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Bankrupt Kentucky City Reaches Repayment Deal.

The bankrupt city of Hillview, Ky., said it plans to raise taxes and borrow \$5 million to pay off a newly reached settlement in a decade-old property dispute with a truck-driver training school.

Officials for the Louisville suburb said in court papers on Wednesday that they reached a deal to pay a portion of the \$15 million judgment owed to Truck America Training LLC. The legal award, which grew by \$3,759.54 a day in interest, prompted Hillview leaders to put the 9,000-resident city into bankruptcy proceedings in August.

The settlement could bring closure to city leaders who have debated how to handle the situation for years. "It's weighed on their hearts and their minds for years now, and there's some relief in reaching this agreement," said Tammy Baker, an attorney for the city.

The deal still needs approval from Judge Alan C. Stout, who agreed to evaluate it at a hearing on Thursday. Court approval would enable Hillview to drop its bankruptcy case.

Under the deal, Hillview officials will make an up-front payment of \$5 million that it plans to raise by issuing municipal bonds. City officials will also turn over 8.3% of its general fund revenue, minus a few deductions, to the training school for 20 years, according a copy of the settlement filed in U.S. Bankruptcy Court in Louisville.

The settlement also calls for the city, which typically brings in less than \$3 million a year in taxes and fees, to raise taxes to pump up its revenue intake. Hillview officials are preparing to raise its occupational tax from 1.5 % to 1.8% and its insurance premium tax, which is collected on insured property and people within the city limits, from 5% to 7%, according to the settlement.

The city's battle with Truck America Training goes back to a 2002 deal that allowed the school to use a city-controlled, 40-acre parcel of land for a heavy equipment training program.

School officials who made a deal to buy the property put \$1.5 million worth of bulldozers, excavators and dump trucks on the site to train 277 students in the first year, according to earlier court papers. But city leaders changed their minds and resisted finalizing the sale.

When Truck America sued in 2005, city leaders evicted them.

"Without suitable land on which to train, student enrollment and the related revenue plummeted, and Truck America was forced to sell its heavy equipment at a significant loss," Truck America lawyers said in a lawsuit that prompted a jury to award the school \$11.4 million in August 2012.

Earlier this year, Hillview officials sued ex-lawyer Mark Edison, saying he misled city leaders in 2004 into thinking that they could get out of a contract to sell the land to the school without major consequences. Mr. Edison, who worked for the city from 2003 to 2015, declined to comment on the lawsuit.

Hillview officials have only paid a small amount of the total damages due. At one point, Truck

America officials filed a lawsuit to try to force a tax increase on the city, a request under Kentucky law that hasn't been made since the 1940s.

The city's Aug. 20 filing for chapter 9 protection—the type of bankruptcy used by struggling cities and towns—made it the first city to turn to bankruptcy since Detroit in July 2013.

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