

ORDINANCE NO. _____, SERIES 2017

AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (“LOUISVILLE METRO”) AUTHORIZING THE MAYOR TO ENTER INTO A SECOND AMENDED AND RESTATED MEMORANDUM OF AGREEMENT BY AND BETWEEN LOUISVILLE METRO AND THE LOUISVILLE ARENA AUTHORITY, INC. (THE “ARENA AUTHORITY”) TO ESTABLISH THE MONETARY OBLIGATIONS OF LOUISVILLE METRO FOR FINANCING A PORTION OF THE REFINANCING OF THE LOUISVILLE ARENA PROJECT, AND REQUESTING THAT THE KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY (“KEDFA”) ISSUE BONDS TO REFUND THE OUTSTANDING OBLIGATIONS OF THE ARENA AUTHORITY.

SPONSORED BY: COUNCIL MEMBERS YATES, BUTLER

WHEREAS, pursuant to actions taken by the Commonwealth of Kentucky (the “Commonwealth”), the Louisville/Jefferson County Metro Government (“Louisville Metro”), the University of Louisville, University of Louisville Athletic Association, Inc. and certain non-governmental entities, the Louisville Arena Project, a public project intended for multi-uses as a public, recreational and sports facility (the “Arena Project”), was undertaken, and the Arena Project has significantly benefitted Louisville Metro and the Commonwealth by increasing state and local tax revenues, creating new jobs, enhancing regional tourism, increasing property tax values and stimulating private investment in and around the Louisville Metro area;

WHEREAS, the Louisville Arena Authority, Inc., a Kentucky non-stock, nonprofit corporation (the “Arena Authority”) was created as an independent entity to oversee the acquisition, development, construction, and financing of the Arena Project;

WHEREAS, the Legislative Council of Louisville/Jefferson County Metro Government (the “Council”) enacted Resolution No. 81, Series 2006, ratifying, approving and adopting a Memorandum of Agreement, dated July 21, 2006, by and

between Louisville Metro and the Arena Authority (the “Guarantee Agreement”) pursuant to which Louisville Metro guaranteed to the Arena Authority, to the fullest extent permitted by law, the payment of funds to pay a portion of the debt costs for the Arena Project during a period commencing on November 1, 2010, to and including November 1, 2039, in an aggregate principal amount not to exceed \$309,000,000 (the “Guaranteed Payments”);

WHEREAS, Resolution No. 81, Series 2006, and the Guarantee Agreement were adopted by Louisville Metro with the intent that the Guaranteed Payments agreed to be made by Louisville Metro in order to fund a portion of the costs of the Arena Project by paying a portion of the debt to be represented by bonds issued by the Kentucky Economic Development Finance Authority (“KEDFA”) would constitute a long-term monetary obligation of Louisville Metro payable from (i) legally available Louisville Metro revenues, moneys and funds and (ii) moneys derived from the imposition of existing general taxes in the same manner as for payment of other outstanding monetary obligations of Louisville Metro, including ad valorem property taxes, as permitted by law, occupational license fees, insurance premium taxes, excises, permits, licenses, fines, available moneys from tax increment districts, or other sources of revenues of, or distributions to, Louisville Metro (collectively, the “Pledged Receipts”) as selected by Louisville Metro, provided that such long-term monetary obligation shall not constitute a general obligation indebtedness of Louisville Metro within the meaning of the Constitution or Statutes;

WHEREAS, to effectuate the intent of Louisville Metro to make the Guaranteed Payments, the Council enacted Ordinance No. 143, Series 2007, to legally comply with

the requirements and utilize the authority of KRS Chapters 58 and 67C, KRS Sections 83.420 and Sections 91.200 – 91.280, inclusive;

WHEREAS, Ordinance No. 143, Series 2007, amended, readopted, and restated Resolution No. 81, Series 2006 and the Guarantee Agreement to conform Louisville Metro’s final terms of the Guarantee Agreement as those identified in the Amended and Restated Memorandum of Agreement, including the “Modified Exhibit B,” dated July 30, 2007, (the “Amended Guarantee Agreement”);

WHEREAS, in addition to the Guaranteed Payments, other security, as such is identified in the Loan Agreement dated August 1, 2008, by and between KEDFA and the Arena Authority, and the Bond Trust Indenture dated August 1, 2008, by and between KEDFA and U.S. Bank National Association, as Bond Trustee, was pledged to the payment of bonds issued by KEDFA;

WHEREAS, pursuant to KRS Chapter 154, KEDFA on September 3, 2008 issued its bonds (the “Series 2008 Arena Bonds”) and loaned the proceeds thereof to the Arena Authority to provide financing for the Arena Project;

WHEREAS, due to increasing debt service, the Series 2008 Arena Bonds need to be refinanced and the revenues which support the payment of the obligations of the Arena Authority need to be increased;

WHEREAS, the General Assembly passed on March 30, 2017 and the Governor signed into law on April 11, 2017 House Bill 330, which, among other things, allows for the extension of the Commonwealth of Kentucky’s tax increment financing program which supports the Arena Authority (the “TIF Program”) for an additional twenty-five (25) years (until September 30, 2054, at the latest);

WHEREAS, the University of Louisville and the University of Louisville Athletic Association have agreed to amend their lease with the Arena Authority to extend the term (until September 30, 2054, at the latest) and to increase the amount of rent paid to the Arena Authority by \$2,420,000 a year;

WHEREAS, Louisville Metro desires to amend the Amended Guarantee Agreement to change the term of the agreement and the annual payment amount to commit additional funding to assist in refinancing the Series 2008 Arena Bonds; and

WHEREAS, the parties desire to request that KEDFA issue its refunding bonds (the “Refunding Bonds”) in order to refinance and refund the Series 2008 Arena Bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE “COUNCIL”):

SECTION I: Incorporation of Preamble. The facts and recitations set out in the preamble of this Ordinance are adopted and incorporated as a part hereof, and the terms defined in the preamble shall have the same meanings when used herein.

SECTION II: Mayor Authorized to Enter into a Second Amended and Restated Memorandum of Agreement. The Council authorizes the Mayor to enter into a Second Amended and Restated Memorandum of Agreement between Louisville Metro and the Arena Authority. In entering into the Second Amended and Restated Memorandum of Agreement, the Mayor is authorized to obligate Louisville Metro, as permitted by law, to a new annual payment, which new annual payment shall be \$10.8 million in each year and for a new term which shall end on the first to occur of (i) September 30 of the year in the which the commitment of the Commonwealth of Kentucky to pay tax increments to the Arena Authority under the TIF Program has

ceased (such that Louisville Metro and the Commonwealth are making the same number of annual payments with respect to their respective obligations), (ii) the date of final payment of the Refunding Bonds (or any bond which refund the Refunding Bonds) or (iii) September 30, 2054. In providing this authorization, the Council notes that House Bill 330 requires the Arena Authority to use all excess revenues (moneys which exceed operating costs, capital expenditures and regularly scheduled debt service) to redemption of the Refunding Bonds, once the Refunding Bonds are callable, at least every thirty-six months.

Section III. Request to KEDFA to issue Refunding Bonds. In accordance with the provisions of KRS 103.210(1) and KRS Chapter 154, Louisville Metro hereby officially requests that KEDFA issue its Refunding Bonds in such principal amount, not to exceed \$450 million, as may be appropriate, for the purpose of refunding the Series 2008 Arena Bonds.

Section IV. Series 2008 Arena Bonds not to be Affected. Nothing in this Ordinance shall be read to affect the rights of the bondholders of the Series 2008 Arena Bonds. Louisville Metro will continue to abide by the covenants and conditions agreed upon in the Amended Guarantee Agreement until such contractual duties and obligations shall cease to exist.

Section V. Further Acts and Deeds. The Mayor, the Council Clerk, and other appropriate officers, officials, and employees of Louisville Metro are hereby authorized and directed to execute, acknowledge, and deliver on behalf of Louisville Metro any and all documents, and to do and cause to be done, any and all acts and things necessary or proper, in order to effectuate the foregoing provisions of this Ordinance.

Section VI. Headings. The headings of the sections in this Ordinance are incorporated only for reference and are not to be made a part of this Ordinance.

Section VII. Severability. The provisions of this Ordinance are severable and, if any section, phrase, or provision hereof shall for any reason be declared invalid or unenforceable, such declaration shall not affect the validity of the remainder of this Ordinance.

Section VIII. Supplements. The provisions of this Ordinance may be supplemented from time to time by ordinance or resolution of the Council.

Section IX. Effective Date. This Ordinance shall take effect upon passage and approval.

H. Stephen Ott
Metro Council Clerk

David Yates
President of the Council

Greg Fischer
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael O'Connell
Jefferson County Attorney

BY: _____
Assistant Jefferson County Attorney

