

RESOLUTION NO. 123, SERIES 2014

**A RESOLUTION OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, GIVING PRELIMINARY APPROVAL OF AN INDUSTRIAL REVENUE BOND FINANCING IN ONE OR MORE SERIES FOR BROWN-FORMAN CORPORATION, OR ANY OF ITS AFFILIATES; AUTHORIZING INITIATION OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF AN INDUSTRIAL PROJECT RELATED THERETO; AGREEING TO UNDERTAKE THE ISSUANCE OF INDUSTRIAL REVENUE BONDS IN ONE OR MORE SERIES AT THE APPROPRIATE TIME; AND TAKING OTHER PRELIMINARY ACTION.**

**Sponsored by:** Council President Jim King, Councilmember David Tandy

WHEREAS, Louisville/Jefferson County Metro Government (“Metro Government”) is a consolidated local government and political subdivision of the Commonwealth of Kentucky (the “Commonwealth”) and as such is authorized by Sections 103.200 to 103.285 of the Kentucky Revised Statutes (the “Act”), to issue industrial building revenue bonds for the purpose of defraying the cost of any “industrial building” (as defined in the Act), including specifically land, buildings, improvements, equipment, machinery, and other facilities suitable for any activity, including new construction, including any such activity designed for the revitalization or redevelopment of an area designated as a national historic district, subject to the review and approval of the State Local Debt Officer pursuant to KRS 103.2101(1), in order to accomplish the public purposes of promoting the economic development of the Commonwealth, relieving conditions of unemployment, and encouraging the increase of industry therein, provided that such bonds are payable solely from the revenues derived from the industrial building and do not constitute an indebtedness of Metro Government within the meaning of the Constitution and laws of the Commonwealth; and

WHEREAS, Brown-Forman Corporation is a Delaware Corporation qualified to conduct business within the Commonwealth, and/or any affiliated entity thereof (“Brown-Forman”); and

WHEREAS, it has been determined that Metro Government may assist Brown-Forman and/or any affiliated entity thereof qualified to conduct business within the Commonwealth (the “Company”), by causing the acquisition, construction and installation of an industrial project of the Company consisting of the facilities and properties described in Exhibit A attached hereto (collectively, the “Project”), and by entering into, at the appropriate time or times, one or more lease agreements with the Company (each, a “Lease Agreement” and collectively, the “Lease Agreements”), pertaining to the Project, all pursuant to the authority of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes, as amended (the “Act”), and in furtherance of the purposes of the Act and the ensuing public benefit to the residents of Metro Government and its environs, each such Lease Agreement to be upon terms and conditions as the Act may require and as Metro Government may deem acceptable; and

WHEREAS, the Company has represented to Metro Government that the acquisition, construction and installation of the Project, if constructed and installed, will result in economic development and the creation of new job opportunities within the environs of Metro Government; and

WHEREAS, Metro Government is authorized by the Act to issue its industrial revenue bonds in one or more series over a term of years for the purpose of defraying the costs of acquiring, constructing and installing “industrial building” facilities, which term includes land, buildings, fixtures and equipment such as the Project; discussions have occurred between representatives of the Company and Metro Government incident to the issuance of such industrial revenue bonds by Metro Government for the purpose of financing the Project; it is the intention of Metro Government, and Metro Government has agreed and hereby agrees with the Company, to issue such industrial revenue bonds in one or more series over a term of years upon compliance by the Company with such reasonable conditions and obligations as Metro Government may require and documents incident to such bond issue or issues and upon the agreement of the Company to pay all reasonable costs and expenses of Metro Government related to or arising from such issuance or issuances from bond proceeds or other sources; and Metro Government

has authorized the Company to proceed with the initiation of the acquisition, construction and installation of the Project, subject to reimbursement of the costs of such acquisition, construction and installation from the proceeds of the industrial revenue bonds, as and when issued; and

WHEREAS, based upon the Company's present estimate of the aggregate costs of the Project together with a reasonable allowance for contingencies and incidental costs, Metro Government proposes to issue its industrial revenue bonds in one or more series over a term of years in an aggregate amount up to \$35,000,000, each such series of bonds to have a term of thirty years (collectively, the "Bonds"), to pay the aggregate costs of the acquisition, construction and installation of the Project, including costs incident to the authorization, sale and issuance of the Bonds and other financing costs, with the understanding that such maximum aggregate amount may be increased by subsequent official action of Metro Government, upon the Company's request; and the Bonds will be payable solely from payments to be made by the Company under one or more Lease Agreements and will not be payable from any funds or assets of Metro Government whatsoever; and

WHEREAS, Metro Government proposes to enter into, at the appropriate time, one or more Lease Agreements with the Company under which the Company will covenant and agree to pay amounts sufficient to provide for the payment of principal of and premium, if any, and interest on each series of the Bonds, together with all trustee, paying agent, and/or servicing agent's fees in connection with each Bond series, and any other related charges as the same come due and payable; and

WHEREAS, to evidence the preliminary agreement of Metro Government and the Company with respect to these matters the parties propose to enter into a Memorandum of Agreement substantially in the form set out in Exhibit B hereto (the "Memorandum of Agreement");

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY ACTING BY AND THROUGH ITS METRO COUNCIL, AS FOLLOWS:

Section 1. It is found, determined and declared that (a) the recitals set forth in the preambles to this Resolution, which are incorporated in this Section 1 by reference, are true and correct; (b) the amount of money necessary to be provided by Metro Government through the issuance of the Bonds in one or more series over a term of years for the acquisition, construction and installation of the Project will be an aggregate amount up to \$35,000,000, each such series of Bonds to have a term of thirty years; (c) the Company has represented it intends to have sufficient financial resources to acquire, construct and install the Project and to place it in operation and to continue to operate, maintain, and insure the Project throughout the term of each series of Bonds, meeting when due the obligations of each applicable Lease Agreement; and (d) sufficient safeguards shall be provided by each Lease Agreement to insure that all money provided by Metro Government from the proceeds of the sale of each Bond series will be expended, by way of direct expenditure or reimbursement, solely and only for the purposes of the portion of the Project financed thereby.

Section 2. It is hereby found, determined and declared that (a) the Project is located within a national historic district as described in KRS 103.200(1)(m); (b) the Project will create long-term economic growth and jobs and will eliminate blight within a national historic district; (c) the Project does not place an unjustified competitive advantage on existing businesses within a national historic district; (d) normal commercial financing is unable to provide the same benefit with respect to the Project that can be achieved through Metro Government's issuance of the Bonds; (e) the Project is in accord with the intent of Sections 103.200 through 103.285 and Section 103.2451 of the Kentucky Revised Statutes; and (f) the Project is economically sound based on information provided by the Company to representatives of Metro Government.

Section 3. It is hereby found, determined and declared that (a) the costs of acquiring and constructing the Project will be paid out of the proceeds of the Bonds, such proceeds to be supplemented by contributions of the Company as may be necessary to complete each portion of the Project financed pursuant to the Lease Agreement applicable thereto; (b) THE BONDS SHALL NOT BE A GENERAL OBLIGATION OF METRO GOVERNMENT, A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS, NOR AN INDEBTEDNESS OF METRO GOVERNMENT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE COMMONWEALTH; (c) THAT NEITHER THE BONDS NOR THE INTEREST THEREON SHALL CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY WHATSOEVER OF METRO

GOVERNMENT OR ANY CHARGE AGAINST METRO GOVERNMENT'S GENERAL CREDIT OR TAXING POWER; (d) THAT EACH SERIES OF BONDS AND THE PAYMENT OF INTEREST THEREON SHALL BE SECURED AND PAYABLE SOLELY BY A PLEDGE OF AMOUNTS TO BE PAID BY THE COMPANY OR OTHERWISE TO BE AVAILABLE UNDER EACH APPLICABLE LEASE AGREEMENT; (e) THAT NO PART OF SAID COSTS WILL BE PAYABLE OUT OF ANY GENERAL FUNDS, ASSETS, PROPERTIES OR OTHER CONTRIBUTIONS OF METRO GOVERNMENT; and (f) that the Company shall pay all reasonable costs and expenses of Metro Government related to or arising from the issuance of the Bonds in an amount not to exceed \$1,500.00 for each series of the Bonds and any additional reasonable charge resulting from the review and approval of the related documents by the Office of the Jefferson County Attorney.

Section 4. The acquisition, construction and installation of the Project may be initiated and undertaken or caused to be initiated and undertaken by the Company forthwith, and the Company is authorized to formulate and develop plans and specifications for the Project and to enter into such contracts and undertakings as may be required for the acquisition, construction and installation of the Project. Payments or reimbursements to or on behalf of the Company after the receipt of the proceeds of the sale of each series of the Bonds by Metro Government shall be made as set out in each Lease Agreement.

Section 5. The Company is authorized and directed to take any other legal action necessary and customary in order to satisfy any prerequisites to the issuance of the Bonds. Counsel for Metro Government and its officers and officials are authorized and requested to assist the Company in any appropriate manner.

Section 6. The Memorandum of Agreement attached hereto as Exhibit B is hereby approved and the Mayor is hereby authorized to execute the Memorandum of Agreement on behalf of Metro Government.

Section 7. It is hereby acknowledged and agreed that the form of the Payment in Lieu of Taxes Agreement attached hereto as Exhibit C (the "PILOT Agreement") describes the agreement reached between representatives of Metro Government and the Company regarding the obligations of the Company to make payments in lieu of taxes during the period in which the Bonds will be outstanding and that upon the issuance of each series of Bonds, Metro Government shall direct its Mayor or other authorized officials of Metro Government to execute a PILOT Agreement in the form attached hereto with such changes or revisions as are necessary to reflect the date, par, designation, maturity and interest rate or rates applicable to each such series.

Section 8. No funds of Metro Government shall be expended for the costs of issuance of the Bonds or for the costs of the Project, except such as are derived from Bond proceeds.

Section 9. All resolutions, municipal orders or other official actions of Metro Government or parts thereof in conflict herewith are, to the extent of such conflict, hereby rescinded.

Section 10. This Resolution shall be in full force and effect upon its passage and approval.

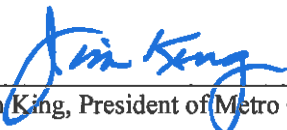
Section 11. This Resolution was given first reading at a duly convened meeting of the Legislative Council of the Louisville/Jefferson County Metro Government, held on 11-6, 2014, and given second reading approval and enacted at a duly convened meeting held on 11-20, 2014.


[Signature Page Immediately Follows]

[SIGNATURE PAGE TO RESOLUTION OF METRO COUNCIL]

Attest:

  
Stephen Ott, Metro Council Clerk


  
Jim King, President of Metro Council

  
Greg Fischer, Mayor

11/24/14  
Approval Date

Approved as to form and legality:

Michael J. O'Connell  
Jefferson County Attorney


By   
Nicholas J. Lococo  
Assistant Jefferson County Attorney



CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Metro Council Clerk of the Metro Council of Louisville/Jefferson County Metro Government, Kentucky ("Metro Government"), and as such I further certify that the foregoing (including the attached Exhibits A, B and C), is a true, correct and complete copy of a Resolution duly adopted by the Metro Council of Metro Government at a meeting properly held on 11-20, 2014, signed by the Metro Council Clerk and now in full force and effect, all as appears from the official records of Metro Government in my possession and under my control.

IN WITNESS WHEREOF, I have set my hand this 12-3-14.

  
Stephen Ott,  
Metro Council Clerk

## EXHIBIT A

### Project Description

The "Project" includes all industrial building facilities financed by the Bonds and acquired, constructed, installed and equipped by the Company at 117 and 119 West Main Street in downtown, Louisville, Kentucky, consisting of real property improvements and new personal property to be utilized in the manufacture of bourbon, including but not limited to fermentation, distilling, cooperage, filling and bottling facilities, along with related restaurant, touring, meeting and other customer-experience facilities, necessary in connection therewith.

The Project is located in an area designated as a national historic district.

EXHIBIT B

Form of Memorandum of Agreement

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT is made as of \_\_\_\_\_, 2014, between LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY ("Metro Government") and BROWN-FORMAN CORPORATION, a Delaware corporation (the "Company").

WHEREAS, Metro Government is authorized under Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (the "Act") to issue industrial revenue bonds to finance the costs of acquiring, constructing and installing certain industrial projects and facilities within the meaning of the Act, in order to accomplish the public purposes of promoting economic development and providing employment within the environs of Metro Government; and

WHEREAS, Metro Government has been advised by the Company that the Company desires to finance the acquisition, construction and installation of an industrial project consisting of the facilities and properties described in Appendix A attached hereto (collectively, the "Project"); and

WHEREAS, the Company has requested that Metro Government issue its industrial revenue bonds pursuant to the Act in one or more series over a period of years and in an aggregate principal amount not to exceed \$35,000,000 (the "Bonds") for the purpose of financing the Project; and

WHEREAS, the parties hereto have found and determined that the financing of the Project will tend to accomplish the public purposes of the Act by causing economic development and the creation of new job opportunities within the environs of Metro Government; and

WHEREAS, Metro Government proposes to issue the Bonds to finance the Project and desires to authorize the Company to proceed with the financing of the Project and be reimbursed from the proceeds of the Bonds for costs incurred related thereto before the issuance of the Bonds; and

WHEREAS, Metro Government proposes to enter into, at the appropriate time or times and in accordance with the Act, one or more lease agreements with the Company (each, a "Lease Agreement" and collectively, the "Lease Agreements"), pertaining to the Project, each such Lease Agreement to be upon terms and conditions as the Act may require and Metro Government may deem acceptable; and

WHEREAS, in order to obtain for the residents of Metro Government the benefits listed above, which the Project would create and preserve, Metro Government desires to encourage and induce the Company to proceed with the financing of the Project;

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, Metro Government and the Company hereby agree as follows:

Section 1. The Company may commence the acquisition, construction and installation of the Project and may provide or cause to be provided, at its own expense, any necessary interim financing to permit such acquisition, construction and installation to commence and continue.

Section 2. Metro Government will issue and sell the Bonds pursuant to the terms of the Act, in one or more series over a period of years in an aggregate principal amount not to exceed \$35,000,000. The Bonds shall be issued in one or more series over a period of years, shall be signed by the manual or facsimile signature of the Mayor of Metro Government and attested to by the Metro Council Clerk of Metro Government, and shall bear such title or designation, shall bear interest at such rate or rates, shall be in such denomination or denominations, shall be subject to such terms of redemption and shall be in registered form, shall be payable as to principal, redemption price and interest at such place or places and shall contain such other terms and conditions as may be fixed by or

pursuant to an ordinance of Metro Government before the sale and delivery thereof. The proceeds from the sale of the Bonds shall be used to finance the Project pursuant to the Act.

Section 3. Metro Government will cooperate with the Company for the purpose of issuing and selling the Bonds on the best terms reasonably obtainable; and if arrangements therefor satisfactory to Metro Government and the Company can be made, Metro Government will adopt such ordinances, resolutions and proceedings and authorize the execution and delivery of such instruments and the taking of such further actions as may be necessary or advisable for the authorization, issuance and sale of the Bonds on a negotiated basis and the use of the proceeds thereof to finance the Project, all as shall be authorized by law and mutually satisfactory to Metro Government and the Company.

Section 4. Upon the issuance of each series of the Bonds, Metro Government shall take title to the applicable portion of the Project financed thereby and Metro Government and the Company shall enter into one or more Lease Agreements pursuant to which the Company will covenant and agree to pay amounts sufficient to provide for the payment of principal of and premium, if any, and interest for the applicable series of the Bonds, together with all trustee, paying agent, and/or serving agent's fees in connection with each such series, and any other related charges as the same come due and payable.

Section 5. Metro Government will take or cause to be taken such other acts and adopt or cause to be adopted such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate pursuant thereto.

Section 6. Contemporaneously with the sale of each series of Bonds, the Company (a) will enter into the applicable Lease Agreement with Metro Government, the terms of which shall obligate the Company to pay to Metro Government the amounts described in Section 4, as and when the same shall become due and payable, all provisions required by law and such other provisions as shall be mutually acceptable to Metro Government and the Company, and (b) will take such further acts and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Section 7. As an inducement to Metro Government to enter into this Memorandum of Agreement, the Company agrees that it will reimburse Metro Government for, or pay reasonable expenses, including fees and expenses of its counsel, which Metro Government may incur at the Company's request, or as may be necessary, arising from the execution of the Memorandum of Agreement and the performance by Metro Government of its obligations hereunder; provided, however, that such expenses of Metro Government shall not exceed \$1,500.00 for each series of the Bonds and any reasonable charge resulting from the review and approval of the related financing documents by the Office of the Jefferson County Attorney, which aggregate amount Metro Government and the Company agree is reasonably sufficient to pay such costs and expenses.

Section 8. It is understood and agreed by and between Metro Government and the Company that the provisions hereof are not intended to, and shall not be construed or interpreted to, (a) obligate, or authorize the expenditure of, any funds of Metro Government derived from any source whatsoever other than the proceeds from the issuance and sale of the Bonds as provided for herein, (b) be general obligations of Metro Government, a charge against its general credit or taxing powers, nor an indebtedness of Metro Government within the meaning of the Constitution and laws of the Commonwealth, or (c) create any personal liability of the present or future officers and officials of Metro Government serving from time to time.

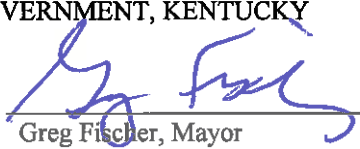
Section 9. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement therein contained against any past, present or future officer, member, employee or agent of Metro Government or the Commonwealth of Kentucky or any agency or political subdivision thereof, as such, either directly or through Metro Government or the Commonwealth of Kentucky or any agency or political subdivision thereof, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees or agents as such shall be expressly waived and released as a condition of and consideration for the execution and delivery of this Memorandum of Agreement and the issuance of the Bonds.

[Signature Page Immediately Follows]


[SIGNATURE PAGE TO MEMORANDUM OF AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement on the date first above written.

LOUISVILLE/JEFFERSON COUNTY METRO  
GOVERNMENT, KENTUCKY

By:  \_\_\_\_\_  
Greg Fischer, Mayor

Attest:

 \_\_\_\_\_  
Stephen Ott,  
Metro Council Clerk

Approved as to form and legality:

Michael J. O'Connell  
Jefferson County Attorney

By \_\_\_\_\_  
Nicholas J. Lococo  
Assistant Jefferson County Attorney

BROWN-FORMAN CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_



APPENDIX A  
TO MEMORANDUM OF AGREEMENT

Project Description

The "Project" includes all industrial building facilities financed by the Bonds and acquired, constructed, installed and equipped by the Company at 117 and 119 West Main Street in downtown, Louisville, Kentucky, consisting of real property improvements and new personal property to be utilized in the manufacture of bourbon, including but not limited to fermentation, distilling, cooperage, filling and bottling facilities, along with related restaurant, touring, meeting and other customer-experience facilities, necessary in connection therewith.

The Project is located in an area designated as a national historic district.

EXHIBIT C

Form of Payment In Lieu of Taxes Agreement

PAYMENT IN LIEU OF TAXES AGREEMENT

This PAYMENT IN LIEU OF TAXES AGREEMENT, effective as of \_\_\_\_\_ (this "Agreement"), is made by and between:

- (i) the LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, a political subdivision of the Commonwealth of Kentucky ("Metro Government"); and
- (ii) BROWN-FORMAN CORPORATION, a Delaware corporation, or an affiliate thereof (collectively, the "Company").

WITNESSETH

WHEREAS, Jefferson County Public Schools (the "District"), by and through its Board of Education (the "Board of Education"), is a body politic and corporate existing under Section 160.160 of the Kentucky Revised Statutes ("KRS") and has the authority under KRS 160.460 through 160.476 to levy *ad valorem* taxes for school purposes on all property subject to local taxation with a taxable situs in the District ("School Property Taxes");

WHEREAS, the Company or an affiliate thereof is currently acquiring, constructing and installing an industrial project of the Company consisting of the facilities and properties described in Attachment A attached hereto (collectively, the "Project"), such Project being within the geographic boundaries of Metro Government and the District; and

WHEREAS, the Project represents new investment and is expected to generate new employment within Metro Government and the District; and

WHEREAS, on [\_\_\_\_], Metro Government adopted a Bond-authorizing Ordinance (the "Ordinance") providing for, among other things, the issuance of taxable industrial building revenue bonds over a period of years in an aggregate principal amount of up to \$[\_\_\_\_] (the "Bonds") for the benefit of the Company, pursuant to KRS 103.200 through 103.285, inclusive, (the "Act"), to finance the acquisition, construction and installation of the Project, to acquire title to the Project and to lease said portion back to the Company, all pursuant to the Act; and

WHEREAS, Metro Government and the Company have agreed that title to the Project will be conveyed to Metro Government and leased back to the Company, pursuant to the Act, so long as the Bonds are outstanding; and

WHEREAS, a condition of Metro Government's agreement to enter into the documents necessary to vest title to the Project in Metro Government and to effect the lease of the Project to the Company, the Company has agreed to make certain payments to the Board of Education in lieu of School Property Taxes and to enter into this Agreement with respect thereto;

NOW, THEREFORE, in consideration of the foregoing, the mutual agreement of the parties contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Recitals Incorporated. It is hereby found, determined and declared that the recitals set forth in the preambles to this Agreement, including the definitions contained therein, are true and correct and are hereby incorporated in this Section 1 by reference.

Section 2. Project Exempt from Taxation. It is understood, acknowledged and agreed by the parties that pursuant to KRS 103.285, the Project is exempt from taxation by Metro Government, the Board of Education and other political subdivisions in the Commonwealth of Kentucky to the same extent as other public property used

for public purposes, so long as same is owned by Metro Government. It is further understood, acknowledged and agreed by the parties that the distilled spirits stored in or at the Project will not be governed by KRS 103.285.

Section 3. Agreement to make PILOT Payments. In consideration of Metro Government's agreement to issue the Bonds and take all other actions authorized by the Ordinance, the Company hereby agrees that in each calendar year during the term of this Agreement with respect to each series of the Bonds beginning on and after the first January 1st assessment date following issuance of said Bonds (each an "Assessment Date") that Metro Government owns the Project or any portion thereof, the Company shall make a payment computed as indicated below, equal to the amount of all School Taxes levied on the Project or the portion thereof owned by Metro Government that otherwise would have been due and payable to the Board, as if the Project were owned by a tax-paying entity and subject to payment of School Property Taxes absent the application of KRS 103.285 (each, a "PILOT Payment" and together, the "PILOT Payments"), for each of the Assessment Dates following issuance of the Bonds while the Bonds remain outstanding.

Section 4. Calculation of PILOT Payments. The amount of the PILOT Payment in each calendar year shall be equal to (i) the Fair Cash Value (as hereinafter defined) of the Project as of January 1 of such calendar year, multiplied by (ii) the *ad valorem* tax rate levied by the Board of Education for such calendar year under KRS 160.460 through 160.476. If, in any calendar year during which the foregoing calculation is made, the Board of Education has levied different *ad valorem* tax rates on different classes of property subject to School Property Taxes, the foregoing calculation shall be made separately for each such class of property that is included within the Project.

Section 5. Determination of Fair Cash Value of the Project. The Jefferson County Property Valuation Administrator (the "PVA") is responsible for establishing the assessed value of real estate within Jefferson County for the purpose of imposing real property taxes. The Department of Revenue, Kentucky Finance and Administration Cabinet (the "Department"), oversees the assessment of personal property within Metro Government for the purpose of imposing personal property taxes. The "Fair Cash Value" of the real property portion of the Project shall be as determined annually by the PVA as if the Project were owned by a tax-paying entity. The "Fair Cash Value" of the personal property portion of the Project shall be annually determined using its original cost, age and the applicable trending tables published by the Department in its Form 62A500 (Tangible Personal Property Tax Return), adjusted to take into account the scrapping, removal or other disposition of personal property in the ordinary course of business.

Section 6. Valuation Appeal Rights. Each of the Board of Education and the Company shall have the right at its sole expense and in its own name and without any expense to the other party, to seek and prosecute in good faith an adjustment, by administrative appeal or litigation or otherwise, of any tax assessment made by the PVA of the real property portion of the Project, and if any adjustment is made the PILOT Payments shall be calculated based upon the assessment resulting from such adjustment. If for any reason the Project or any part of the property included within the Project is legally placed on the *ad valorem* tax rolls, the obligation of the Company to make the PILOT Payments shall terminate with respect to that property on and after January 1 of the following calendar year, and the owner of the property shall thereafter pay *ad valorem* taxes on that property as required of a tax-paying entity.

Section 7. Timing of PILOT Payments. Any PILOT Payment payable in any calendar year hereunder shall be paid at the same time and in the same manner as School Property Taxes for such calendar year, except that the Company shall deliver the PILOT Payment to the Board of Education, at the address provided in Section 9 below, instead of the regular tax collector along with supporting calculations. The PILOT Payment for each such calendar year shall be due and payable in full no later than two full months from the date the bill for the School Property Taxes is issued in accordance with KRS 134.015; provided, however, if the Company pays a PILOT Payment to the Board of Education on or before any discount date established pursuant to KRS 134.015 for the School Property Taxes, the Company may reduce the PILOT Payment by the corresponding discount percentage, and provided further that the Company pays a PILOT Payment to the Board of Education after the due date established pursuant to KRS 134.015 for the School Property Taxes, the Company shall increase the PILOT Payment by the corresponding penalty percentage.

Section 8. Termination. Notwithstanding any other provision herein and with the exception of Sections 1 and 2 hereof, this Agreement shall terminate on the day immediately following the first date that no Bonds issued by Metro Government pursuant to the Ordinance remain issued and outstanding.

Section 9. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to Metro Government, at: Jefferson County Attorney's Office  
Jefferson Hall of Justice  
600 West Jefferson Street  
Louisville, Kentucky 40202

If to the Board of Education, at: Jefferson County Public Schools  
3332 Newburg Road  
Louisville, Kentucky 40218

If to the Company, at: Mark W. Blayney  
Vice President - Tax  
Brown-Forman Corporation  
850 Dixie Highway  
Louisville, Kentucky 40210

- and -

Timothy J. Eifler  
Stoll Keenon Ogden, PLLC  
2000 PNC Plaza  
500 W. Jefferson Street  
Louisville, Kentucky 40202

Metro Government and the Company may by notice given hereunder designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10. Entire Agreement. This Agreement contains all of the agreements and conditions made between the parties hereto regarding the subject matter of this Agreement and there are no other agreements or understandings, written or oral, between the parties relating to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings, written and oral, between the parties with respect to such subject matter. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by both parties hereto or their respect successors in interest. The invalidity, illegality or unenforceability of any provision of this Agreement will not affect the validity, legality or enforceability of the remaining provisions.

Section 11. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon Metro Government, the Company and their respective successors and assigns.

Section 12. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 14. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

[Signature Page Immediately Follows]


[SIGNATURE PAGE TO PAYMENT IN LIEU OF TAXES AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have entered into this Payment in Lieu of Taxes Agreement on the date first above written.

LOUISVILLE/JEFFERSON COUNTY METRO  
GOVERNMENT, KENTUCKY

By:  \_\_\_\_\_  
Greg Fischer, Mayor

Attest:

 \_\_\_\_\_  
Stephen Ott,  
Metro Council Clerk

Approved as to form and legality:

Michael J. O'Connell  
Jefferson County Attorney

By \_\_\_\_\_  
Nicholas J. Lococo  
Assistant Jefferson County Attorney

BROWN-FORMAN CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_