



TO: Mayor Linda Gorton
Urban County Council

FROM: Craig Bencz, Admin. Officer Sr.

CC: Kevin Atkins, Chief Development Officer

DATE: May 13, 2021

SUBJECT: Preliminary approval of an Industrial Revenue Bond for Astana, LLC

Request

Request Council authorization for the preliminary approval for the issuance of Industrial Revenue Bonds for Astana, LLC for the Speigle Heights Redevelopment Project, a 2.35 acre site located at 903 (in part), 904, 910, 922, 926, 930, and 941 Manchester Street and 962 and 964 Tarr Trace through an inducement resolution.

Reason for Request

The applicant is requesting preliminary approval for the issuance of Industrial Revenue Bonds in the aggregate principal amount of up to \$39,000,000 to support the acquisition and redevelopment of the subject site. The site is located within the "Downtown Business District" delineated in Resolution No. 100-83, which provides for the issuance of Industrial Revenue Bonds "where a proposed project would aid in the revitalization or redevelopment of the downtown business district."

The Economic Development Investment Board unanimously recommended the Urban County Council's approval of this request for a term of 40 years, subject to restrictions found in in the Memorandum of Agreement.

At this time LFUCG would issue an inducement resolution and Memorandum of Agreement, which allows the developer to recover project expenditures later when the bond is issued. The bond ordinance would also go to the Board and the Council for approval at a later date. The developer has requested that this transaction be set up as a lease back, under which LFUCG will take ownership of the property and lease it back to the developer, which allows the developer relief from payment of ad valorem property taxes and would require the Council to waive the restrictions in Ordinance No. 52-94. Under the statute and the lease agreement,



although LFUCG issues the bond it has no responsibility for its payment or any corresponding liability.

The applicant intends to make payments to the Fayette County School District in lieu of School Property Taxes for the timeline of the bond issuance.

This application is subject to fees related to the issuance of bonds as required by Ordinance 21-2021.

What is the cost in this budget year and future budget years?

The cost for this FY is: N/A

The cost for future FY is: the increase in ad valorem taxes over the term of the bond. Over the 40-year period, the applicant asserts that the project will generate approximately \$5.6 million in occupational tax revenues, \$38.2 million in local transient room tax revenues, and \$9.1 million in PILOT payments to the School District.

Are the funds budgeted?

N/A

Account number:

File Number:

Director/Commissioner: Bencz/Atkins

