

Board Signs Loan For Debt Refinancing

MINUTES

DECEMBER 3, 1993

The Board of Control of the Kentucky High School Athletic Association met at the Executive Inn, Louisville, Kentucky on Friday, December 3, 1993. The meeting was called to order by President Ray Story at 8 a.m. with all Board members present. Also present were Commissioner Billy Wise, Exec. Asst. Louis Stout, Assistant Commissioners Brigid DeVries and Larry Boucher, Business Manager Julian Tackett, SID Brooks Downing, Ken Tippet, Board Attorney Danny Reeves and State Dept. of Education representative Gary Faulkner. The invocation was given by Frank Cardwell.

Frank Welch made a motion, seconded by Claudia Hicks, that the Minutes of the Oct. 15, 1993 meeting of the Board be approved. The motion passed unanimously.

Ozz Jackson moved to approve the Minutes of the Nov. 22 Meeting of the East Eligibility Committee as corrected to show the athlete's name as Todd Jenkins. Cookie Henson seconded the motion which passed unanimously.

Jackson moved to approve the Minutes of the Nov. 22 Special Meeting of the Board. Frank Cardwell seconded the motion which passed unanimously.

Following a discussion of the Oct. 1 through Nov. 22 bills, Ken Cox made a motion to accept. Welch seconded the motion which passed unanimously. A discussion was then held regarding the 1993-94 Working Budget through Nov. 22. No action was taken.

Commissioner Wise discussed with the Board members an option to grant ticket purchasers to the Saturday 4A Football Playoffs \$1.00 off the admission price if they presented a ticket stub from the Louisville vs. Michigan State Basketball Game to be played at Freedom Hall at noon. SID Brooks Downing offered to handle all arrangements. Grant Talbott made a motion to approve this request. Hicks seconded the motion which passed unanimously.

President Story called on Chairperson Welch for a report of the East Eligibility Committee. The Committee met on Dec. 2 to hear an appeal

from Eddie Brown, a student at Whitley County High School. Welch made a motion, seconded by Jackson, that the Board accept a vote of approval of the East Eligibility Committee to waive By-Law 4(1) in the case of Eddie Brown, thereby allowing him to participate in interscholastic athletics immediately at Whitley County High School. The motion passed 11-1.

James Sexton, Chairperson of the West Eligibility Committee, gave his Committee's report of the appeal of LaTasha Hurst on December 2. Sexton made a motion that the Board approve the report of the West Eligibility Committee to waive By-Law 6, 1(a) and allow LaTasha Hurst to participate in interscholastic athletics at Southern High School for the 1993-94 basketball season. Cookie Henson seconded the motion which passed 11-1 following a discussion of this appeal.

President Story asked that it be noted that when the Board is to be in full session, appeals will be heard by the full Board rather than the East and/or West Eligibility Committees.

Talbott, Chairperson of the All-Sports Committee, was called on for the next report. The All-Sports Committee made the following recommendations:

1) That the four-team format for the State Soccer Tournament be tabled until the January meeting;

2) That the request for a \$2.50 increase in game fees for baseball umpires be deferred to a later date;

3) That medals be awarded to winners and runners-up in team sports to the limit of the traveling parties. Grant Talbott made a motion that the All-Sports Committee's report be accepted. James Sexton seconded the motion which passed unanimously.

Stan Steidel, Chairperson of the Basketball Committee gave the following report:

1) Recommended that a survey be conducted by Board members to determine preferences for the district and regional basketball tournament officials and report findings at the January meeting;

2) Continue the officials ratings experiment in the 6th & 7th Regions;

3) Continue realignment study and report at the January meet-

ing;

4) Continue to consider until the January Board meeting a request from the Basketball Coaches' Association that an active coach serve as a non-voting member of the KHSAA Basketball Committee. The Board then accepted the Basketball Committee's report.

Chairperson Jackson, Football Committee, was then called on. He presented the following items:

1) Announced the appointment of the Football Advisory Committee and that the Committee will meet January 20; -3-

2) Postponed a request from Beth Haven High School to survey the schools in regard to offering 8-man football until reclassification/realignment of the football schools has been finalized. Jackson made a motion, seconded by Cardwell, that the Board authorize staff to send a letter to Beth Haven advising them that their request was postponed. Motion passed unanimously.

President Story then called on Kathy Hopper, Chairperson of the Constitution & By-Laws Committee for a report. Due to the fact that By-Laws 4, 6 and 13 need to be considered, Hopper made a motion that any changes be discussed after the Blue Ribbon Commission Hearing. Henson seconded the motion which passed unanimously. Hopper then made a motion that the Board conduct a work session with Delegate Assembly members prior to the Annual Meeting. Henson seconded the motion which passed unanimously.

Commissioner Wise advised the Board he had met further with TeleCable of Lexington and recommended that the Board enter into a three-year contract to televise the Boys' State Basketball Tournament on a delayed basis. Cox moved to accept the Commissioner's recommendation. Talbott seconded the motion which passed unanimously.

Commissioner Wise then recommended to the Board that the contract of Ray Hornback be extended for 90 days due to the fact that it has taken more time than expected to obtain a Chairperson for the Court of Support Campaign, get the Committee organized and put together a video, etc. Following discussion and recommen-

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dations for setting forth timetable expectations, Jackson moved to accept the Commissioner's recommendation to extend Ray Hornback's contract until March 31, 1994. Cardwell seconded the motion which passed unanimously.

Bob Rogers made several suggestions to expose the Hall of Fame Museum and Court of Support to school personnel and other groups around the State.

Commissioner Wise and Faulkner announced that the SBESE will take action on the Review at their Jan. 4-5 meeting, and recommended that the Staff take action on certain items because they must be addressed.

Commissioner Wise then requested approval to attend the National Federation Winter Meeting in Point Clear, Ala., on Jan. 6-10, 1994 along with Tackett who is a voting delegate at the Football Rules Meeting. Steidel moved to approve the Commissioner's request. Talbott seconded the motion which passed unanimously.

The following Basketball Tournament Report was given:

Boys' ticket sales through this date: \$332,132

Girls' ticket sales through this date: \$30,152

It was reported that the boys' ticket sales and the girls' ticket sales were behind last year's receipts. Tackett reported that a new Sports Committee has been formed in Louisville to promote the Football Playoffs and the 1994 Boys' Basketball Tournament. Also, the KHSAA has received a commitment from Bowling Green to give financial assistance in the amount of \$10,000 to help with lodging and travel for the Girls' Basketball Tournament.

Faulkner reported to the Board on the Task Force Commission. He advised that the draft on Interscholastic Athletics was mailed to all schools, four public hearings were conducted and the Executive Summary was mailed to all Superintendents and 200 media outlets. He stated that a summary of the public hearings are to be mailed to the Board. He noted that some of his recommended changes may take statutory change while others will take regulatory change. Following a lengthy discussion between Faulkner and the Board, President Story advised that the draft is to be discussed further on Saturday.

President Story then called on Board members and Staff for any miscellaneous items.

Commissioner Wise advised the Board that three proposals have been submitted by member schools for consideration at the 1994 Delegate Assembly. Topics included are: a) each member school votes for each proposal; b) increase in number of preseason scrimmages; and c) coaching certification. These proposals will be submitted to the State Department and to legal counsel before placement on the Agenda to insure compliance with state laws.

Hopper reminded Staff that all information pertaining to Committees, Appeals and regular Agenda items should be mailed ahead of the meeting date.

Following a lengthy discussion with regard to final approval of bond refinancing, President Story recessed the meeting until Saturday, December 4 at 8:00 a.m.

December 4, 1993

President Story reconvened the December meeting of the KHSAA Board of Control on Saturday, Dec. 4, 1993, at 8 a.m. with all Board members present. Also present were Commissioner Billy Wise, Exec. Asst. Louis Stout, Assistant Commissioners Brigid DeVries and Larry Boucher, Business Manager Julian Tackett, SID Brooks Downing, Ken Tippett, Danny Reeves and John Wharton of Greenebaum Doll & McDonald, Gary Faulkner of the State Dept. of Education, Andy Hils and Bill Keller of Fifth Third Bank and Dirk Bedarff of Peck, Shaffer & Williams.

President Story began the meeting with a discussion of the refinancing of the Bond issue. Board members were given a copy of all documents pertaining to said refinancing for their review on Dec. 3. Story called on Tackett to discuss the issue at hand — that being the mechanic's lien filed by a contractor on the new office building and Hall of Fame Museum in April of 1993. He explained the situation would therefore necessitate monies being deposited with the refinancing party to secure this lien. Several possibilities were discussed for absolving the problem. Tackett also explained there would be two closings on the loan — one now, a taxable loan, and a tax exempt loan to be closed around the middle of February.

Wharton of Greenebaum, Doll & McDonald was called on to answer specific questions regarding the wording in the loan documents. Hils of Fifth Third Bank, advised the Board members that some specific phrases were standard clauses in all loan documents.

President Story called on each Board member for comments on the revised documents. Rogers asked if the bank required a legal opinion and was advised they did not at this time but would require one at a later date.

Other items of concern expressed by the Board were pending litigation cases and the financial cost connected to the case in the event of a loss. Representatives of Fifth Third Bank expressed no concern regarding same.

Hopper asked about the Debt Service Reserve. President Story explained the need for \$400,000 to be placed in escrow until the February loan closing, and then \$280,000 to \$300,000 to be placed in escrow to cover one year's payments. -6-

Keller explained that the appraised value of the building is under the loan amount.

Steidel commented that the purpose of the loan is to combine obligations and all negotiations were in "good faith". The "Events of Default" which is an issue of concern of the Board is an important issue—but common language and will be a part of the document with any financial institution.

Keller pointed out that the bank will be meeting with Tackett on a regular basis.

Commissioner Wise stated that it would be in everyone's best interest to try to resolve the lien problem by February.

Rogers noted that the Board did not ask for or obtain an actuarial analysis or a legal opinion of the new loan.

Cardwell made a motion, seconded by Jackson, that \$95,000 in the restricted Court of Support brick sales and \$7,551 in loan proceeds be deposited into an investment account at Fifth Third to secure the lien. The motion passed unanimously.

Talbott then made a motion that an investment account and a checking account be opened at Fifth Third Bank. Steidel seconded the motion which passed unanimously.



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Due to the fact there were changes made on the original documents typed on Dec. 3 and distributed for review, Talbott made a motion that President Story be allowed to initial the changed documents. Cox seconded the motion which passed unanimously.

President Story then called for recess at 10 a.m. in order for Board members to sign loan documents.

A blank amount existed on the Escrow Trust Agreement which would not be known until Monday, Dec. 6 due to the pricing of defeasance securities. Steidel moved to allow Commissioner to fill in amount and initial on the original document. Ken Cox seconded the motion which passed unanimously.

Hopper noted that at an earlier time she stated there was a blank in the original document and was advised that all blanks would be filled in.

President Story then called on

Hornback for an update of the Court of Support Campaign.

Hornback gave an enthusiastic report of the campaign, and that the Court of Support is a good idea. He felt it needed more exposure across the State and thus the need for this statewide campaign. Hornback then explained the development of the video and it was previewed by the Board and Staff.

President Story called on Commissioner Wise to discuss the next Agenda item — a rebate program for the member schools. Commissioner Wise recommended that this item be deferred to the January meeting. Steidel felt it necessary that the Board go on record as supporting such a rebate plan and the Board's intention of positively reviewing such a plan whether it be in the form of a rebate to the member schools or a reduction in dues for the 1994-95 school year with final resolution at the January 1994 meeting.

President Story proceeded

with the next item on the Agenda — a discussion of the Draft of Interscholastic Athletics prepared by the Task Force Commission. Commissioner Wise then advised the Board members that he would be attending the Public Hearings of the Task Force Commissioner the week of Dec. 6-10 and would be happy to speak to any of the items if the Board so desired.

The Board then discussed particular items in the draft, but took no action.

Rogers made a motion to adjourn. Steidel seconded the motion which passed 9-2 with one abstention. The meeting adjourned at noon.

Steidel moved for Executive Session to discuss personnel items. Talbott seconded the motion which passed.

Jackson made a motion to return to Open Session. Hicks seconded the motion which passed. No action was taken in Executive Session.

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