

Responses to questions from Pegasus Institute

1. It is appropriate for Louisville to issue bonds for this project because the project represents an opportunity to increase our wage and property tax base by growing city revenues. Additionally, the project leverages the return of state taxes to our jurisdiction through the TIF along with a \$14.5 million repayment of the borrowed amount. The city's credit rating speaks to the positive outlook regarding our financial structure, economy, and fiscal management. The city received affirmed credit ratings with stable outlooks from Fitch (AAA), Moody's (Aa1), and S&P (AA+) after being informed of the potential economic development bond for the stadium district.
2. With regard to pensions and any associated uncertainties, the Metro Council is continually briefed on annual pension expense and balance sheet related liabilities through multiple committees and channels, including an Ad Hoc Committee in April, 2016, an 8-week budget adoption process annually, and the opportunity to seek outside opinions from entities such as the Kentucky League of Cities (just last month). The Council and the Mayor have to continue to make investment decisions for the community even with uncertainty—it is why the Council has repeatedly passed capital budgets that require the use of debt to fund investments and projects for the community.
3. The Arena Authority is moving forward with re-financing its debt. Their plan was positively received at KEDFA last week. The effects of the UofL situation will likely not be known for a while. We believe that the management at the Authority and its financial team can structure the debt and manage the schedule to address any short term revenue issues due to UofL's potential situation.
4. The City's participation will end up being approximately \$15.5M, not \$26M depending on interest rate obtained. The way it is structured our \$15.5M participation will leverage state funds and approximately \$130M in private funds. We believe these figures justify the expense and will further spur other growth in the contiguous areas from which the City will also benefit.

tower. The LCFC ownership group has received many inquiries from businesses about potentially locating on this site.

10. The prospects of entry to the MLS depend on the success of building a stadium, filling it, having a highly competitive team and a subsequent plan to expand the stadium to 20,000 seats. Once this is achieved, application for MLS for membership is possible (earliest likelihood would be 2021 or 2022). This application would require bringing on new investors to raise the necessary funds for the entry fee and the stadium expansion. LCFC has no intention of asking the city to subsidize the entry fee to the MLS.
11. Land would likely be a part of some type of RFP/competitive solicitation where City will review submissions for development and choose the most advantageous. The ultimate uses of the land will determine the development potential. The City would expect to receive the value of the land back as part of that process.