m. in the Multi-Purpose Room of the Newport Municipal Building at 998 Monmouth Street.

In attendance were: Commissioner Beth Fennell, Commissioner Thomas Guidugli, Commissioner Frank Peluso, Commissioner Ken Rechten, and Mayor Jerry Peluso. Also in attendance were: City Manager Thomas Fromme, City Attorney Daniel Braun, Police Chief Tom Collins, Fire Chief Bill Darin, and City Clerk Amy Able.

OLD BUSINESS

The city clerk read Order **R-2018-069**.

AN ORDER OF THE BOARD OF COMMISSIONERS OF THE CITY OF NEWPORT, KENTUCKY, **AUTHORIZING THE ISSUANCE OF UP TO \$200,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT TAXABLE INDUSTRIAL BUILDING REVENUE BONDS**, SERIES 2018, IN ORDER TO ASSIST NOTL PROPERTY OWNER LLC, OR ITS SUCCESSORS OR ASSIGNS, TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF AN INDUSTRIAL BUILDING FACILITY LOCATED WITHIN THE CITY OF NEWPORT, KENTUCKY AND TO IMPROVE SAID FACILITY; AUTHORIZING THE ISSUANCE OF ADDITIONAL BONDS; PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SAID BONDS; AUTHORIZING A LEASE AGREEMENT BETWEEN THE CITY OF NEWPORT, KENTUCKY AND NOTL PROPERTY OWNER LLC, OR ASSIGNS, WITH RESPECT TO THE FACILITY (THE "AGREEMENT"); AUTHORIZING A TRUST INDENTURE APPROPRIATE FOR THE PROTECTION AND DISPOSITION OF SUCH REVENUES AND FURTHER TO SECURE THE PAYMENT OF SAID BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT; AUTHORIZING A MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING, AND AUTHORIZING A HOME OFFICE PAYMENT AGREEMENT.

Commissioner Guidugli made a **motion to approve**; second to the motion was offered by Commissioner Peluso.

Mr. Fromme reviewed the history stating the current owner is a fine group but based in California and the new owner is much closer, headquartered in Atlanta, with offices in Ohio, the COO in Cincinnati, and other properties in Georgia, Texas and Florida. The sale at \$100 m closes out all current outstanding bonds. IRBs are not the responsibility of the City if there is any default on bonds. To make a development viable, this mechanism allows negotiation of favorable tax rates, in this case, the PILOT (payment in lieu of taxes). In Kentucky, there is a General Obligation Bond limit of 10% of PVA valuation. IRBs are outside of the City's bonding capacity limit. In September an inducement resolution was passed as an agreement to issue the bonds. Last week the bond hearing before the DLG (Department of Local Government) in Frankfort went very well. North American has great ideas to open up the property and integrate it more with Monmouth Street, to develop the vacant lot beside the aquarium, plans for additional office space, and creation of themes for the property.

Attorney Richard Spoor of Keating, Muething and Klekamp as bond counsel, expressed appreciation on behalf of NOTL and NAP for the Board for holding a special meeting for this Order on bond issuance so NAP can proceed with closing on the property. The hearing being done, a decision is expected tomorrow, and the Board may proceed with bond issuance (though the bonds cannot be delivered until December). Normally the bond hearing before the DLG is attended by a hearing officer who makes a recommendation, but this deal was deemed so important to the State that the Commissioner's Representative was present – this shortens the time by eliminating the review period.

Mayor Peluso thanked Mr. Fromme and the staff, Mr. Fromme in turn recognized Mr. Spoor who is an expert with IRBs. Mr. Fromme said Newport is leading the charge in Kentucky in utilizing this critical development tool. He added aside from additional payroll taxes, the City will receive PILOTS (never before received by the City, only the schools and County); this will start in 2019 and provide a considerable jump in revenue. Upon hearing there were no comments or questions, the mayor called for a roll call vote.

Commissioner Guidugli:	Yes	Commissioner Fennell:	Yes	Mayor Peluso:	Yes
Commissioner Peluso:	Yes	Commissioner Rehtin:	Yes	<u>Motion carried 5-0.</u>	

ADJOURNMENT OF SPECIAL MEETING

There being no further business, Commissioner Peluso made a **motion to adjourn the special meeting.** Commissioner Fennell offered a second to the motion. The Mayor asked for a roll call vote.

Commissioner Peluso:	Yes	Commissioner Rehtin:	Yes	Mayor Peluso:	Yes
Commissioner Fennell:	Yes	Commissioner Guidugli:	Yes	<u>Motion carried 5-0.</u>	

The special meeting adjourned at 5:15 p.m.

Date Approved/Signed

Jerry R. Peluso, Mayor

Attest:

Amy B. Able, City Clerk