

AMENDED AND RESTATED LOCAL PARTICIPATION AGREEMENT

This **AMENDED AND RESTATED LOCAL PARTICIPATION AGREEMENT** (the "Agreement") effective as of the 6th day of December, 2007, 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, non-stock corporation ("Authority").

RECITALS:

WHEREAS, Louisville, the Authority and the Cordish Company ("Developer") plan to enter into a development agreement ("Development Agreement") wherein the Developer will agree to develop in downtown Louisville, Kentucky a mixed use district containing retail, restaurants, clubs, hotel, office, housing, common areas, restored Louisville Gardens, parking garage, public plaza, and other public infrastructure, as more particularly described in Exhibit A (the "Project"); and

WHEREAS, Louisville and the Authority, to induce Developer to undertake the Project and to enter into the Development Agreement, plan to provide certain incentives to the Developer which will be set forth in the Development Agreement, including tax increment financing proceeds pursuant to 2007 House Bill 549 (the "Act"); and

WHEREAS, pursuant to the Act, the Metro Council of Louisville, by Ordinance No 179, Series 2007, has designated the Project site as a development area, as more particularly described in Exhibit B ("Development Area"); and

WHEREAS, the Project shall represent new economic development in Louisville; and

WHEREAS, Louisville finds that the Development Area is an area in need of public improvement and that the Project to be undertaken in the Development Area will result in the increase in the value of property located in the Development Area and result in increased employment within the Development Area; and

WHEREAS, the Project qualifies as a "Signature Project" under Section 18 of the Act; and

WHEREAS, the use of tax increment financing to assist the development of a "Signature Project," within the meaning of the Act 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 as a non-profit corporation pursuant to KRS Chapter 58 and qualifies to be an "Agency" pursuant to the Act; and

WHEREAS, pursuant to the Ordinance, the Authority has been designated as the “agency,” within the meaning of the Act for the purposes of receiving a portion of the Tax Increments generated by the Project in the Development Area; and

WHEREAS, Louisville desires to assist Developer with the costs of the Project and agrees to enter into this Local Participation Agreement in order to release to the Authority a portion of the Increment (as hereinafter defined) for use solely for purposes of the Project.

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 Local Participation 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 the date set forth by the Authority to the Office which shall be no earlier than the commencement date and no later than two years from the Commencement Date, unless an extension is granted pursuant to Section 3(1) of the Act.

(b) **“Ad Valorem Taxes”** means that portion of Ad Valorem Property Taxes levied by Louisville pursuant to KRS 91.260 on real property situated within the Development Area;

(c) **“Ad Valorem Tax Increment”** means the incremental amount of Ad Valorem Taxes collected in each Calendar Year during the term hereof determined by subtracting the amount of Old Ad Valorem Revenue from the amount of New Ad Valorem Revenue;

(d) **“Base Year”** means January 1, 2006 through December 31, 2006, the last full year prior to the Commencement Date.

(e) **“Calendar Year”** means January 1 through and including December 31.

(f) **“Commencement Date”** shall mean the later of (i) the date hereof or (ii) the date on which the Grant Agreement is executed.

(g) **“Commission”** means the State Tax Increment Financing Commission, established by the Act.

(h) **“Department”** means the Kentucky Department of Revenue.

(i) **“Grant Agreement”** means the project grant agreement entered into between the Commonwealth of Kentucky and the Authority pursuant to the terms of the Act.

(j) **“Increment”** shall mean the amount calculated pursuant to Section 4.4 of this Agreement.

(k) "Louisville Department of Finance" means the department of Louisville so named.

(l) "New Ad Valorem Revenue" means the amount of Ad Valorem Taxes collected by Louisville in each year after the Activation Date throughout the term of this Agreement;

(m) "New Withholding Tax Revenue" means the amount of Withholding Taxes received by Louisville from, or attributable to, the Development Area in each year after the Activation Date through the term of this Agreement.

(n) "Occupational License Fees" mean the taxes levied by Louisville pursuant to Louisville Metro Codified Ordinances Chapter 110.

(o) "Office" means the Division of Tax Increment Financing within the Office of the Commissioner in the Kentucky Department of Revenue, established by the Act.

(p) "Old Ad Valorem Revenue" means the amount of Ad Valorem Taxes received by Louisville in the Base Year increased each year by the percentage set forth in the Grant Agreement for the State Old Ad Valorem Revenue;

(q) "Old Withholding Tax Revenue" means the amount of Withholding Taxes received by Louisville in the Base Year.

(r) "Released Amount" means the amount payable in each Calendar Year from Louisville to the Authority as calculated pursuant to Section 4.5 of this Agreement.

(s) "Termination Date" means the date upon which this Agreement expires pursuant to Section 3.1 of this Agreement.

(t) "Withholding Taxes" means the Occupational License Fees received by Louisville from or attributable to the Development Area.

(u) "Withholding Tax Increment" means the incremental amount of Withholding Taxes collected in each Calendar Year during the term hereof, determined by subtracting the amount of Old Withholding Tax Revenue from the amount of New Withholding Tax Revenue.

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 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 consummation 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.

(f) Grant Agreement. The Authority and the Commonwealth shall execute the Grant Agreement.

2.2 Representations and Warranties of the Louisville. Louisville represents and warrants to the Authority and 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. Tax Withholding Numbers

3.1 Requirement. Louisville shall use reasonable efforts to require businesses located in the Development Area to maintain separate Withholding Tax numbers (the "Account

Numbers”) for each business situs in the Development Area. The Account Numbers shall be used exclusively to report Withholding Taxes generated within the Development Area.

Section 4. Released Amount

4.1 Term. Provided that the requirements of Section 4.2 are met, 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 Calendar Year following the Activation Date, and for successive Calendar Years continuing automatically thereafter until the earliest of: (i) that date thirty (30) years following the initial payment to the Authority; or (ii) the aggregate Released Amount paid to the Authority by Louisville and the aggregate Released Amount paid to the Authority by the Commonwealth pursuant to the Grant Agreement on a cumulative basis during the term of the Agreement equals the total Eligible Project Costs as verified by the Office

4.2 Certification of Minimum Capital Investment. Prior to any Released Amount being paid by Louisville to the Authority, the Office shall have certified to Louisville that the minimum capital investment of \$200 million has been made in the Project as required by the Act. Any portion of the Released Amount payable to the Authority after the Activation Date but prior to certification of the minimum capital investment being made shall be held in a non-interest bearing escrow account by Louisville until the minimum capital investment is certified by the Office. All accumulated amounts of the Released Amount shall be paid to the Authority upon certification. If the minimum capital investment is not certified within ten (10) years from the Activation Date, the escrow shall be forfeited to Louisville.

4.3 Eligible Project Costs. Louisville and the Authority shall rely on the Office to approve or verify, as applicable, each Project expenditure identified as Approved Public Infrastructure Costs, Approved Signature Project Costs, and Financing Costs (each as defined in the Act) (“Eligible Project Costs”).

4.4 Louisville Monitoring, Tracking and Reporting. The Department of Finance shall prepare all reports which may be required of the Authority by the Office or the Act, including but not limited to overseeing the payment of the Released Amount to the Authority and reviewing all reports received from the Commonwealth pursuant to Section 4.3 or otherwise concerning the Project, its progress, and Eligible Project Costs and reports received from the Developer pursuant to the Development Agreement. The Department of Finance 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 and by 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 Developer;

(c) The progress made by Developer toward the stated goals of the Development Area as reported to Louisville by Developer; and

(d) An accounting of the amount of Eligible Project Costs incurred by Developer to date as reported to Louisville by the Office.

4.5 Time of Payment. By the earlier of (i) March 1 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 except as otherwise provided in Section 4.2 of this Agreement. Prior to payment of the Released Amount to the Authority such funds shall be maintained in a "Special Fund" pursuant to Section 12 of the Act.

4.6 Use of Released Amount. Consistent with the Act, the Authority covenants and agrees that it will use the Released Amount solely for the purposes of paying for Eligible Project Costs pursuant to terms and conditions which shall be set forth in the Development Agreement. The Authority shall provide to the Department of Finance, no later than ninety (90) days after the end of each Calendar Year during the term of this Agreement, a certification as to the use of the Released Amount during the preceding year.

Section 5. Determination of the Released Amount.

5.1 Old Revenue. The Department of Finance shall determine the amount of "Old Revenue" by determining the amount of Old Ad Valorem Revenue and the amount of Old Withholding Tax Revenue. It shall make the determination of Old Revenue with reasonable accuracy, but may make such assumptions as may be required. Upon the determination of Old Revenue, Louisville and the Authority shall stipulate the amount of Old Revenue by addendum to this Agreement. The amount of Old Revenue so stipulated shall be valid throughout the term of this Agreement.

5.2 New Revenue. The Department of Finance shall calculate the amount of "New Revenue" each year after the Activation Date prior to the Time of Payment pursuant to Section 4.5 of this Agreement. New Revenue shall be the sum of New Ad Valorem Revenue and New Withholding Tax Revenue received by Louisville for that year. The current projected New Revenues are set forth in Exhibit C, but are only projections and both parties acknowledge and understand these projections will change and will not be the actual New Revenues.

5.3 Calculation of Increment. The Department of Finance in each year following the Activation Date shall calculate the Increment prior to the Time of Payment pursuant to Section 4.5 of this Agreement. The Increment shall be the sum equal to New Revenue calculated pursuant to Section 5.2 of this Agreement minus Old Revenue calculated pursuant to Section 5.1 of this Agreement.

5.4 Calculation of Released Amount. The Department of Finance in each year following the Activation Date prior to the Time of Payment pursuant to Section 4.5 of this Agreement, shall calculate the Released Amount which shall be a sum not less than 80% of the Increment calculated pursuant to Section 5.3 of this Agreement.

Section 6. Pledge of Incremental Revenues Superior to Ordinances and Statutes

As provided in the Act, any pledge of incremental tax revenues by the Authority and/or Louisville in this Agreement or pursuant to the Development 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 tax revenues.

Section 7. Default.

7.1 Default by 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 Commonwealth and Developer) that remedial action must be taken within thirty (30) calendar days. The Authority shall correct such breach or default within (30) days after the Authority's receipt of such written notice. If the default is not reasonably curable within (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.

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 any remedy and damages available to it at law or in equity.

7.3 Exception.

In the event of any default or termination by either party, the non-defaulting party shall be relieved of any executory obligations hereunder and shall be entitled to any remedy and damages available to it at law or in equity. Provided however, that in the event the Authority, Developer, Louisville or any other entity or body has issued bonds for the benefit of the Project (including to pay for Eligible Project Costs) which are secured by a pledge of the Released Amount and/or the Special Fund, Louisville shall not terminate the payment of the Released Amount for the period said bonds remain outstanding and the Authority shall continue to comply with all applicable provisions of this Agreement necessary to make the bond payments with all applicable Released Amounts. Neither the Authority nor Louisville will terminate or otherwise negatively impact any such pledge, and both parties shall fully cooperate to use the Released Amount to service such bonds.

Section 8. Miscellaneous

8.1 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 c/o Economic Development Department 444 S. 5 th Street, Ste. 600 Louisville, Kentucky 40202 Attn: C. Bruce Traughber
With a copy to:	Jane Driskell, CFO Finance Department 611 W. Jefferson Louisville, Kentucky 40202
If to The Authority:	C. Bruce Traughber, President Metro Development Authority, Inc. 444 So. 5 th Street, Ste. 600 Louisville, Kentucky 40202
With a copy to:	J. David Morris Economic Development Department 444 So. 5 th Street, Ste. 600 Louisville, Kentucky 40202

Section 9. Miscellaneous Provisions.

9.1 Binding Effect. This Agreement shall be binding upon the parties hereto and upon their respective successors and assigns.

9.2 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.

9.3 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.

9.4 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.

9.5 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.

9.6 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.

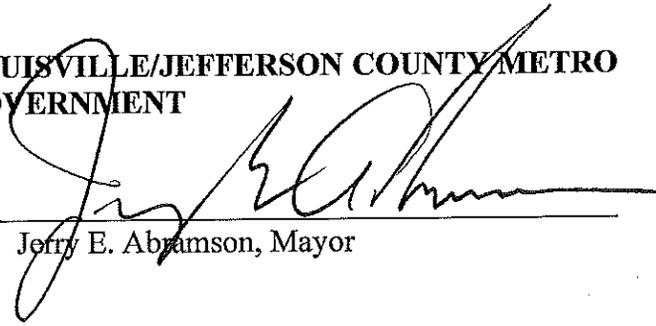
9.7 Mutual Termination. In addition to any other provisions relating to termination of this Agreement contained herein, this Agreement shall terminate upon the written agreement of all the parties hereto, except as otherwise provided in Subsection 7.3 of this Agreement.

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.

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**LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT**

By: _____


Jerry E. Abramson, Mayor

METRO DEVELOPMENT AUTHORITY, INC.

By: C. Bruce Traugber

Name: C. Bruce Traugber

Title: President

EXHIBIT A

Description of Project
[See Next Page]

Exhibit A

Project Description

Construct or renovate approximately 500,000 square feet of mixed-use retail/entertainment facilities, including the renovation of Louisville Gardens, which will include some or all of the following:

- Retail
- Entertainment
- Boutique hotel
- Residential
- Office
- Structured parking
- Public plazas
- Infrastructure/streetscape improvements
- Renovation of first floor of Starks Building
- Renovation of upper floors of Kaufman-Straus Building for office

Total cost of the Project is estimated to be approximately \$250 million, of which approximately \$130 million will be public infrastructure as defined in the Act.

EXHIBIT B

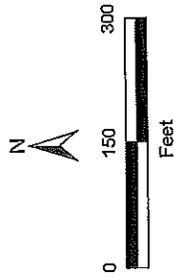
Development Area

[See Next Page]

Central Downtown Revitalization Project

Aerial Imagery: Spring, 2006


 TIF Area: 24.4 Acres
 Footprint Area: 19.6 Acres



CITY OF LOUISVILLE
 COUNTY METROPOLITAN REVENUE DISTRICT (M.R.D.)
 LOUISVILLE WATER COMPANY (LWC), and
 LOUISVILLE METRO GOVERNMENT.
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EXHIBIT C

Projected New Revenues

[See Next Page]

Table 5-6

Incremental Tax Revenues Generated From Proposed Louisville Downtown Revitalization District Project (in \$000's)

	Construction	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Total
LDRDP Estimated Tax Revenues												
City Tax Revenues												
Payroll Taxes (a)	\$732	\$866	\$892	\$918	\$946	\$974	\$1,130	\$1,310	\$1,518	\$1,760	\$2,040	\$42,690
Real Estate Tax (b)	0	691	712	733	755	778	902	1,045	1,212	1,405	1,628	32,875
Total City Tax Revenues	\$732	\$1,557	\$1,603	\$1,652	\$1,701	\$1,752	\$2,031	\$2,355	\$2,730	\$3,165	\$3,669	\$75,565
State Tax Revenues												
Sales Tax - Retail, Entertainment, Parking (c)	\$0	\$6,939	\$7,174	\$7,357	\$7,545	\$7,738	\$8,816	\$10,065	\$11,514	\$13,194	\$15,140	\$315,157
Sales Tax - Hotel Food and Beverage	0	337	376	413	447	475	550	638	739	857	994	19,869
Sales Tax - Hotel Rooms	0	678	733	780	821	845	980	1,136	1,317	1,527	1,770	35,606
Income Tax (d)	2,460	2,587	2,909	3,086	3,179	3,274	3,795	4,400	5,101	5,913	6,855	143,440
Corporate Income Tax and LLE Tax (e)	0	177	129	138	143	148	166	192	223	258	300	6,116
Real Estate Tax (f)	0	233	240	247	255	262	304	353	409	474	550	11,094
Total State Tax Revenues	\$2,460	\$2,587	\$11,649	\$12,022	\$12,390	\$12,742	\$14,612	\$16,784	\$19,303	\$22,223	\$25,608	\$531,283
Total City and State Tax Revenues	\$3,192	\$3,358	\$13,253	\$13,674	\$14,091	\$14,494	\$16,643	\$19,139	\$22,033	\$25,388	\$29,277	\$606,848
Undeveloped "As-Is" Estimated Tax Revenues												
State Sales Tax	\$263	\$271	\$288	\$296	\$305	\$315	\$365	\$423	\$490	\$568	\$659	\$13,830
Occupational Tax	104	107	114	117	121	124	144	167	194	225	260	5,469
State Income Tax	350	360	371	382	394	406	484	562	651	755	875	18,375
State Corporate and LLE Tax	16	17	17	18	18	19	22	25	29	34	39	822
City Property Tax	149	154	163	168	173	178	206	239	277	321	373	7,825
State Property Tax	37	39	41	42	43	45	52	60	70	81	94	1,968
Total	\$920	\$947	\$1,005	\$1,035	\$1,066	\$1,098	\$1,273	\$1,476	\$1,711	\$1,983	\$2,299	\$48,288
Estimated Incremental Tax Revenues Generated From LDRDP	\$2,272	\$2,410	\$11,854	\$12,639	\$13,025	\$13,396	\$15,370	\$17,663	\$20,322	\$23,404	\$26,978	\$558,560
Cash Flow Available for Debt Service - reflects 20% capture of tax revenues by the State	\$1,818	\$1,928	\$9,493	\$9,798	\$10,111	\$10,717	\$12,296	\$14,131	\$16,258	\$18,723	\$21,582	\$446,848

(a) Assumes a 1.25% Occupational Tax, excludes the 0.2% Mass Transit tax and the 0.75% School Occupational Tax.
 (b) Assumes a \$.493 tax per \$100 of assessed value. The rate excludes the Urban Service District Tax. Excludes Parking Garage.
 (c) Assumes sales tax rate of 6%.
 (d) Assumes effective rate of state income tax of 4.2%.
 (e) Based on 0.095% of gross sales or 0.75% of gross profit of the project components.
 Excludes taxes from various business using the office space.
 (f) Assumes a \$.124 tax per \$100 of assessed value. Excludes Parking Garage.
 Source: Johnson Consulting