

ORDINANCE NO. _____, SERIES 2017

AN ORDINANCE ESTABLISHING A DEVELOPMENT AREA PURSUANT TO PROVISIONS OF KRS 65.7041- 65.7083 TO BE KNOWN AS THE ELEVENTH AND JEFFERSON 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/JEFFERSON COUNTY METRO GOVERNMENT 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: COUNCIL MEMBER SEXTON SMITH

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

WHEREAS, Allied Argenta LLC, a Nevada limited liability company, or an affiliate of same (the "Developer") plans to undertake a major project within the Eleventh and Jefferson Development Area (the "Development Area") to complete the Eleventh and Jefferson Redevelopment Project (the "Project"), as more particularly described in the Development Plan attached hereto as Exhibit A;

WHEREAS, the Project, which qualifies as a development area under the Act, will involve new capital investment of approximately \$17.5 million when fully developed;

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;

WHEREAS, the Legislative Council of the Louisville/Jefferson County Metro Government (the “Council”) finds that the Project to be undertaken in the Development Area by the Developer will further the public purposes identified in the Act by increasing the value of property located in the Development Area, increasing employment within the Development Area, Louisville and the region and increasing the tax base of Louisville;

WHEREAS, it is therefore in the interest of Louisville/Jefferson County Metro Government (“Louisville Metro”) 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;

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

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

WHEREAS, the Authority is organized and incorporated as a nonprofit, nonstock corporation pursuant to KRS Chapters 58 and 273 to act as an “Agency” under the Act; and

WHEREAS, Louisville Metro 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.

NOW, THEREFORE, BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AS FOLLOWS:

SECTION I. The Development Plan, attached hereto as Exhibit A, is hereby adopted.

SECTION II. 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 4.394 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(2).
- D. The establishment of the Development Area shall not cause the assessed value of taxable real estate in all development areas located in Louisville Metro to exceed 20% of the assessed value of all taxable real property in Louisville. To date Louisville Metro has established several other development areas with a combined taxable real property assessment at the time they were established of approximately \$1.518 billion. The taxable real property assessment of the Development Area for calendar year 2016 is approximately \$6,498,790, and that amount combined with the previous development areas established by Louisville Metro totals

\$1.524 billion, while the total taxable real property assessment for Louisville exceeds \$53 billion, 20% of which is \$10.6 billion.

E. The conditions within the Development Area meet two (2) of the seven (7) factors of blight as set forth in KRS 65.7049 and are as follows:

1. **Forty percent (40%) or more of the households are low income households.** The Development Area includes an older apartment complex that serves low income residents with the following income restrictions, at least 40% of the units are occupied by residents with Extremely Low Income, as defined by U.S Department of Housing and Urban Development (“HUD”), and the remainder of the units is occupied by residents with Very Low Income, as defined by HUD.

2. **A combination of factors substantially impairs or arrests the growth and economic development of the city or county and impedes the development of commercial or industrial property due to the Development Area’s present condition and use.** Development of the Project site without assistance as provided by the Act is not feasible due to the large scale costs associated with the redevelopment of the proposed Project, particularly if the buildings are to be renovated while the units remain available for affordable housing. No other adequate funding mechanism affords the proposed improvements absent the incentives provided under the Act. These improvements cannot be facilitated with private investment alone. The aesthetic improvement resulting from the

redevelopment of the proposed Project will have a positive impact on Louisville Metro and the surrounding area, especially the impact on Jefferson Street.

- F. The Development Area will not reasonably be developed without public assistance, including incentives as provided by the Act. The high cost of site development expenses needed for the Project 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. The Development Area has a 2016 taxable assessment of approximately \$6,498,790 but currently generates \$0 in ad valorem real property taxes to Louisville Metro because its owner qualified for the property tax exemption pursuant to Section 170 of the Kentucky Constitution. The Project will increase capital investment by approximately \$17,500,000, which will provide significant new taxes to Louisville Metro and the other taxing districts. While Louisville Metro will pledge 80% of the incremental increase of the local ad valorem real property taxes from the Development Area, up to a cap of \$1,268,228, to provide redevelopment assistance to the project, including public infrastructure improvements, it will retain 20% of the new incremental increase of the

local ad valorem real property taxes and 100% of the local occupational taxes from the Development Area. Therefore, even when considering the requested incentives for the Project from Louisville Metro, the Project will be financially beneficial to Louisville Metro. The Project will also serve as a catalyst for additional development in the area surrounding the Development Area.

- H. The area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise independent of public support. The proposed improvements within the Development Area will have a positive effect on the surrounding area, which faces stagnation in development without them
- I. The pledge and use of a portion of Louisville Metro's incremental revenues, as defined in the Local Participation Agreement, derived from the Development Area to provide redevelopment assistance to the Project and the Development Area will increase capital investment in Louisville Metro, and therefore constitutes a public purpose.

SECTION III. 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 Eleventh and Jefferson Development Area. The Development Area 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 IV. That the Metro Development Authority, Inc., a Kentucky nonprofit, nonstock 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 V. That the Mayor is authorized to negotiate and enter into a Local Participation Agreement, substantially in the form attached hereto as Exhibit C, with the Authority for the release to the Authority of a portion of the new ad valorem real property taxes expected to be derived by Louisville Metro from the Project to be constructed in the Development Area (“Released Amount”).

SECTION VI. That the Office of Management and Budget is designated as the department in Louisville Metro 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 VII. 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 80% of the Louisville Metro Ad Valorem Real Property Tax Increment, as that term is defined in the Local Participation Agreement subject to the following condition: in no event shall the total of the Released Amount paid to the Authority over the term of the Local Participation Agreement exceed \$1,268,228 as set forth in the Local Participation Agreement.

SECTION VIII. 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 IX. That the Mayor and other appropriate Louisville Metro officials, and each of them, for and on behalf of Louisville Metro, 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 Metro 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 Metro officials, and each of them, are hereby further authorized, empowered and directed for and on behalf of Louisville Metro 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 Metro under the Local Participation Agreement and related documents and to perform all of the obligations of Louisville Metro under the Local Participation Agreement and related documents.

SECTION X. 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 XI. This Ordinance shall take effect upon its passage and approval.

H. Stephen Ott
Metro Council Clerk

David Yates
President of the Council

Greg Fischer
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

By: _____
Eleventh and Jefferson TIF O-439-17 nl 112717.DOCX

Exhibits

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

EXHIBIT A
DEVELOPMENT PLAN

EXHIBIT B
MAP OF DEVELOPMENT AREA

LEGAL DESCRIPTION

Tract 1: BEGINNING at the intersection of the east line of Tenth Street with the north line of Jefferson Street, thence with the north line of Jefferson Street, South 82° 00' 16" East 337 feet; thence North 07° 59' 44" East 110 feet, thence North 19° 35' West 214.18 feet, thence South 70° 16' 08" West 42.93 feet, thence North 81° 58' 01" West 200 feet to the east line of Tenth Street, thence with same South 07° 57' 59" West 280 feet to the point of beginning.

Tract 2: BEGINNING at the intersection of the east line of Eleventh Street with the north line of Jefferson Street, thence with the north line of Jefferson Street, South 81° 59' 45" East 420 feet to the west line of Tenth Street, thence with the same, North 07° 58' 15" East 196.24 feet, thence North 81° 59' 45" West 420 feet to the east line of Eleventh Street, thence with same South 07° 58' 15" West 196.24 feet to the point of beginning.

TRACT 3: BEGINNING at the intersection of the west line of Eleventh Street with the north line of Jefferson Street, thence with the west line of Eleventh Street, North 07° 57' 03" East 196.24 feet, thence North 81° 59' 17" West 110.53 feet, thence South 07° 57' 03" West 196.23 feet to the north line of Jefferson Street, thence with same 81° 59' 17" East 110.53 feet to the point of beginning.

THERE IS EXCEPTED from the foregoing all of that certain parcel conveyed to the Commonwealth of Kentucky for the use and benefit of the Department of Highways, by Deed of Conveyance, dated February 13, 1970, of record in Deed Book 4413, Page 517, in the Jefferson County Clerk's Office.

The above-described property being ALSO DESCRIBED AS FOLLOWS, pursuant to ALTA/ACSM Land Title Final As-Built Survey of Henry M. Greene, Sr. Gardens Apartments, 1005-A West Jefferson Street, Louisville, Jefferson County, Kentucky, dated July 29, 2011, prepared by Michael H. Hoffmann, PLS 2586, of Thoroughbred Engineering, Inc.:

Tract 1: BEGINNING at the intersection of the east right-of-way line of Tenth Street with the north right-of-way line of Jefferson Street, at a square concrete monument found at the back of sidewalk corner, thence with the east line of Tenth Street, North 07° 57' 47" East 280.00 feet to a ½" iron bar set with I.D. Cap "TEI 2402" and corner of Louisville Police Officers Credit Union, thence with the same, South 81° 58' 01" East 200.00 feet to a ½" iron bar set with I.D. Cap "TEI 2402", thence North 70° 09' 46" East 42.93 feet to a pipe found in the west right-of-way line of the ramp for Interstate 64, thence with the same South 19° 35' 00" East 214.26 feet to a crimped pipe found, thence South 07° 59' 44" West 100.0' to a ½" iron bar set with I.D. Cap "TEI 2402", thence South 52° 59' 44" West 14.14' to a ½" iron bar set with I.D. Cap "TEI 2402" in the north right-of-way line of Jefferson Street, thence with the same N 82° 00' 16" West 327.0' to the point of beginning. Containing 2.003 acres, more or less and accounts for the exception listed in Deed Book 4217, Page 231 (which is Deed Book 4413, Page 517).

Tract 2: BEGINNING at the intersection of the east right-of-way line of Eleventh Street with the north right-of-way line of Jefferson Street, at a square concrete monument found at the back of the sidewalk corner, thence with the north line of Jefferson Street, South 82° 00' 38" 420.16 feet to a square concrete monument found at the back of walk corner in the west right-of-way line of Tenth Street, thence with the same, North 07° 57' 45" East 196.20, to a ½" iron bar set with I.D. Cap "TEI 2402" in south line of Congress Street, thence with said Congress Street North 81° 59' 45" West 420.0 feet to a ½" iron bar set with I.D. Cap "TEI 2402" in the east line of Eleventh Street, thence with same South 08° 00' 38" West 196.31 feet to the point of beginning. Containing 1.89 acres, more or less.

Tract 3: BEGINNING at the intersection of the west right-of-way line of Eleventh Street with the north right-of-way line of Jefferson Street, at a square concrete monument found at the back of sidewalk corner, thence with the west right-of-way line of Eleventh Street, North 07° 57' 03" East 196.23 feet in south line of Congress Street, thence with the South line of Congress Street North 81° 59' 17" West 110.53 feet to a ½" iron bar set with I.D. Cap "TEI 2402", thence South 07°57' 03" West 196.23 feet to a crimped iron bar (found) in the north right-of-way line of Jefferson Street, thence with same south 81° 59' 17' East 110.53 feet to the point of beginning. Containing 0.50 acres, more or less.

EXHIBIT C
LOCAL PARTICIPATION AGREEMENT