

ORDINANCE NO. 036, SERIES 2015

AN ORDINANCE ESTABLISHING A DEVELOPMENT AREA PURSUANT TO PROVISIONS OF KRS 65.7041- 65.7083 TO BE KNOWN AS THE MAIN & CLAY RESIDENTIAL/RETAIL DEVELOPMENT AREA, DESIGNATING THE METRO DEVELOPMENT AUTHORITY, INC. AS AN "AGENCY", ADOPTING A DEVELOPMENT PLAN, APPROVING ENTERING INTO A LOCAL PARTICIPATION AGREEMENT, AUTHORIZING THE PAYMENT OF THE "RELEASED AMOUNT" PURSUANT TO THE TERMS AND CONDITIONS OF THE LOCAL PARTICIPATION AGREEMENT, REQUIRING THE SUBMISSION OF REGULAR REPORTS TO LOUISVILLE AND AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS AND THE TAKING OF ANY OTHER ACTIONS NECESSARY TO ACCOMPLISH THE PURPOSES AUTHORIZED BY THIS ORDINANCE.

SPONSORED BY: President David Tandy

WHEREAS, the Kentucky General Assembly enacted KRS 65.7041-65.7083 (the "Act") relating to tax increment financing and urban redevelopment, which Act establishes local development areas to increase property values, increase employment opportunities, and increase economic activity; and

WHEREAS, Bristol Development Group, LLC, a Tennessee limited liability company, (the "Developer") plans to undertake a major project within the Main & Clay Residential/Retail Development Area (the "Development Area") to complete the Main & Clay Residential/Retail Project, along with the related public infrastructure and public amenities, (the "Project"), as more particularly described in the Development Plan attached hereto as Exhibit A; and

WHEREAS, the Project when fully developed will involve new capital investment of approximately of \$48 million, and the Project qualifies as a development area under the Act; and

WHEREAS, in accordance with the provisions of the Act, a Development Plan for the Development Area has been prepared and a public hearing has been conducted to seek public comment on the Development Plan; and

WHEREAS, the Council finds that the Project to be undertaken in the Development Area by the Developer will result in the increase in the value of property located in the Development Area, will result in increased employment within the Development Area, Louisville and the region and will increase the tax base of Louisville; and

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

WHEREAS, the redevelopment of a previously developed land, within the meaning of Act and as presented by the Developer and the Authority, to enable Louisville to use tax increment financing to encourage major economic development projects, is a worthy public purpose; and

WHEREAS, Louisville is authorized under the Act to execute 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 purpose of Louisville; and

WHEREAS, the Authority is organized and incorporated by Louisville as a non-profit, non-stock corporation to act as an "Agency" under the Act;

WHEREAS, Louisville has determined that based on the benefits to be derived from the Project that it is in furtherance of its public purposes to assist Developer, through the Authority, with the costs of the Project and agrees to enter into the Local Participation Agreement in order to pay to the Authority the Released Amount (as hereinafter defined) for use solely for purposes of the Project.

BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS FOLLOWS:

Section 1. The Development Plan, attached hereto as Exhibit A, is hereby adopted.

Section 2. That the Council finds as follows:

- A. All statements of fact set forth in the recitals to this Ordinance are found true and correct and are incorporated herein by reference.
- B. The Development Area, as depicted in Exhibit B, is a contiguous parcel of property, approximately 1.5 acres in size, and is less than three (3) square miles in area as required by the Act.
- C. The Development Area constitutes previously developed land as required by KRS 65.7043.
- D. The establishment of the Development Area shall not cause the assessed value of taxable real estate in all development areas located in Louisville to exceed 20% of the assessed value of all taxable real property in Louisville. To date Louisville has

established several other development areas with a combined taxable real property assessment at the time they were established of approximately \$1.474 billion. The taxable real property assessment of the Development Area for calendar year 2013 is approximately \$1,000,000, and that amount combined with the previous development areas established by Louisville totals \$1.475 billion, while the total taxable real property assessment for Louisville exceeds \$51 billion, 20% of which is \$12 billion.

- E. The conditions within the Development Area meet at least five (5) of the seven (7) factors of blight as set forth in KRS 65.7049 as follows:
1. **A substantial loss of residential, commercial, and industrial activity or use has occurred within the Development Area.** The Development Area includes buildings that are being used by the John F. Trompeter Co., a wholesaler and distributor of candy, tobacco, and paper products, but who is relocating their business offsite. The largest building is vacant, having been abandoned by its tenant. The remaining buildings are unoccupied except for one residential tenant.
 2. **Forty Percent (40%) or more of the households are low income.** The Development Area includes one remaining residential structure with three deteriorating units, two of which are unoccupied. The remaining unit is occupied by a low income occupant.
 3. **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. One structure has been the subject of a governmental request to demolish the building, and others have been demolished due to deterioration. The structures remaining in the Development Area include vacant, dilapidated, and abandoned buildings. The structures constituting more than fifty percent (50%) of the structures within the Development Area are deteriorating or deteriorated.
 4. **There are inadequate improvements or substantial deterioration of public infrastructure to support the proposed new development within the Development**

Area. In order to develop the proposed Project, a parking structure is required to support the anticipated increased demand. Additional power, sewer and water infrastructure is required to facilitate the Project, and these improvements will facilitate further development within this area. These infrastructure improvements cannot be reasonably funded with private investment alone.

5. **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 extreme cost of providing adequate parking and related utility infrastructure to facilitate the proposed development. Potential revenue alone cannot underwrite the costs of the proposed infrastructure improvements. Without additional parking, the continued development of the area will become impeded, and neither the residential nor the retail space proposed to be included in the Project will be feasible. No other adequate funding mechanism affords utility infrastructure 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 the city and surrounding area, especially the impacts on both the Main Street and Washington Street corridors.
- F. The Development Area will not reasonably be developed without public assistance, including incentives as provided by the Act. The high cost of parking, public infrastructure, and site development expenses, estimated to be in excess of \$8,000,000 or approximately 17% of the total Project's cost, needed for the Project makes public incentives critical to the financing of the Project when compared with low potential revenue generated by these improvements.
- G. 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, facilitate secondary and tertiary re-development within the area by the enhancements to parking and utilities, and bring additional residents, shoppers and other visitors to Louisville. The Development Area has a 2013 taxable assessment of approximately \$1,000,000 and annually generates

\$5,341 in real estate taxes to Louisville. The Project will increase capital investment by approximately \$48 million, which will provide significant new taxes to Louisville and the other taxing districts. Based on a financial report dated December 15, 2014, attached hereto as Exhibit "B" to the Development Plan, the direct impact of the Project will increase employment within the Development Area by more than 30 new jobs, and generate new Louisville and State taxes over the twenty-five (25) year life of the Development Area, by more than \$4,370,000. Therefore, even when considering the requested incentives for the Project from Louisville, the Project will be financially beneficial to Louisville. The Project will also be a catalyst for additional development in the area surrounding the Development Area.

In addition to the direct tax impact of the Project, the Project will provide unique and unavailable residential offerings and support to the Butchertown neighborhood.

- H. 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. Additional parking and utility services will increase the feasibility of developments within the area, not only within this Development Area, but also the surrounding area. The area surrounding the Development Area is at a turning point. There remains a distinct lack of residential rental units, parking, and utility infrastructure to support continued development. In the surrounding area, antiquated manufacturing facilities are being abandoned and they now offer potential for re-development. There is the potential for attractive and desirable new multi-family housing within the surrounding area. This Project, at this time, is a catalyst project that can provide transition from larger industrial and commercial uses and larger urban structures, to more modest residential areas of Butchertown, and create the momentum needed to completely transform this area over the coming years.
- I. The pledge and use of a portion of Louisville's incremental revenues derived from the Development Area to provide redevelopment assistance to the Project and the Development Area will increase capital investment and employment in Louisville, and therefore constitutes a public purpose.

Section 3. The Development Area as illustrated and described in Exhibit B is designated as a development area pursuant to the Act and shall be named the Main & Clay Residential/Retail Development Area and shall be established as of

the effective date of this Ordinance and shall terminate on the earlier of (a) the termination of the Local Participation Agreement, attached hereto as Exhibit C, or (b) 25 years from the date hereof, provided that in no case the termination date will be more than twenty (20) years from the activation date.

Section 4. That the Metro Development Authority, Inc., a Kentucky non-profit, non-stock corporation (the "Authority"), (a) is designated as the Agency, pursuant to the terms of the Act, (b) shall be the recipient of the Released Amount under the Local Participation Agreement and (c) shall be required to oversee and administer the implementation of the Project within the Development Area.

Section 5. That the Mayor is authorized to negotiate and enter into a Local Participation Agreement with the Authority for the release to the Authority of a portion of the new real estate taxes expected to be derived by Louisville from the Project to be constructed in the Development Area ("Released Amount"), substantially in the form attached hereto as Exhibit C.

Section 6. That the Office of Management and Budget is designated as the department in Louisville to oversee the payment of the Released Amount and to review all documentation concerning the Project, its progress, costs and development. The Office of Management and Budget shall annually submit to the Council a report concerning the Development Area ("Report"). The Developer shall provide to the Office of Management and Budget, on a timely basis, all information required by the Office of Management and Budget to prepare the Report. The Report shall include but not be limited to:

- A. An accounting of all payments made to the Authority pursuant to the Local Participation Agreement;
- B. An analysis and review of development activity within the Development Area;
- C. The progress made toward meeting the stated goals of the Development Area;
- D. An accounting of the Approved Project Costs and other Project Costs incurred by the Developer.

Section 7. That the Council authorizes Louisville Metro to pay annually to the Authority, the Released Amount which shall be calculated as provided in the Local Participation Agreement, not to exceed a sum equal to 100% of the Real Estate Tax Increment in excess of the taxes otherwise due on the first \$5,000,000 of the valuation of the Project, subject to the following condition: in no event shall the total of the Released Amount paid to the Authority over the term of the Local Participation Agreement exceed \$4,464,926 as set forth in the Local Participation Agreement.

Section 8. That the Authority shall establish a Special Fund pursuant to the Act for the Development Area as set forth in the Local Participation Agreement.

Section 9. That the Mayor and other appropriate Louisville officials, and each of them, for and on behalf of Louisville, are hereby authorized, empowered and directed to do and perform any and all things necessary to effect the execution of the Local Participation Agreement, the performance of all obligations of Louisville under and pursuant to the Local Participation Agreement and related documents, and the performance of all other actions of whatever nature necessary to effect and carry out the authority conferred by this Ordinance and the Local Participation Agreement. The Mayor and other appropriate Louisville officials, and each of them, are hereby further authorized, empowered and directed for and on behalf of Louisville to execute all papers, letter, documents, undertakings, certificates, assignments, forms, instruments and closing papers that may be required for the carrying out and effectuation of the authority conferred by and for the purposes of this Ordinance and the Local Participation Agreement, or to evidence said authority and purposes, and to exercise and otherwise take all action necessary to the full realization of the rights and purposes of Louisville under the Local Participation Agreement and related documents and to perform all of the obligations of Louisville under the Local Participation Agreement and related documents.

Section 10. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

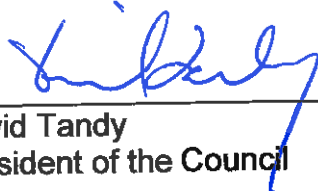
Section 11. This Ordinance shall take effect upon its passage and approval.

Signatures follow on the next page.

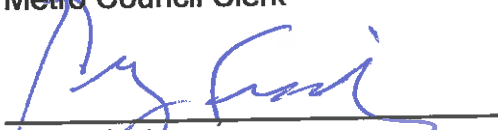
This Ordinance was given first reading at a duly convened meeting of the Metro Council held on Thursday, March 12, 2015, and given second reading and adopted at a duly convened meeting of the Metro Council held on Thursday, March 26, 2015.



Stephen Ott
Metro Council Clerk



David Tandy
President of the Council



Greg Fischer
Mayor

3/31/15

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

By: 

Bristol TIF Ordinance nl, bkn ROC 030615



CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Clerk of the Louisville/Jefferson County Metro Council (the "Metro Council"), and as such Clerk I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly adopted by the Metro Council upon second reading at a duly convened meeting held on March 26, 2015, signed by the Mayor, approved by me as Clerk and in full force and effect as therein stated, all as shown by the official records of the Metro Council in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand as Metro Council Clerk of the Louisville/Jefferson County Metro Government and the seal of the Metro Government this 1st day of April, 2015.



H. Stephen Ott, Metro Council Clerk

Exhibits

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

Development Plan

For

MAIN & CLAY RESIDENTIAL / RETAIL

Louisville/Jefferson County Metro Government

February 2015

**Development Plan
MAIN & CLAY Residential / Retail Development Area**

1. Introduction.

1.1. Purpose. The Louisville/Jefferson County Metro Government (“Louisville”) intends to establish the **MAIN & CLAY Residential / Retail 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 development of a new project consisting of multifamily residential and retail uses, being undertaken by Bristol Main & Clay Partners, LLC, a limited liability company (the “Developer”), to be located at and adjacent to 637 E. Main Street, Louisville, Kentucky. The Developer proposes to construct a new 263± Unit Multifamily Residential Community, a minimum of 2,400 square feet of Retail space, and a new 375± space Parking Structure along with the Rehabilitation, Renovation, or Partial Use of four contributing historic structures (the “Project”). Louisville proposes to support the Project and provide redevelopment assistance through a pledge of a portion of the incremental increase in real property taxes generated within the Development Area as a result of the Project.

This Project will provide unique support to the east Downtown Neighborhoods more commonly known as Butchertown and NuLu. The new Multifamily Residential Community will serve as a residential anchor for the Main Street gateway to Butchertown and NuLu. Included in the Project will be well-appointed and equipped amenity spaces, including a fitness center, pet spa, lounge / café, outdoor kitchens, outdoor gathering spaces, club room, and pool. It will provide a unique urban living environment targeting young, well-educated millennials. This group is highly sought by

employers and providing attractive urban living opportunities for them is an important key in attracting them to cities. The Project will also appeal to those of other generations specifically seeking an urban lifestyle.

It has been shown that increases in the urban residential base provide the support necessary to sustain urban life. Areas with a concentration of urban residents become true communities, and serve as a draw for the development of restaurant, shopping and entertainment venues. This Project will support the City's goal of bringing high quality residential opportunities to urban Louisville. By providing an attractive, exciting place to live, the Project will reinforce the ability of private and public employers to recruit young professional and creative people to Louisville in general and to Louisville's Central Business District in particular. Many of Louisville's peer cities are experiencing substantial growth in downtown housing and employment as a result of the creation of urban living spaces. Memphis, Nashville, Indianapolis, Charlotte, and Raleigh all serve as examples of this evolution. Downtown Louisville has the employment base and a growing restaurant and retail base to support urban living. Currently missing is a critical mass of urban living spaces, particularly upscale rental communities. This Project will serve as a catalyst for more urban residential development.

Young millennials are particularly attracted to living environments that are well connected to active walkable amenities, particularly urban streets with restaurant, entertainment and shopping opportunities. Not only will the Project provide a connection to existing shops and restaurants in NuLu, but it will serve as the catalyst for expansion of retail uses to East Main Street. The Project will begin with a minimum of 2,400 square

feet of retail space at the corner of Main & Clay. The entire first floor along the length of East Main Street is designed with 15' ceilings to accommodate increases in demand for additional retail uses.

A sense of community within their living environment is one of the prime characteristics desired by urban residents. The Project is being designed with multiple indoor and outdoor gathering spaces to facilitate building this sense of community. The Project will reinforce the design intent by providing regular planned opportunities for residents to come together, both in-house as well as gatherings in nearby restaurant and entertainment venues.

1.2 Size and Location. The Development Area is an approximate 1.5 acre area in Louisville's downtown identified more specifically on the map attached as Exhibit "A". This location, on the edge of the Butchertown and NuLu neighborhoods and bordering the I-65 expressway, is perfectly situated for development of the Project, which will become the anchor and development catalyst for continued high quality growth and development in Butchertown and NuLu.

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 1.5 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 (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within Louisville. To date, Louisville has established several other development areas with a combined taxable real property assessment of \$1.474 billion. The taxable real property within the Development Area for calendar year 2013 is approximately \$1,000,000, and that combined with the other development areas that have been established by Louisville totals approximately \$1.475 billion in taxable real property assessment. The total assessed value of taxable real property within Louisville for the calendar year 2013 exceeds \$51 billion, 20% of which is \$12 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; and

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

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 has reviewed and analyzed the conditions within the Development Area and finds that the Development Area exhibits at least five (5) 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 the former site of the John F. Trompeter Co., a wholesaler and distributor of candy, tobacco, and paper products. Substantially all of the buildings are currently unoccupied.

(2) Forty Percent (40%) or more of the households are low income. The Development Area includes one remaining residential structure with three deteriorating units, two of which are unoccupied. The remaining unit is occupied by a low income resident.

(3) 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 reducing commercial development over the last several decades. Several structures have been demolished due to deterioration. The structures remaining in the Development Area include vacant, dilapidated, and abandoned buildings. The structures constituting more

than Fifty Percent (50%) of the structures within the Development Area are deteriorating or deteriorated.

(4) There are inadequate improvements or substantial deterioration of public infrastructure to support the proposed new development within the Development Area. In order to develop the proposed Project, a parking structure is required to support the anticipated increased residential and retail demand. Additional power, sewer and water infrastructure is also required to facilitate the Project. Not only will these improvements foster this Project, but they will facilitate further development within this area. These infrastructure improvements cannot be reasonably funded with private investment alone.

(5) 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 extreme cost of providing adequate parking and related utility infrastructure to facilitate the proposed development. Potential revenue alone cannot underwrite the costs of the proposed infrastructure improvements. Without additional parking the continued development of the area will be impeded; the proposed Project is not feasible, nor is the balance of proposed retail and residential space provided by this project. There is no adequate funding mechanism to afford the utility infrastructure improvements absent the incentives provided under the Act. These improvements cannot be facilitated with private investment alone. Additionally, the aesthetic improvement resulting from the

development of the proposed Project will have a secondary positive effect on the city and surrounding area.

2.3. Assurances the Development Area Is Not Reasonably Expected to Develop Without Public Assistance. Louisville finds that the Development Area will not reasonably be developed without public assistance, including incentives as provided by the Act. The high cost of parking, public infrastructure and site development expenses, estimated to be in excess of \$8,000,000 or approximately 17% of the total Project's cost, needed for the Project, when compared with low potential revenue generated by these improvements, 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 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, facilitate secondary and tertiary re-development within the area by the enhancements to parking and utilities, and bring additional residents, shoppers and other visitors to Louisville. The Development Area has a 2013 taxable assessment of approximately \$1,000,000 and annually generates \$5,341 in real estate taxes to Louisville. The Project will increase capital investment by approximately \$48 million, which will provide significant new taxes to Louisville and the other taxing districts. Based on a financial report dated December 15, 2014, attached hereto as Exhibit "B" to the Development Plan, the direct impact of

the Project will increase employment within the Development Area by more than 30 new jobs and generate new Louisville taxes over the twenty-five (25) year life of the Development Area by more than \$4,370,000 (in addition to state taxes). Therefore, even when considering the requested incentives for the Project from Louisville, the Project will be financially beneficial to Louisville. Further, the Project will serve as a catalyst for additional development in the area surrounding the Development Area.

In addition to the direct tax impact of the Project, the Project will provide unique and unavailable residential offerings and support to the Butchertown neighborhood.

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 restricted economic feasibility for development of structured parking and utility infrastructure 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. Additional parking and utility services 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 surrounding the Development Area is at a turning point. There remains a distinct lack of residential rental units, parking, and utility infrastructure to support continued development. In the surrounding area, antiquated manufacturing facilities are being abandoned and they now offer potential for re-development. There is the potential for attractive and desirable new multi-family housing within the surrounding area. This Project, at this time, is a catalyst project that can serve as a model showing the blueprint for transitioning larger industrial and commercial uses and larger urban structures to more modest residential areas of Butchertown and create the momentum needed to completely transform this area over the coming years. Growth and expansion of the University of Louisville Medical Center, to the south of Butchertown and NuLu, as well as the University of Louisville Nucleus Center, can directly benefit from the investments in public infrastructure and structured parking provided under this project.

These investments, and others, by public institutions in the surrounding area will be positively affected by the investment in this Development Area.

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 1.5 acres on the block surrounded by East Main Street, Clay Street, East Washington Street, and Hancock Street in the east downtown area of Metro Louisville. The existing site includes a number of older metal and masonry buildings used primarily for industrial and distribution uses. One of the largest buildings on the

site is vacant and was abandoned by its former tenant. There is one remaining residential structure in the entire block, which is in the middle of East Washington Street. It has been divided into three apartments, which are leased month to month. There are three designated contributing structures and one additional building identified which is a potentially contributing structure. One of the contributing structures is the house on East Washington Street. The other three are all used for industrial or distribution purposes and have been significantly modified over time. The site includes 15 separate tax parcels that will be consolidated into a single parcel at closing of the land purchase by the Developer.

2.8. Changes in the Zoning Ordinance, Zoning Map, Comprehensive Plan or Other Codes or Plans Necessary to Implement the Development Plan. The site is currently zoned EZ-1. 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 be the first urban-style multifamily rental community of its type to be developed in Louisville's Central Business District. Designed to appeal to young professionals and creative types of the millennial generation, it will provide an attractive living environment for this group of individuals who are so highly sought after by employers and create the necessary and critical support for a vibrant urban life. Additionally, it will appeal to affluent empty nesters and others who specifically seek the

lifestyle offered by a high quality urban living environment.

Bristol Development Group, LLC, the Developer, has developed more than 7,400 units of multifamily housing in 31 developments in 18 different municipalities. It has developed a niche in creating one of a kind urban residential communities. A significant majority of Bristol's developments since 2004 have been urban-style communities such as that proposed for the Development Area. This type of development is well suited for the Butchertown and NuLu site and coordinates perfectly with the other elements of the Development Program discussed.

The Project Program includes the following constituent components for development:

- ✓ 263± unit Multifamily Rental Community
- ✓ 2,400± SF Retail Space at the corner of East Main St and Clay St, with the ability to add to the Retail Space as demand grows
- ✓ 375± space Parking Structure that will support all of the parking needs of the Multifamily Rental Community and the Retail Space
- ✓ Various Site and Utility Infrastructure Improvements.

The Proposed Project Construction Costs breakdown as follows, with those to be supported by Incremental Revenues as noted:

- Multifamily Rental Community: \$25,800,000±
 - PRIVATE FUNDING
- Retail Space: \$ 480,000±

- PRIVATE FUNDING
- Parking Structure: \$6,360,000±
 - TO BE SUPPORTED BY INCREMENTAL FINANCING
- Site Infrastructure: \$2,570,000±
 - TO BE SUPPORTED BY INCREMENTAL FINANCING

4. Redevelopment Assistance and Finance Plan.

Louisville proposes to provide redevelopment assistance and pay for Project costs through a pledge of a portion of the incremental increases in tax revenues from real property taxes from the Development Area. Louisville proposes to pay annually to the Agency, the Released Amount which shall be calculated as provided in the Local Participation Agreement, not to exceed a sum equal to 100% of the Real Estate Tax Increment in excess of the taxes otherwise due on the first \$5,000,000 of the valuation of the Project, 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 \$4,464,926 as set forth in the Local Participation Agreement.

Louisville 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 the City, 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 development of the Butchertown and NuLu areas, will generate significant new tax revenues to Metro Louisville, and will facilitate an increase in the availability of high quality urban living opportunities needed to support the growth and development of east Downtown Louisville. The incentives proposed to be provided under the Act are reasonable and critical to the overall financing for the Project.

List of Exhibits

Exhibit A - Map and Description of Development Area

Exhibit B – Financial Forecast from Bristol Development Group, LLC

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Bristol Main & Clay



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Louisville Metro, MSD, LMC & PVA © 2015

This map is not a legal document and should only be used for general reference and identification.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
LOCAL PARTICIPATION AGREEMENT
FOR THE
BRISTOL MAIN & CLAY PROJECT
WITHIN THE
MAIN & CLAY RESIDENTIAL/RETAIL DEVELOPMENT AREA**

LOCAL PARTICIPATION AGREEMENT

This **LOCAL PARTICIPATION AGREEMENT** (the "Agreement") effective as of the ____ day of _____, 2015, 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 corporation ("Authority").

RECITALS:

WHEREAS, Bristol Main & Clay Partners, LLC, a Kentucky limited liability company, ("Developer"), desire to develop in the NULU neighborhood of Louisville a mixed-use project, consisting of ___ rental residential apartments and retail, along with related parking and infrastructure improvements, to cost approximately \$48 million, known as the Bristol Main & Clay Project more specifically described in Exhibit A (the "Project"); and

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

WHEREAS, pursuant to KRS 65.7041-65.7083 ("the Act"), the Metro Council of Louisville pursuant to the provisions of the Act, by Ordinance No _____ Series 2015 (the "Ordinance"), has established the Main & Clay Residential/Retail Development Area (the "Development Area"); and

WHEREAS, the Project represents new economic development in Louisville; and

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 and enhance housing opportunities for Louisville residents; and

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; and

WHEREAS, Louisville is authorized under the Act to execute 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; and

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 taxes as provided in the Act;

WHEREAS, the Authority is organized and incorporated by Louisville as a not-for-profit 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 District; and

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; and

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, 2017, 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, 2014 through December 31, 2014, 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 real estate 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 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, and (iii) such subsidiary or related entity is reasonably acceptable to Louisville.

2.3 Representations and Warranties of the 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 \$4,464,926.00.

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) _____ 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 **FIVE MILLION DOLLARS (\$5,000,000.00)**. The applicable real property ad valorem tax rate in the Base Year, including the Urban Services District tax and the county tax rate was 0.4921 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 \$24,605.00.

4.2 New Real Estate Tax Revenue. The Office of Management and Budget shall calculate the amount of New Real Estate 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 one hundred percent (100%) 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

Approved as to Form and Legality:

By: _____
Name _____
Title: _____