



OFFICE OF MANAGEMENT AND BUDGET
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

DANIEL FROCKT
CHIEF FINANCIAL OFFICER

November 3, 2017

Mr. Keith Sherman
University of Louisville Foundation
215 Central Avenue, Suites 212 and 304
Louisville, KY 40208

RE: Calendar Years 2014-2016 Request for Released Amount

Dear Mr. Sherman:

Pursuant to the Louisville Medical Center Development Corporation's letter dated January 30, 2017 regarding the University of Louisville Research Park Tax Increment Financing ("Belknap") requesting the 2016 Calendar Year Released Amount of Tax Increment Financing ("TIF"), Louisville Metro Government ("Metro") has prepared the Release Amount for Calendar Years 2014, 2015, and 2016 to ensure payments are issued sequentially. Please let this letter serve as the documentation of Belknap's compliance with regard to Section 4.4 of Louisville's Local Participation Agreement ("LPA") as amended on January 29, 2015 for Calendar Years 2014, 2015, and 2016.

Specifically, Belknap has provided the following information regarding Section 4.4 related to the 2014, 2015, and 2016 Calendar Years Released Amount of TIF:

4.4.a. Due to the fact that there has been no Released Amount issued to date against the TIF project minimum capital investment of \$200,000,000 required under KRS 154.30-080 formerly codified as KRS 65.7081, this agreed upon procedure does not apply. Please see attached Exhibit D, Affidavit of Capital Investment (dated January 31, 2017) for reference.

4.4.b. & 4.4.c. An analysis and review of all development activities within the Development Area and a progress report on the current status of achieving the stated goals of the Project and Development Area (attached as the following items: 1) Independent Accountants' Report on Application of Agreed-Upon Procedures from BKD dated December 8, 2015 for the period December 9, 2010 through December 31,

2014; and 2) Letter report from Belknap dated January 30, 2017 that encompasses an update through Calendar Year 2016).

4.4.d. Due to the fact that there has been no Released Amount issued for Belknap to date, this agreed upon procedure does not apply. Upon receipt of the funds available, Belknap will submit a spending plan detailing the portion of the remaining approved signature and/or approved financing costs of the public infrastructure to be funded.

Pursuant to Section 5.4 of the LPA, the calculated Released Amount is **\$35,591.88** for 2014, **\$86,213.67** for 2015 and **\$376,020.51** for 2016, which represents 80% of the Withholding Tax Increment and the Real Estate Increment for Calendar Years 2014, 2015, and 2016, respectively. The Released Amount will close out the request for Calendar Years 2014, 2015, and 2016 and combines to a total payment of **\$497,736.06**.

Pursuant to Section 4.5 of the LPA regarding Louisville's Monitoring, Tracking and Reporting, the following information is applicable:

4.5.a. Due to the fact that there has been no Released Amount issued to date against the TIF project minimum capital investment of \$200,000,000 required under KRS 154.30-080 formerly codified as KRS 65.7081, this agreed upon procedure does not apply.

4.5.b. An analysis and review of development activity within the Development Area as reported to Louisville by Belknap: attached as Exhibit D, Affidavit of Capital Investment (dated January 31, 2017) along with the supporting documentation listed under Section 4.4.b. & 4.4.c. above listed in this letter.

4.5.c. The progress made by Belknap toward the stated goals of the Development Area as reported to Louisville by Belknap: attached Exhibit D, Affidavit of Capital Investment (dated January 31, 2017) along with the supporting documentation listed under Section 4.4.b. & 4.4.c. above listed in this letter.

4.5.d. An accounting of the amount of Eligible Project Costs incurred by Belknap to date as reported to Louisville by our Office: The minimum capital investment was certified by the Cabinet for Economic Development in its letter to Belknap on January 26, 2017 (attached).

4.6. The timing of the payment for Calendar Years 2014 and 2015, although after December 31, 2014 and December 31, 2015, respectively, comports with the terms of the amended Local Participation Agreement due to the mutual agreement between Louisville and Belknap to allow time for all parties to finalize documentation of the request.

Please let me know if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Frockt". The signature is fluid and cursive, with the first name being more prominent.

Daniel Frockt
Chief Financial Officer

Encl.

CC:

Mayor Greg Fischer
Council President David Yates
Council Clerk Stephen Ott
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