

Exhibits

- A. Development Plan
- B. Map of Development Area
- C. Local Participation Agreement

EXHIBIT A
DEVELOPMENT PLAN

Development Plan
For
Heritage Green
Louisville/Jefferson County Metro Government
____, 2016

DRAFT

**Development Plan
The Heritage Green Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville Metro”) intends to establish the **Heritage Green Development Area** (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083, as the same may be amended (collectively, the “Act”), to encourage the redevelopment of a project consisting of a multifamily residential use being undertaken by Heritage Green Development, LLC, a Kentucky limited liability company (the “Developer”), to be located at and adjacent to 101 E. Southland Boulevard, Louisville, Kentucky. The Developer proposes to redevelop an older apartment complex that was built in 1948 into a 560± unit multifamily residential community (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 ad valorem real property taxes generated within the Development Area as a result of the Project.

1.2. The Project will provide an affordable housing option for Louisville Metro, which has announced several initiatives to encourage affordable housing.

1.3. The redevelopment plan for the Project will redevelop and renovate an old apartment complex, where the vast majority of units contain fire and water damage, or are not up to Louisville Metro code. The Project will also include improvements to the sidewalks and other public infrastructure at the site.

In addition to contributing to and supporting Louisville Metro's explicit goal of increasing the affordable housing stock in Louisville Metro, this project will also improve the public infrastructure in the area, rejuvenate the area and help increase the economic development of Southland Boulevard near Second Street.

1.4 Size and Location. The Development Area is an approximate 25.5688 acre area identified more specifically on the map attached as Exhibit "A".

2. The Development Area

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

(a) The Development Area is a contiguous area consisting of approximately 25.5688 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 \$1.487 billion.

The taxable real property within the Development Area for calendar year 2015 is approximately \$7,000,000, and that combined with the other development areas that have been established by Louisville Metro totals approximately \$1.492 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville Metro for the calendar year 2015 exceeds \$53 billion, 20% of which is \$10.6 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 more than two (2) 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 includes several apartment buildings built after World War II, the vast majority of which contain fire and water

damage or are not up to Louisville Metro code, and therefore, many of the units are unoccupied.

2. **More than fifty percent (50%) of the residential, commercial, or industrial structures are deteriorating or deteriorated.** The census data for the site including and surrounding this Development Area demonstrate a trend of deteriorating and abandoned properties, diminishing home ownership and a reduction in commercial development over the last several decades. The structures in the area surrounding the Development Area include vacant, dilapidated, and abandoned buildings. The vast majority of the structures in the Development Area, constituting more than fifty percent (50%) of the structures within the Development Area, are deteriorating or deteriorated, as a result of the lack of investment provided for by the owners prior to the Developer.
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 the units are to be affordable housing. Potential revenue alone cannot

underwrite the costs of the proposed improvements. 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 development of the proposed Project will have a positive effect on Louisville Metro and the surrounding area, especially the impact on Southland Boulevard and Second Street.

2.3. Assurances the Development Area Is Not Reasonably Expected to Develop Without Public Assistance. Louisville Metro finds that the Development Area will not reasonably be developed without public assistance, including incentives as provided by the Act. The high cost of site development expenses needed for the Project make public incentives critical to the financing of the Project.

2.4. Assurances 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, will facilitate secondary and tertiary re-development within the area, and will bring additional residents, diners and other visitors to Louisville Metro. The Development Area has a 2015 taxable assessment of approximately \$7,000,000 and annually generates \$33,544 in ad valorem real property taxes to Louisville Metro. The Project will increase capital

investment by approximately \$20,000,000 (including \$7,000,000 in purchase price), 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 \$912,352, to provide redevelopment assistance to the project, including public infrastructure improvements, it will retain 20% of the new incremental increase of the local ad valorem real property taxes from the Development Area. Further, the existing ad valorem real property taxes will be retained by Louisville Metro. Therefore, even when considering the requested incentives for the Project from Louisville Metro, the Project will be financially beneficial to Louisville Metro. Further, the Project will serve as a catalyst for additional development in the area surrounding the Development Area.

2.5. 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. These special circumstances include the apartment buildings which require extensive renovation work, and the goal of making the resulting project an affordable housing project within the Development Area. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them. Increased residential density and

affordable housing will increase the feasibility of developments within the area, not only within this Development Area, but also the development of the surrounding area.

The area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them. The area surrounding the Development Area is at a turning point. There remains a distinct lack of affordable residential rental units, and underutilized structures now offer potential for re-development. There is the potential for attractive and desirable new multi-family housing and retail space within the surrounding area. This Project, at this time, is a catalyst project that can excite, and create the momentum needed to completely transform, this area over the coming years.

2.6. 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."

2.7. Existing Uses and Conditions. The Development Area consists of approximately 25.5688 acres at 101 E. Southland Boulevard. The existing site includes several apartment buildings, originally built after World War II, many of which have fire and water damage or are out of compliance with the building code

2.8. 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.

2.9. Certification of Compliance with the Comprehensive Land-Use

Plan. The Project complies with the Comprehensive Land-Use Plan for Louisville.

3. The Development Program.

This Development will provide an attractive and much needed affordable housing for the residents of Louisville Metro.

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, not to exceed a sum equal to 80% of the local ad valorem Real Property Tax Increment, 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 \$912,352 as set forth in the Local Participation Agreement.

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 the Southland Boulevard/Second Street areas, will generate significant new tax revenues to Louisville Metro, and will facilitate an increase in the availability of affordable living opportunities 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

Land located and situated in Jefferson County, Kentucky, and described as follows:

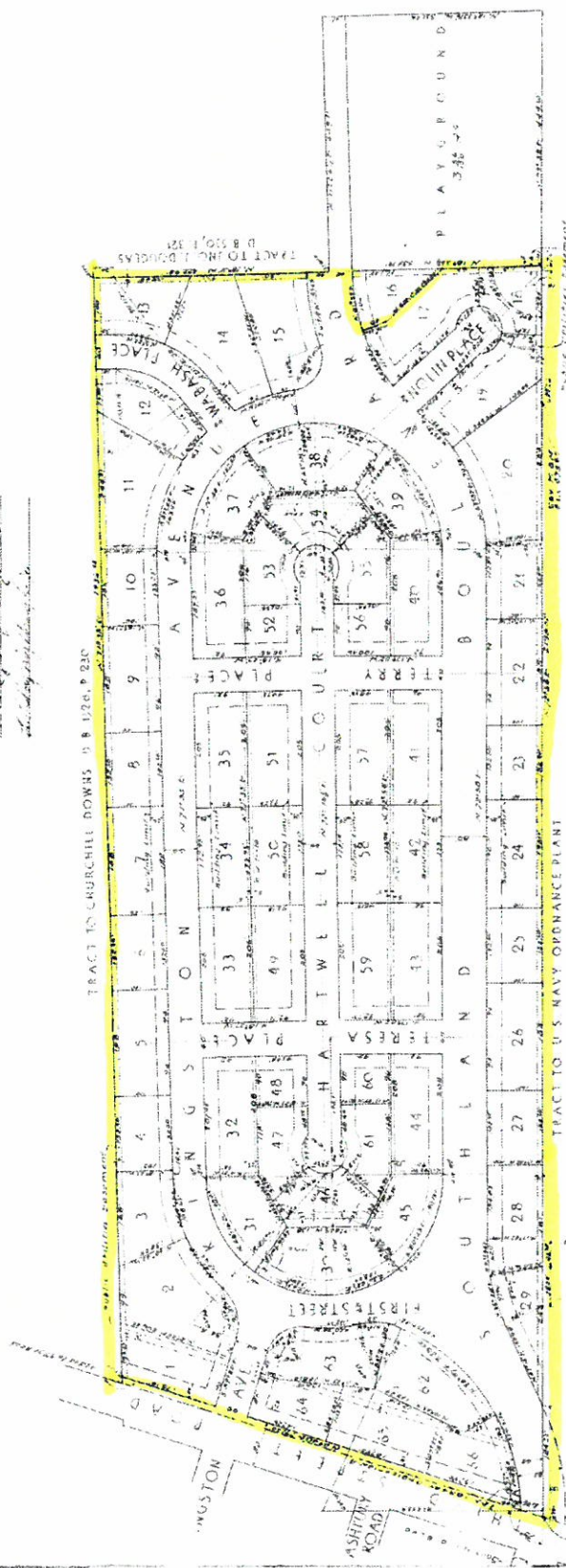
Beings Lots 1 through 15, inclusive, and Lots 17 through 66, inclusive as shown on the Revised Plan of Lynn Acres, plat of which is of record in Plat and Subdivision Book 9, Page 56, in the office of the Clerk of Jefferson County, Kentucky; EXCEPTING THEREFROM 0.0155 acre conveyed to the Commonwealth of Kentucky, Department of Highways, by Deed dated May 3, 1990, and recorded in Deed Book 5966, Page 987, in the office aforesaid.

Being a portion of the same property acquired by Heritage Green Development LLC by Special Warranty Deed dated May 16, 2014, of record in Deed Book 10243, Page 276 in the Office of the Clerk of Jefferson County, Kentucky.

EXHIBIT B
MAP OF DEVELOPMENT AREA

PUBLIC UTILITIES EASEMENT
 An Easement for Public Utility purposes is hereby reserved on, over, under & within the lot & spaces shown on this plan, according to a drawing by dotted lines a marked Public Utilities easement including the right to the utility companies to remove and run lines across easements and the easements of the lots overlapping the same and to draw utility lines thereon to the extent that it may be necessary for the proper installation, operation and maintenance of Public Utilities within said streets and spaces.

DEDICATION
 The undersigned Owners of the property shown on this plan hereby dedicate the same to be used as "LYNN ACRES" and its area be dedicated to public use, streets, avenues, easements, streets and public squares herein indicated by red lines. This dedication is made in conformity with the City of Louisville, on condition that the developers may subdivide the same as their own plan the construction of "LYNN ACRES" and further that if said City does not exercise supervision over any portion said tract as a playground within two years and thereafter with the use, maintenance and supervision of said tract for recreational purposes as to be under the control of the City of Louisville, the said tract shall remain in the hands of the four named owners or assigns.
 The temporary dedication of the Area marked "A" at the northeast corner of Southland Boulevard and Third Street Road is hereby dedicated to public use until such time as the Area marked "A" of the southwest corner of Southland Boulevard and Third Street Road is dedicated to public use at which time such temporary dedication will revert to, and become a part of, lot number 66.



REVISED PLAN OF
LYNN ACRES
 LOUISVILLE KENTUCKY

LEROY
 HIGHBAUGH SR. AND HIGHBAUGH JR.
 DEVELOPERS
 FRANK D. KING, SURVEYOR
 LOUISVILLE KY

State of Kentucky, Jess
 County of Jefferson, ss I,
 County Clerk, do hereby certify that
 this plan was filed for record in my
 office and acknowledged and attested by
 L. Leroy Highbaugh Sr. and
 L. Leroy Highbaugh Jr. to be their act
 and deed.
 Witness my hand and Seal this _____ day
 of _____ 1981.
 My commission expires _____ day of _____ 1981.

CERTIFICATE OF APPROVAL
 Appeared this 31st day of October 1981,
 Louisville and Jefferson County, Frank D. King,
 and James Commins, Jr.
 Chairman

SURVEYORS CERTIFICATE
 I hereby certify that the survey for
 this plan was made by me and that the
 measurements shown thereon are correct
 to the best of my knowledge and belief.
 Frank D. King, Surveyor

LEGAL DESCRIPTION

Land located and situated in Jefferson County, Kentucky, and described as follows:

Beings Lots 1 through 15, inclusive, and Lots 17 through 66, inclusive as shown on the Revised Plan of Lynn Acres, plat of which is of record in Plat and Subdivision Book 9, Page 56, in the office of the Clerk of Jefferson County, Kentucky; EXCEPTING THEREFROM 0.0155 acre conveyed to the Commonwealth of Kentucky, Department of Highways, by Deed dated May 3, 1990, and recorded in Deed Book 5966, Page 987, in the office aforesaid.

Being a portion of the same property acquired by Heritage Green Development LLC by Special Warranty Deed dated May 16, 2014, of record in Deed Book 10243, Page 276 in the Office of the Clerk of Jefferson County, Kentucky.

EXHIBIT C
LOCAL PARTICIPATION AGREEMENT

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
LOCAL PARTICIPATION AGREEMENT
FOR THE
HERITAGE GREEN PROJECT
WITHIN THE
HERITAGE GREEN DEVELOPMENT AREA**

LOCAL PARTICIPATION AGREEMENT

This **LOCAL PARTICIPATION AGREEMENT** (the "Agreement") effective as of the ____ day of _____, 2016, by and between (i) **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**, a Kentucky consolidated local government ("Louisville") and (ii) the **METRO DEVELOPMENT AUTHORITY, INC.**, a Kentucky non-profit, nonstock corporation ("Authority").

RECITALS:

WHEREAS, Heritage Green Development, LLC, a Kentucky limited liability company, ("Developer"), desires to develop in Louisville a multi-family residential project, consisting of approximately 147 rental residential apartments to cost approximately \$20 million, known as the Heritage Green Project more specifically described in Exhibit A (the "Project");

WHEREAS, Louisville and the Authority, to induce Developer to undertake the Project, agree to provide certain tax increment financing incentives to the Developer as set forth in this Agreement and the TIF Disbursement Agreement to be entered into among the Developer, the Authority and Louisville ("TIF Agreement");

WHEREAS, pursuant to KRS 65.7041-65.7083 ("the Act"), the legislative council of Louisville/Jefferson County Metro Government ("Metro Council"), by Ordinance No _____, Series 2016 (the "Ordinance"), has established the Heritage Green Development Area (the "Development Area");

WHEREAS, the Project represents new economic development in Louisville;

WHEREAS, the Project, located within the Development Area, as presented to Louisville and the Authority by Developer in preliminary planning papers, will result in the increase in the value of real property located in the Development Area, increase the tax base of Louisville, increase employment and enhance housing opportunities for Louisville residents;

WHEREAS, it is therefore in the interest of Louisville and the Authority that there be a plan for the optimal revitalization and development of the Development Area in a most efficient manner;

WHEREAS, Louisville is authorized under the Act to enter into a local participation agreement with an agency in acknowledgement of benefits to be derived by Louisville within a development area in order to promote the public purposes of Louisville;

WHEREAS, the Ordinance declares the Development Area to be a "development area" within the meaning of the Act, and the Project constitutes a "project" within the meaning of the Act; therefore, the Project is eligible to receive a portion of incremental local ad valorem real property taxes as provided in the Act;

WHEREAS, the Authority, pursuant to Chapters 58 and 273 of the Kentucky Revised Statutes, is organized and incorporated by Louisville as a not-for-profit, nonstock corporation, and pursuant to the Ordinance, the Authority has been designated as the "agency," within the meaning of the Act for the purposes of receiving and distributing incremental local tax revenues generated within the Development Area;

WHEREAS, Louisville desires to assist the Developer, through the Authority, with the costs of the Project and agrees to enter into this Agreement in order to release to the Authority a portion of the Real Estate Tax Increment (as hereinafter defined) for use solely for purposes of the Project;

NOW THEREFORE, Louisville and the Authority agree that in consideration of the premises and the additional consideration provided herein, the parties agree as follows:

Section 1. Definitions.

In addition to the terms defined in the above recitals, the following additional terms used in this Agreement shall have the meanings assigned in this Section 1 unless the context clearly indicates that a contrary meaning is intended.

(a) **"Activation Date"** means January 1, 2018, being within two (2) years of the Commencement Date which, upon the written request of the Authority to Louisville, may be extended, but in no event more than four (4) years from the Commencement Date.

(b) **"Base Year"** means January 1, 2015 through December 31, 2015, the last full year prior to the Commencement Date.

(c) **"Calendar Year"** means January 1 through and including December 31.

(d) **"Commencement Date"** shall mean the later of (i) the effective date hereof or (ii) the effective date of the Local Participation Agreement.

(e) **"New Real Estate Tax Revenue"** means the amount of Real Estate Taxes received by Louisville after the Activation Date has occurred through the term of this Agreement.

(f) **"Office of Management and Budget"** means the department of Louisville with that name.

(g) **"Old Real Estate Tax Revenue"** means the amount of Real Estate Taxes assumed to have been received by Louisville in the Base Year, as calculated in Section 4.1 of this Agreement.

(h) **“Real Estate Tax”** means the ad valorem real property taxes received annually by Louisville from real property located within the Development Area.

(i) **“Real Estate Tax Increment”** means the incremental amount of Real Estate Taxes collected in each Calendar Year following the Activation Date, during the term hereof, determined by subtracting the amount of Old Real Estate Tax Revenue from the amount of New Real Tax Revenue.

(j) **“Released Amount”** means the amount payable in each Calendar Year from Louisville to the Authority pursuant to Section 4.4 of this Agreement.

(k) **“Termination Date”** means the date ending twenty (20) years from the Activation Date, unless terminated earlier pursuant to Section 3.1 of this Agreement.

Section 2. Representations and Warranties.

2.1 Representations and Warranties of the Authority. The Authority represents and warrants to Louisville as follows:

(a) **Existence.** The Authority is a duly organized and validly existing non-profit corporation created under and in conformity with the laws of the Commonwealth of Kentucky.

(b) **Authority to Act.** The Authority has the requisite power, capacity and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to observe and to perform this Agreement, in accordance with its terms and conditions. The officers and officials executing and delivering this Agreement on behalf of the Authority have been or are otherwise duly authorized to enter into this Agreement on behalf of the Authority.

(c) **Validity of Agreement; Compliance with Law.** This Agreement is the legal, valid, and binding obligation of the Authority enforceable in accordance with its terms and conditions. The execution and delivery of this Agreement, and the performance or observance by the Authority of the terms and conditions thereof do not and will not materially violate any of the provisions of the Authority's Articles of Incorporation or any laws applicable to the Authority.

(d) **Litigation.** No litigation or proceeding involving the Authority is pending or, to the best of the knowledge of the Authority, is threatened in any court or administrative agency which, if determined adversely to the Authority could have a materially adverse impact on the ability of the Authority to perform any of its obligations under this Agreement.

(e) **Conflicting Transactions.** The culmination of the transactions contemplated hereby and the performance of the obligations of the

Authority under and by virtue of this Agreement shall not result in any material breach of, or constitute a default under, any contract, agreement, lease, indenture, bond, note, loan or credit agreement to which it is a party or by which it is bound.

2.2 Designation of Subsidiary or Related Entity. Notwithstanding the provisions of Subsection 2.1, the Authority shall have the right to designate as the "Agency" a subsidiary or related entity of the Authority provided that such subsidiary or related entity (i) qualifies as an agency pursuant to the Act, (ii) such subsidiary entity can make to Louisville the representations and warranties required pursuant to subsection 2.1, (iii) such subsidiary or related entity is reasonably acceptable to Louisville; and (iv) such subsidiary is able to perform those obligations required in the Ordinance.

2.3 Representations and Warranties of Louisville. Louisville represents and warrants to the Authority as follows:

(a) Authority to Act. Louisville has the requisite power, capacity and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to observe and to perform this Agreement in accordance with its terms and conditions. Each of the officials executing and delivering this Agreement on behalf of Louisville has been and is duly authorized to enter into this Agreement on behalf of Louisville.

(b) Validity of Agreement; Compliance with Law. This Agreement is the legal, valid and binding obligation of Louisville enforceable in accordance with its terms and conditions. The execution and delivery of this Agreement, and the performance or observance by Louisville of the terms and conditions thereof, do not and will not violate any provisions of any laws applicable to Louisville.

Section 3. Released Amount.

3.1 Term. Louisville agrees to pay to the Authority, and the Authority does accept from Louisville, the Released Amount for each calendar year beginning in the year including the Activation Date, with payment to be made beginning in the year following the Activation Date, and for successive calendar years continuing automatically thereafter until the earlier of the following: (i) that date nineteen (19) years following the initial payment to the Authority; (ii) Louisville's election to terminate this Agreement at the end of any current calendar year following written notice to the Authority delivered at least sixty (60) days prior to such calendar year end; or (iii) the aggregate of the total of the Released Amount paid to the Authority by Louisville equals \$912,352.00.

3.4 The Authority Reporting. The Developer has agreed in the TIF Agreement, at its sole expense, to submit a report to the Authority and the Office of Management and Budget on or before July 1 of each year during the term of this Agreement including but not limited to:

(a) A certification prepared by an independent certified public accounting firm of the use and expenditure of the Released Amount by the Developer in the preceding Calendar Year, including any Released Amount carried forward from earlier Calendar Years;

(b) An analysis and review of all development activities within the Development Area during the prior Calendar Year;

(c) A progress report on the current status of achieving the stated goals of the Project and the Development Area;

(d) A proposed spending plan for the Released Amount for the current Calendar Year; and

(e) The Authority shall submit the Request for the Released Amount each year following Activation for the term of this Agreement to the Office of Management and Budget on or after July 1, but no later than December 31 following the calendar year for which the Released Amount is requested. No more than one request shall be submitted in any calendar year.

3.5 Louisville Monitoring, Tracking and Reporting. The Office of Management and Budget shall oversee the payment of the Released Amount to the Authority. The Office of Management and Budget shall review all reports received from the Authority pursuant to Section 3.4 or otherwise and shall annually submit to the Metro Council a report concerning the Project and the Development Area including but not limited to:

(a) An accounting of all payments made to the Authority pursuant to this Agreement in the prior fiscal year;

(b) An analysis and review of development activity within the Development Area as reported to Louisville by the Authority;

(c) The progress made by the Authority toward the stated goals of the Development Area as reported to Louisville by the Authority; and

The Developer has agreed to submit to the Authority and Louisville all information required to make the report.

3.6 Time of Payment. By no sooner than (i) December 31st of each Calendar Year beginning in the year after the year of the Activation Date or (ii) thirty (30) days after the submission by the Authority of a request for the Released Amount under this Agreement, Louisville agrees to pay to the Authority the Released Amount. In no event shall Louisville agree to pay to the Authority the Released Amount if a submitted request is not received by December 31 of the calendar year after the applicable tax year, unless mutually agreed to by both Louisville and the Authority. No more than one request shall be submitted in any one calendar year

3.7 Use of Released Amount. Consistent with the Act, the Authority covenants and agrees that the Released Amount will be deposited in a special fund and it will use the Released Amount solely for the benefit of the Project, pursuant to the requirements of the Act.

Section 4. Determination of Released Amount.

4.1 Calculation of Old Real Estate Tax Revenue. The taxable value of all real property within the Development Area in the Base Year is assumed to be **SEVEN MILLION DOLLARS (\$7,000,000)**. The applicable ad valorem real property tax rate in the Base Year, including the Urban Services District tax and the county tax rate was .04792 per hundred dollar of assessed value. It is stipulated therefore that the amount of Old Real Estate Tax Revenue shall equal the assumed assessment in the Base Year times the applicable county and Urban Services tax rates in the Base Year, for the sum equal to \$33,544

4.2 New Real Estate Tax Revenue. The Office of Management and Budget shall calculate the amount of New Real Estate Tax Revenue each year after the Activation Date, prior to the Time of Payment pursuant to Section 3.6 of this Agreement. The Office of Management and Budget shall calculate the New Real Estate Tax Revenue by aggregating the Real Estate Taxes received from within the Development Area. An estimate of the New Real Estate Tax Revenue is attached as Exhibit B.

4.3 Calculation of the Real Estate Tax Increment. The Office of Management and Budget in each year following the Activation Date, prior to the Time of Payment pursuant to Section 3.6 of this Agreement, shall calculate the Real Estate Tax Increment, which shall be an amount equal to the New Real Estate Tax Revenue calculated pursuant to Section 4.2 of this Agreement minus the Old Real Estate Tax Revenue calculated pursuant to Section 4.1 of this Agreement.

4.4 Calculation of Released Amount. The Office of Management and Budget in each year following the Activation Date, prior to the Time of Payment pursuant to Section 3.6 of this Agreement, shall calculate the Released Amount, which shall be a sum equal to eighty hundred percent (80%) of the Real Estate Tax Increment.

Section 5. Pledge of Incremental Revenues Superior to Ordinances and Statutes.

As provided in the Act, any pledge of the Released Amount in this Agreement shall be superior to any other pledge of revenues for any other purpose and shall, from the Activation Date to the Termination Date, supersede any statute or ordinance regarding the application or use of incremental revenues.

Section 6. Miscellaneous.

6.1 Notices. All notices or other communications hereunder from any party shall be sufficiently given, and shall be deemed given, when delivered or mailed

by first class mail or overnight delivery to the other parties at their respective addresses as follows:

If to Louisville: Louisville/Jefferson County Metro Government
Department of Economic Growth and Innovation
444 S. 5th St., Ste. 600
Louisville, Kentucky 40202
Attn: Mary Ellen Wiederwohl

If to the Authority: Metro Development Authority, Inc.
444 S. 5th St., Ste. 600
Louisville, Kentucky 40202

Section 7. Default.

7.1 Default by the Authority. If the Authority materially breaches or defaults on its obligations under this Agreement or any of the documents incorporated herein or in the reasonable judgment of Louisville there has been a substantial decrease in the Authority's capacity to undertake the obligations required by this Agreement, Louisville may give written notice (with a copy of said notice being given to the Office) that remedial action must be taken within thirty (30) calendar days. The Authority shall correct such breach or default within thirty (30) days after receipt of such notice. However, if the default is not reasonably curable within thirty (30) days, then the Authority may continue to cure the default or breach so long as Louisville is reasonably satisfied that sufficient progress is being made toward a cure. If such corrective action is not taken, Louisville may terminate the Agreement by giving written notice to the Authority at least ten (10) days prior to the effective date of termination and shall and be entitled to any remedy and damages available to it at law or in equity, including specific performance.

7.2 Default by Louisville. If Louisville materially breaches or defaults on its obligations under this Agreement or any of the documents incorporated herein, the Authority may give written notice to Louisville that remedial action must be taken within thirty (30) days after Louisville's receipt of such written notice. However, if the default is not reasonably curable within thirty (30) days, Louisville may continue to cure the default or breach so long as the Authority is satisfied that sufficient progress is being made toward a cure. If such action is not taken, the Authority shall be entitled to enforce the provisions of this Agreement.

Section 8. Miscellaneous Provisions.

8.1 Binding Effect. This Agreement shall be binding upon the parties hereto and upon their respective successors and assigns.

8.2 Severability. If any clause, provision, or section of this Agreement be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or

unenforceability of such clause, provision, or section shall not affect any of the remaining clauses, provisions or sections hereof.

8.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and enforceable in courts of competent jurisdiction.

8.4 Entire Agreement; Modifications. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter of this Agreement. This Agreement shall not be modified, amended, cancelled or terminated except by an agreement in writing signed by the parties hereto.

8.5 Counterparts. This Agreement may be executed in any number of counterparts by some or all of the parties hereto, each of which shall be an original and all of which shall together constitute one and the same instrument.

8.6 Relationship of the Parties. Except as expressly stated and provided for herein, neither anything contained in this Agreement nor any acts of the parties hereto shall be deemed or construed by the Parties hereto, or any of them, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of association among any of the Parties of this Agreement.

8.7 Further Assurances. Each of the parties hereto shall use reasonable efforts and cooperate fully with each other in order to promptly and fully carry out the terms and provisions of this Agreement. Each party hereto shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this Agreement.

8.8 Mutual Termination. In addition to any other provisions relating to termination of this Agreement contained herein, this Agreement shall terminate upon the written agreement of all the parties hereto, except as otherwise provided in Section 8.3 of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers and officials thereunto duly authorized as of the date first written above.

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT**

By: _____
Greg Fischer, Mayor

Approved as to Form and Legality:

Michael J. O'Connell
Jefferson County Attorney

By: _____

**METRO DEVELOPMENT AUTHORITY,
INC.**

By: _____
Mary Ellen Wiederwohl, President

EXHIBIT A

PROJECT DESCRIPTION

The Heritage Green project will involve new capital investment of approximately \$20 million and be a multi-family residential project with approximately 560 residential apartments and public infrastructure improvements to the site.

EXHIBIT B

ESTIMATE OF NEW REAL ESTATE TAX REVENUE

2017	75,291
2018	76,797
2019	78,333
2020	79,900
2021	81,498
2022	83,128
2023	84,790
2024	86,486
2025	88,216
2026	89,980
2027	91,780
2028	93,615
2029	95,488
2030	97,397
2031	99,345
2032	101,332
2033	103,359
2034	105,426
2035	107,535
2036	109,685