

**THE BOARD OF EDUCATION OF COVINGTON, KENTUCKY**  
**MINUTES – SPECIAL MEETING**  
**February 9, 2016**  
**3:30 P.M.**

The Board of Education of Covington, Kentucky met in special session on Tuesday, February 9, 2016 at Central Office Building, 25 E. Seventh Street, Covington, Kentucky.

Ms. Julie Geisen Scheper, Board Chair, called the meeting to order at 3:30 p.m.

**Call To Order**

Roll call showed the following members present: Mr. Jerry Avery, Ms. Joyce Baker, Ms. April Brockhoff, Ms. Glenda Huff and Ms. Julie Geisen Scheper.

**Roll Call**

Ms. Mary Ann Stewart, School Board Attorney, read the call of the meeting:

**Call of Meeting**

**1. Duveneck Square – Payment in Lieu of Taxes (PILOT) Agreement (Order No. 020916-01)**

Ms. Geisen Scheper welcomed everyone to the meeting.

**Welcome**

Ms. Stewart introduced the Duveneck Square Project and a payment in lieu of taxes (pilot) program. Ms. Stewart explained, the City of Covington has entered into a development agreement for a mixed-use project to be constructed along the east side of Washington Street, between 7<sup>th</sup> Street and 8<sup>th</sup> streets, consisting of approximately 110 units of multi-family residential rental units and 7,000 square feet of commercial space, with surface parking across the street. As part of project financing, the developer has proposed the use of Industrial Revenue Bonds, which affect the amount of property taxes paid by the developer. The issuance of the Bonds would be subject to the execution of a payment in lieu of taxes agreement (a “PILOT Agreement”) to pay the City and Covington Independent School District during the term of the Bonds.

1. Ms. Brockhoff moved that the Covington Board of Education approve the Duveneck Square Project Payment in Lieu of Taxes (PILOT) Agreement and Authorizes Alvin Garrison as Local Board of Education Designee. Ms. Baker seconded the motion.

**Duveneck Square  
Project PILOT  
Agreement**

Ms. Geisen Scheper asked for discussion on the motion.

Ms. Stewart introduced Mr. Jim Parsons, Attorney for the Duveneck Square Developer, to explain the steps involved with issuing Industrial Revenue Bonds (IRB). The terms of the agreement are proposed to be not less than a twenty (20) year term, with twenty (20) percent of the real property taxes the Project would have produced to the City and School District if the Bonds had not been issued for the Project to serve as a PILOT payment. Any PILOT Agreement must be ratified separately by the School District. This type of arrangement has been used for the Ascent, Lexus Dealership, the IRS Gateway building and other Northern Kentucky developments. The major advantage is that developments occur that generate new construction that would not otherwise occur, thereby generating housing, jobs and significant economic development for the community. Mr. Parsons also discussed the payment schedule and the additions to the agreement

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including provisions regarding a default. The commitment to payment schedule, in the event of a tax decrease, will remain the same.

Ms. Stewart stated that she thought the proposed Payment in Lieu of Taxes (PILOT) agreement was very reasonable and well-thought out.

The Board thanked the City of Covington and the developer for their time and expressed their excitement for the project.

Ms. Baker asked for a call on the motion.

With a roll call vote, Ms. Brockhoff, Ms. Baker, Mr. Avery and Ms. Huff voted yea. Ms. Scheper recused herself due to family members' involvement on various boards and projects in the city. The motion passed.

The Board agreed by consensus to adjourn at 3:50 p.m.

**Adjournment**

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Board Chair

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Superintendent of Schools