
Louisville

CONVENTION & VISITORS BUREAU

SERIES 2016 BOND ISSUANCE

Metro Council Committee Meeting

June 16, 2016

PROJECT OVERVIEW

Project

- The Kentucky International Convention Center (KICC) is undertaking a renovation and expansion
 - Increase contiguous exhibit space from 145,000 square feet to more than 200,000 square feet.
 - Increase the ballroom from 30,000 square feet to 40,000 square feet.
 - Renovate a portion of the existing space outside of the above.
- KICC will close in August 2016 with the renovation and expansion set for completion by August 2018.
- The Commonwealth of Kentucky owns the facility and it is managed by the Kentucky State Fair Board (KSFB). The KSFB will be responsible for leading the construction project in conjunction with the Commonwealth.

Investment

- The KICC Project requires an investment of \$207 million and will be financed as follows:

LCVB	\$151 million
Commonwealth	<u>\$ 56 million</u>
Total	\$207 million

FINANCING OVERVIEW

Financing – LCVB Portion

- The LCVB will issue municipal bonds to generate \$151 million in net proceeds using the following dedicated room taxes to support debt service on these bonds:
 - 2% dedicated transient room tax
 - 1% special transient room tax (passed by Metro Council in July 2014)
- LCVB will be the sole guarantor of this debt.

Timeline

- May 2016 LCVB Commission
- June 2016 Metro Council
- August 2016 Bond Issuance

SERIES 2016 BONDS

- The Series 2016 Bonds will generate \$151 million in net proceeds with expected issuance in August 2016.
- These Bonds will be supported by the 2% dedicated and 1% special transient room taxes.
- LCVB has agreed to provide additional security through a pledge of 1.5% of the 4.5% transient room tax currently used to fund operations of the Bureau. This pledge will only be used in the event dedicated taxes are insufficient to cover required debt service.
- Select Bond Highlights
 - 30 year maturity
 - Level debt service
 - Debt service coverage (1.38x)
 - Average interest cost – 3.5%
 - Expect investment-grade credit rating
 - Debt Service Reserve Fund – Three Prong Test (MADS)
 - 10-Year Par Call

ORDINANCE

- Authorizes the LCVB to issue the Series 2016 Bonds sufficient to provide net proceeds of \$151 million, refund the Series 2004B as deemed appropriate, pay the costs of issuance, fund the Debt Service Reserve Fund, and pledge receipts of the LCVB as deemed appropriate.
- Commits to continue the dedicated taxes in full force and effect while any of the Series 2016 Bonds are outstanding. The tax will automatically terminate upon the earlier of [i] thirty (30) years or [ii] retirement of all LCVB Bonds.