

**Development Plan For
The 811-823 West Main Street Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **811-823 West Main Street Development Area** (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083, (collectively, the “Act”), to encourage a hotel and tourism attraction project being undertaken by 8MAIN, LLC, a Delaware limited liability company, or an affiliate of same (the “Developer”), to be located at and adjacent to 811-823 Main Street, Louisville, Kentucky. The Developer proposes to and desires to renovate and preserve 58 feet of the existing brick four-story buildings (that were built in the 1890’s) along with their historic facades, with an eight-story tower to be constructed on the north side of the properties, which when completed, would include 160 hotel rooms, six (6) unique food & beverage outlets, a rooftop pool, rooftop event space, and meeting space, all of which will cost approximately \$100 million (the “Project”). Louisville proposes to support the Project and provide redevelopment assistance through a pledge of a portion of the incremental increase in local, Louisville Metro ad valorem real property taxes generated within the Development Area as a result of the Project.

1.2. The Project will have a hotel chain and six food and beverage outlets. It is anticipated the hotel will be part of the Dream Hotel group, which will add a unique hotel experience and entertainment destination option to the Louisville Metro market and support the burgeoning “Urban Bourbon” trail in Downtown Louisville Metro, as well as addressing the hotel need brought on by the expanded and renovated

Kentucky International Convention Center in Downtown Louisville Metro and activating a largely vacant commercial corridor within Louisville's nationally recognized West Main Historic District, connecting the Central Business District to the Project's anticipated collaborative partners, including, but not limited to, the Frazier History Museum, Louisville Slugger Museum & Factory, and Michter's Fort Nelson Distillery.

1.3. The redevelopment plan for the Project will renovate and preserve 58 feet of the existing brick four-story buildings (that were built in the 1890's) along with their historic facades, with an eight-story tower to be constructed on the north side of the properties, which when completed, would include 160 hotel rooms, six (6) unique food & beverage outlets, a rooftop pool, rooftop event space, and meeting space. The Project will transform an important, but neglected and underutilized, block within Louisville's West Main Historic District while also preserving the district's historic streetscape containing the largest concentration of cast-iron facades outside of New York City. In addition to repurposing and preserving this historic area, the Project will serve as a destination entertainment attraction for increased tourism and will drive further needed development in the West Main Historic District.

1.4 Size and Location. The Development Area is an approximate 0.7668 acre area in the Downtown Louisville identified more specifically on the map attached as Exhibit "A". This location, in the West Main Historic District, is perfectly situated for the development of the Project, which will become an anchor and catalyst for increased tourism activity and continued development in the surrounding areas.

2. The Development Area

2.1. Assurances Regarding the Size and Taxable Assessed Value of the Development Area and Other Matters. Louisville Metro finds in accordance with the Act that:

(a) The Development Area is a contiguous area consisting of approximately 0.7668 acres, which is less than three square miles in area;

(b) The establishment of the Development Area will not cause the assessed taxable value of real property within the Development Area and within all “development areas” and “local development areas” established by Louisville Metro (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within Louisville Metro. To date, Louisville Metro has established several other development areas with a combined taxable real property assessment of \$1.543 billion. The taxable real property within the Development Area for calendar year 2021 is approximately \$4,476,120, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.547 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2021 exceeds \$71.6 billion, 20% of which is \$14.3 billion. Therefore, the assessed value

of taxable real property within all development areas is significantly less than twenty percent (20%) of the assessed value of taxable real property within Louisville Metro; and

(c) That the Development Area constitutes previously developed land as required by KRS 65.7043(2).

2.2. Statement of Conditions and Findings Regarding the Development Area. Pursuant to KRS 65.7049(3), a development area shall exhibit at least two of the following conditions to qualify for designation as a “development area” under the Act.

(a) Substantial loss of residential, commercial, or industrial activity or use;

(b) Forty percent (40%) or more of the households are low-income households;

(c) More than fifty percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated;

(d) Substantial abandonment of residential, commercial, or industrial structures;

(e) Substantial presence of environmentally contaminated land;

(f) Inadequate public improvements or substantial deterioration in public infrastructure; or

(g) Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety, or general welfare due to the development area's present condition and use.

Louisville Metro has reviewed and analyzed the conditions within the Development Area and finds that the Development Area meets three (3) of the seven (7) qualifying characteristics as follows:

- 1. A substantial loss of residential, commercial, and industrial activity or use has occurred within the Development Area.** The Development Area consists of six parcels, and all but one of the structures on those parcels are currently vacant. The majority of the structures have been vacant for more than 20 years and all of the vacant structures have been vacant for at least eight years.
- 2. Substantial abandonment of residential, commercial, or industrial structures.** The Development Area consists of six parcels, and all but one of the structures on those parcels are currently vacant. The majority of the structures have been vacant for more than 20 years and all of the vacant structures have been vacant for at least eight years. While portions of those structures will be demolished, 58 feet of the existing buildings, along with the facades, will be renovated and preserved.

3. A combination of factors substantially impairs or arrests the growth and economic development of the city or county and impedes the development of commercial or industrial property due to the Development Area's present condition and use. Development of the Project site without assistance as provided by the Act is not feasible due to the large-scale costs associated with the redevelopment of the proposed Project, particularly if 58 feet of the existing four-story buildings are to be renovated and preserved. No other adequate funding mechanism affords the proposed improvements absent the incentives provided under the Act. These improvements cannot be facilitated with private investment alone. The aesthetic improvement resulting from the redevelopment of the proposed Project will have a positive impact on Louisville Metro and the surrounding area, especially the impact on West Main Street.

3.1. Assurances the Development Area Is Not Reasonably Expected to Develop Without Public Assistance. Louisville Metro finds that the Development Area will not reasonably be redeveloped without public assistance, including incentives as provided by the Act. The high cost of site redevelopment expenses needed for the Project, including the preservation and renovation of 58' of the existing buildings, make public incentives critical to the financing of the Project.

3.2. Assurances Regarding the Public Benefits of Redeveloping the Development Area as Proposed Justify the Public Costs Proposed. Louisville Metro finds that the public benefits of redeveloping the Development Area justify the

public costs proposed. The investment in the Development Area will result in significant returns through increased property valuations for the surrounding area and will facilitate secondary and tertiary re-development within the area. The Development Area has a 2021 taxable assessment of approximately \$4,736,120 but currently generates \$12,776 in ad valorem real property taxes to Louisville Metro because two of the parcels in the Development Area (assessed at \$1,735,100) were owned by a qualifying organization that was granted exemption from ad valorem real property taxes pursuant to Section 170 of the Kentucky Constitution. The Project will increase capital investment by approximately \$100,000,000, which will provide significant new taxes to Louisville Metro and the other taxing districts. While Louisville Metro will pledge 80% of the incremental increase of the local ad valorem real property taxes from the Development Area, up to a cap of \$6,380,405, to provide redevelopment assistance to the project, it will retain 20% of the new incremental increase of the local ad valorem real property taxes from the Development Area, and 100% of all other taxes, such as local occupational taxes. Further, the Project will serve as a catalyst for increased tourism activity in Louisville and additional development in the area surrounding the Development Area.

3.3. Assurances Regarding the Area Immediately Surrounding the Development Area. Pursuant to the Act, the establishment of a development area requires a finding that the area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise or, if the area immediately surrounding the Development Area has been subject to growth and development through investment by private enterprise, that there are certain special circumstances within the Development Area that would prevent its development without

public assistance. The area immediately surrounding the Development Area has not been subject to growth and development by private investment. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them.

3.4. Development Area Description. The Development Area includes the real property within the boundaries described on the site plan and legal description attached hereto as Exhibit “A.”

3.5. Existing Uses and Conditions. The Development Area consists of approximately 0.7668 acres at 811-823 West Main Street in Downtown Louisville. The existing site consists of several four-story structures, originally built in the 1890’s, that are largely vacant. The one property that is not vacant currently has an art gallery in it.

3.6. Changes in the Zoning Ordinance, Zoning Map, Comprehensive Plan or Other Codes or Plans Necessary to Implement the Development Plan. No change is needed in zoning to implement the Development Plan.

3.7. Certification of Compliance with the Comprehensive Land-Use Plan. The Project complies with the Comprehensive Land-Use Plan for Louisville Metro.

3. The Development Program.

The Development is expected to be a “Dream Hotel” brand hotel, which

will complement the Bourbon Trail, the renovated and expanded Kentucky International Convention center and Downtown Louisville Metro by providing a unique hotel and entertainment destination option for visitors to Louisville.

4. Redevelopment Assistance and Finance Plan.

Louisville Metro proposes to provide redevelopment assistance and pay for Project costs through a pledge of a portion of the incremental increases in tax revenues from local ad valorem real property taxes from the Development Area. Louisville Metro proposes to pay annually to the Agency, as defined in the Local Participation Agreement, the Released Amount which shall be calculated as provided in the Local Participation Agreement as follows: 80% of the Louisville Metro Ad Valorem Real Property Tax Increment, as that term is defined in the Local Participation Agreement, subject to the following condition: in no event shall the total of the Released Amount paid to the Agency over the term of the Local Participation Agreement exceed \$6,380,405 as more particularly set forth in the Local Participation Agreement. The projected incremental revenues and proposed time frame of the financial obligations is attached as Exhibit "B."

Louisville Metro will establish a special fund for the deposit of pledged incremental revenues as required by KRS 65.7061. Pledged incremental revenues deposited into this special fund will be used solely to reimburse the Developer for redevelopment assistance or pay for project costs in compliance with this Development Plan, the Act, and all agreements and documents entered into in connection therewith. Louisville will enact an ordinance establishing the Development Area and adopting this

Development Plan. The development area ordinance will designate the Metro Development Authority, Inc. (the “Agency”), organized by Louisville Metro, as the entity in charge of overseeing, administering and implementing the terms of the development ordinance.

5. Conclusions.

In conclusion, the Project will serve as an important catalyst to the further development of Downtown Louisville and surrounding areas, will generate significant new tax revenues to Louisville Metro, and will facilitate an increase in the availability of hotel space needed to support the growth and development of Louisville Metro. The incentives proposed to be provided under the Act are reasonable and critical to the overall financing for the Project.

Exhibit A

Map and Description of Development Area

811-815 W. Main Street

Tract 1: Beginning on the North side of Main Street, 131 feet West of 8th Street; thence running Westwardly along the North side of Main Street, 24 ½ feet; extending back Northwardly of that width throughout between lines parallel with 8th Street, 210 feet to Ormsby Street or Nelson Street, now Washington Street.

Tract 2: Beginning on a point on the North side of Main Street, 155 feet 6 inches West of 8th Street; running thence Westwardly with the North line of Main Street, 24 feet 6 inches and extending back Northwardly of the same width throughout between lines at right angles to Main Street, 200 feet, more or less, to the South line of the lot conveyed to the City of Louisville, by Deed dated August 8, 1947, and recorded in Deed Book 2269, Page 447, in the Office of the Clerk of the County Court of Jefferson County, Kentucky.

Tract 3: Beginning on the North side of Main Street, 180 feet West of 8th Street; running thence Westwardly along the North side of Main Street, 49 feet; and extending back Northwardly of the same width, between lines parallel with 8th Street, 210 feet to Ormsby Street or Nelson Street, now Washington Street, or alley.

819 W. Main Street

Beginning at a point in the North line of Main Street, 169 feet East of the intersection of the East line of 9th Street with the North line of Main Street, as measured along the North line of Main Street; thence running Eastwardly along the North line of Main Street, 22 feet; extending back Northwardly of that width throughout and between parallel lines with 9th Street, 210 feet to Ormsby or Nelson Street, the East and West lines of said lot running through walls used as party walls.

811-819 W. Main Street being part of the same property conveyed to C & P Real Estate, LLC by Deed dated October 16, 2014, of record in Deed Book 10313, Page 1 in the Office of the Clerk, Jefferson County, Kentucky.

821 W. Main Street

Beginning at a point on the North side of Main Street 147 feet East of the Northeast corner of Main and Ninth Streets; running thence East 22 feet and extending back at right angles to Main Street, the same width, 210 feet to an alley, then Westerly 21 feet; thereof being a portion of the property acquired by John Bull, by deed, from George Nurnberger and Elizabeth Nurnberger, his wife, dated October 27, 1866, and recorded in the Office of the Clerk of Jefferson County Court in Deed Book 129, Page 577, and the remainder of said frontage being a portion of the property acquired by the said John Bull by deed from Joseph Peter and Barbara Peter, his wife, et al, dated October 23, 1866, and recorded in the Office of the Clerk aforesaid in Deed Book 129, Page 525,

which lot of land is described on the present City of Louisville Assessor's Map at lot 27, Block 14; together with improvements thereon.

Being the same property acquired by Owsley Brown Frazier Historical Arms Museum Foundation, Inc., by Deed dated December 21, 2012, of record in Deed Book 9996, Page 24 in the Office of the Clerk, Jefferson County, Kentucky.

823 W. Main Street

Beginning in the Northwardly line of Main Street, 126 feet Eastwardly from Ninth Street; thence Eastwardly along the Northwardly line of Main Street 21 feet and extending back Northwardly between lines parallel with Ninth Street, 210 feet to Nelson Street or alley.

Being the same property acquired by Owsley Brown Frazier Historical Arms Museum Foundation, Inc., by Deed dated June 28, 2011, of record in Deed Book 9739, Page 871 in the Office of the Clerk, Jefferson County, Kentucky.

Exhibit B

PROJECTED NEW REAL ESTATE TAX REVENUES

2023	466,324
2024	475,651
2025	485,164
2026	494,867
2027	504,765
2028	514,860
2029	525,157
2030	535,660
2031	546,373
2032	557,301
2033	568,447
2034	579,816
2035	591,412
2036	603,240
2037	615,305
2038	627,611
2039	640,164
2040	652,967
2041	666,026
2042	679,347