

MINUTES } CITY OF PIKEVILLE

SPECIAL MEETING - MARCH 29, 1989

The City of Pikeville Board of Commissioners met in a special session on Wednesday, March 29, 1989. The meeting was held in the City Commission's regular meeting place at the City Hall Public Meeting Room at 260 Hambley Boulevard.

Special Meeting Notices were delivered to the Commission and the news media as provided by the "Sunshine Law". The Special Session was called for the purpose of re-evaluation of developer for the Urban Development Action Grant (UDAG).

There being a quorum present, Thomas Huffman made the motion, seconded by Johnny Mounts to appoint Greg Justice as Mayor Pro Tem in the absence of Mayor Hambley and Mayor Pro Tem Steve Combs. The motion carried 2 - 0 - 1 with Greg Justice abstaining from the vote.

Mayor Pro Tem Greg Justice called the meeting to order at 5:05 p.m. Commission Members present upon call of the roll were:

COMMISSIONER:	GREG JUSTICE
	THOMAS HUFFMAN
	JOHNNY MOUNTS

Commissioner Steve Combs arrived at 5:15 p.m.

Robert Langley, a developer from Lexington, Kentucky, read an excerpt from the January 26, 1980 edition of the News-Express as follows:

"Pikeville Mayor William C. Hambley proposed during a public hearing Thursday night that \$1.1 million in Year One Community Development funds be reprogrammed so he could "negotiate" with the Kentucky Bureau of Highways on development of a building site at the north end of the Cut-Through. .

The site the mayor wants to develop has been proposed as the potential location of a regional mall. However, during the hearing at the old City Hall meeting room on Division Street, Mayor Hambley said the site should be developed whether a mall locates there or not."

The site referenced in the article is known as Poor Farm Hollow. Mr. Langley explained that the meeting had been called to discuss the potential development of this area.

Displays were shown to the Commission of various shopping centers that Langley Properties Company has developed. Site locations were Whitesburg, Harlan and Barbourville, Kentucky.

Mr. Langley reported that he and Nancye Yost Caudill Blackburn have formed a partnership under the name of Greenbrier Development Company, LTD. The partnership was established to develop a 259,331 sq. ft. strip shopping center and a 367,000 sq. ft. mall shopping center in Poor Farm Hollow. The development is scheduled to be completed in two phases. The first phase is the development of the strip shopping center. Cost is expected at \$11,600,000 and will create 400 jobs. Phase II is the mall shopping center and is estimated to cost \$27,600,000. This development is expected to produce 800 jobs.

Letters of Financing have been obtained from the First Security National Bank and Trust Company (two representatives were present).

According to Mr. Langley, there are two advantages in the development of the Poor Farm site over the airport site. The Poor Farm Hollow property is above the Flood Plain and a bridge is not required, which eliminates the need for a Community Development Block Grant (CDBG).

Mr. Langley pointed out that the City of Pikeville will benefit from this proposed development on the following points:

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1. Phase I will create about 400 jobs.
2. Phase II will create about 800 jobs.
3. The Tax Base will be increased with the approximate \$40,000,000 development.
4. The improvements will be on City Property. Currently the Poor Farm site is under lease to Grouse Point Development Company.
5. The development should help the downtown industry by drawing traffic through the "horseshoe".
6. Funding will help pay for the needed improvement additions to the Sewage Treatment system.
7. Economy boosted by hiring local contractors for the construction of the shopping centers.

Mr. Langley went on to explain that three elements must be in place before development can be realized. The developer must first have property control. Secondly, financial backing, and thirdly, major tenants. Mr. Langley reported that Greenbriar Development Co., LTD. have all three items in place and are ready to proceed with the proposed development. It is hoped that the project can be initiated in the late fall or early winter of 1989 with completion of the strip shopping center in the winter of 1990.

Mr. Langley expressed to the Commission that it was not his intention to ask for the transfer of the \$4½ million UDAG from the airport project to the Poor Farm Hollow project, however UDAG funds are needed for this development. He asked the Commission to offer their support in Greenbriar Development Company's application for a new UDAG grant. It was indicated that should the City require a new developer in an effort to retain the present UDAG assistance, that his company would like to be considered.

Commissioner Mounts questioned the development of the strip center before the development of the mall. It was explained that the strip center would be easier to develop due to the location being on a lower level and that development of a mall takes about 3 - 5 years to develop, while a shopping center can be developed in about 18 months. Commissioner Mounts expressed his opinion that he would like to see an agreement binding the developer to construct both the shopping center and mall. Mr. Langley explained that he could not guarantee both phases but the City would be protected because he would not get total grant funds if Phase I only was developed.

Application for a new UDAG should be filed almost immediately. The last filing date is May 31, 1989. Mr. Langley indicated that he has the understanding that if the application could not be filed by this date that a 2 week extension could be permitted, however, June 15, 1989 is the absolute deadline to file for UDAG funds.

Jim Ellis, a local architect, asked why HUD officials did not attend the meeting. Commissioner Huffman told the audience that he had been in contact with HUD officials and learned that the present UDAG could not be transferred, however the Washington HUD office said the present application could be amended, but it is a lengthy process and the changes are that the UDAG will be recaptured. It was recommended that the developer file a new application for the Poor Farm Hollow Project.

Mr. Ellis questioned what documentation is still needed from the developer of the airport site. Commissioner Huffman reported that it is the City's responsibility to ensure that the developer has the required leases and suitable financing. It was noted that there is a letter from HUD to the effect that the \$4½ million UDAG may be terminated if all requested documentation is not submitted to HUD by April 17, 1989.

Garred Cline asked what the status of the airport project is. Sue Smallwood, Projects Coordinator, reported that the City is currently awaiting for funding approval from the State with regard to the Funds A & B KIRFL. These funds have been requested for the upgrade of the Sewage Treatment Plant and offsite improvements for the airport site mall project. While the City expected to have notification by this date whether funding had been approved, it was noted that the Infrastructure Authority had postponed the session which was scheduled by this date. It was reported that the

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City has been awaiting a decision since December 1988. Mr. Cline questioned if the developer had tested the airport site for PCB's, and indicated that he would like to see proof of that test.

Nancye Yost Caudill Blackburn asked why the developer of the airport site, B D & E Development, did not show up for the meeting. Mrs. Smallwood reported that she had sent a letter of notification to B D & E Development's representative, C.J. May, of the meeting and requested their presence. While Mr. May planned to attend the meeting, weather conditions did not permit the trip. Mrs. Blackburn asked if the developer has submitted all the documents relative to property control, guaranteed financing, and major tenant intent. Mrs. Smallwood explained that she has not received all of the cited documents.

Commissioner Combs commented that he had received a call from the HUD office in Louisville and had the indication from Mr. Robertson of that office that he would contact all the Commission Members. Commissioner Combs reported that HUD has expressed that the present UDAG can not be transferred to another project.

Mrs. Blackburn commented that her company has shown the progress to the Commission with regard to the Poor Farm Hollow development; have shown property control; and have the financial backing. She indicated to the Commission that major tenants will not be disclosed at this time.

Commissioner Huffman commented that he had received conflicting answers from the HUD offices in Louisville and in Washington. The Louisville Office indicates that the UDAG cannot be transferred while the Washington Office indicates the UDAG application can be amended.

Mrs. Blackburn told the Commission that Greenbriar Development Company, LTD can apply for a new UDAG, but feels that chances of acquiring the grant are slim. She requested that the Commission consider allowing this company to "save" the present UDAG.

The Commission asked Mr. Langley what he would like for them to do. Mr. Langley indicated that he wanted the City's support in the application of a new UDAG. The Commission told Mr. Langley this action was taken in August, 1988, however Thomas Huffman made the motion, seconded by Greg Justice to support Greenbriar Development Co., Inc. in the filing of an application for a UDAG for the Poor Farm Hollow Development. The motion carried 4 - 0.

Commissioner Mounts questioned Mrs. Blackburn if she had acquired the needed property from the State. Mrs. Blackburn voiced her opinion that since the City is the applicant for the UDAG, that the City should obtain the needed property. Commissioner Mounts said he had talked with Denton Biliter at the Highway Department who indicates that the property in question will be retained by the Highway Department. Mrs. Blackburn suggested that the City contact the Commerce Department relative to this request.

A parking situation at the Federal Courthouse was discussed. Action on this matter was deferred until the Commission meets in regular session.

There being no further business to be considered in Special Session, Greg Justice made the motion, seconded by Thomas Huffman to adjourn the meeting. The motion carried unanimously.

APPROVED

W.C. Hambley, Jr.
MAYOR (MAYOR PRO TEM)

ATTEST:

Karen Harris
KAREN HARRIS, CITY CLERK