

## **Oldham Reserve commerce area**

### **Project's a liability for the taxpayers**

Dec.10, 2008

Fiscal Court continues to face mounting challenges from the Oldham Reserve property in La Grange . At the Nov. 16 meeting, Judge-Executive Duane Murner updated the court on the financial status of the project. Quite simply, it continues to be a major financial exposure for all taxpayers within Oldham County.

Murner announced that the Hocker Group, a private equity development company that had been considering a partnership with the county and the city of La Grange for development of the project, had officially withdrawn its interest in the proposed agreement at this time. It was stated that the recent economic downturn was the primary reason; but in retrospect, there have been way too many “ifs” associated with this potential partnership from the start.

At the March 18 Fiscal Court meeting, I voiced my concerns about the specifics surrounding this tenuous partnership ... the process associated with it, and questioned the contingency planning. Subsequently, I was the only Fiscal Court member to vote against this agreement. ... Now, many months later, we are basically back to square one.

A major component of the agreement was for our county and city governments to make progress on securing major state and/or federal funding for infrastructure improvements to the property prior to the Hocker Group purchasing any land. The current gubernatorial administration and state government have been consistent in their message this year regarding a severe lack of available road and infrastructure funding. In fact, funding that was previously believed to be secured for an overpass to and from the property has been delayed, perhaps for years. This overpass was one of the less-expensive components, compared with interchange improvements on Interstate 71 and a ring road.

What is most disconcerting is the fact that local government has lost a year of searching for another partner or purchaser for this property. Additionally, the liability for taxpayers has increased considerably. To be precise, when the initial bonds were issued in 2005, the county and city governments each took on \$10 million in debt for the near 1,000-acre property. Today, there are just over 900 acres remaining for sale, outside of the Rawlings Group property, and the county owes approximately \$10.9 million in principal and interest under current debt structuring. Furthermore, the city of LaGrange likely will pay even more in bond-refinancing interest based on its municipal bond rating as compared with the county's. Another interesting point is the continued notion by Murner on what he refers to as a “balanced budget.” Here again, this is simply misleading.

Under the original financing arrangement for the Oldham Reserve Property, a major debt payment was due this month; however, the county could not afford this and refinanced the debt, pushing out the payment dates for three more years. It is well known that Murner has introduced significant tax and fee increases over the last two years to substantially increase revenue coming into the county. It is certainly much easier to balance a budget when you both increase revenue and choose not to pay one of your largest bills.

Pushing debt into the future for other elected officials to contend with is not the way a fiscally responsible government should operate. It is important for taxpayers to understand that refinancing the debt has cost them more than \$1 million of additional interest.

This situation remains a major concern to me and needs to be addressed soon. It is simply unacceptable for this administration to fail in addressing this issue before handing it off to their successor. Judge-Executive Murner should develop and present a clear plan to the public that demonstrates his strategy to improve this problem. At a time of severe economic uncertainty... as we are currently facing, the taxpayers of this county simply cannot be asked to continue to shoulder this burden.

—Scott M. Davis, District 6 magistrate