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July 1, 2011

Mayor Greg Fischer
Metro Hall / 4th Floor
527 West Jefferson St.
Louisville, KY 40202

Re: Michter's Distillery
801 West Main Street

Dear Mayor:

As we have discussed, Michter's Distillery LLC ("Michter's") has obtained an option to purchase and is considering the development of certain real property, and the building and improvements thereon, located at 801 West Main Street, Louisville, Kentucky (the "Property") as a distillery for the production of Michter's Bourbon and related products (the "Project"), which will be open to the public for tours, tastings and souvenir package sales. The Project could provide the cornerstone of a new "Bourbon Row" district in Louisville, adding to the development of historic structures on Main Street, attracting a significant number of tourists to the city, and improving the city's offering of Kentucky heritage tours.

As you know, the Property is a historic structure that has been abandoned and therefore presents numerous structural, financial and other development issues. In furtherance of our recent discussions, this letter will outline the commitments that Michter's will require to be willing to move forward with the Project. Michter's is in the process of investigating the Property, and the commitment of the Louisville Metro Government (the "City") to the terms of this letter is one critical factor in that decision.

1. Any disclosure of this letter, or of the development of the Project, will be subject to the mutual agreement of the City and Michter's. It is our mutual intent to hold a press conference on Wednesday, July 6 to announce the Project.

2. The City will, at its sole cost, subdivide the property currently owned by the City and located at the corner of Washington Street and Eighth Street (the "City Property") into two separate parcels, and will convey to Michter's for \$1,000 that portion of the City Property that is located directly north of the Property. We understand that the remainder of the City Property is leased to the Sons of the American Revolution ("SAR").

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3. The City will, at its sole cost, participate in, and expedite the closing and subdivision of, the private alley (the "Private Alley") that is adjacent to the north of the Property (between the Property and the City Property), and that extends from Eighth Street to the easternmost property line of the 803 West Main Street property currently owned by the SAR. Michter's will obtain title to all of the land currently included in that portion of the Private Alley located to the north of the Property. The SAR will join in a written agreement providing that the Private Alley will be closed, with the SAR maintaining its lease and other rights to that portion of the City Property directly north of the 803 West Main building.

4. If the City requires that power and phone lines to the Property be buried underground, the City will pay or abate the cost associated with the construction, extension or relocation of any underground utilities necessary for the development of the Project, not to exceed \$5,000.

5. The City will cooperate with, and provide its support for, Michter's effort to obtain the rezoning of the Property from C-3 Commercial to M-2 Industrial for the Project, including the City's support for any necessary overlay district approvals.

6. The walls of the Property must be structurally secured during any construction, and will require exterior bracing along the entire length and height of the east wall. The City will provide the approvals for the closing of the two westernmost lanes of Eighth Street between Washington Street and West Main during the construction.

7. The City will enact the necessary resolutions and approvals for, and will act as Issuer of, an industrial revenue bond ("IRB") for the Project including, at the election of Michter's, the abatement of state property taxes for the Project. The term will be 30 years, with a PILOT payable by Michter's equal to the school taxes applicable to the Project.

8. The City will abate all city and local property taxes on the Property for the lesser of (i) the period necessary to close the IRB or (ii) five years.

9. The City will provide all necessary support for Michter's applications for the maximum incentives available under the Kentucky Business Investment (KBI) program, the Kentucky Enterprise Initiative Act (KEIA) and for a grant under the Economic Development Bond (EDB) program.

10. The City will provide its support of Michter's application for state and federal historic tax credits applicable to Michter's development of the Property.

11. If elected by Michter's, the City will support the Louisville Downtown Development Commission ("LDDC") in providing \$1,000,000 in low-interest financing for the development of the Property, upon terms satisfactory to Michter's and the LDDC.

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12. The City (i) will use its best efforts to provide, or to cause a third party to provide, \$50,000 to an association of three or more "Bourbon Row" distillers located on Main Street (the "Association") (beginning with the City's fiscal year 2013), and (ii) will use its best efforts to induce the Louisville Convention and Visitors Bureau (the "CVB") to provide \$50,000 to the Association, provided that each of such three or more distillers contribute the same amount, all of such funds to be used to market the Bourbon Row, as determined by the majority vote of the Association contributors (including the City and the CVB).

13. The City will support applications for all licenses and permits necessary or desirable for the development and operation of the Project.

14. The City will provide support for various site design improvements and upgrades including, but not limited to, those site design items outlined in Schedule A (attached hereto), or other site design improvements and upgrades as identified by Michter's from time to time in the development of the Project.

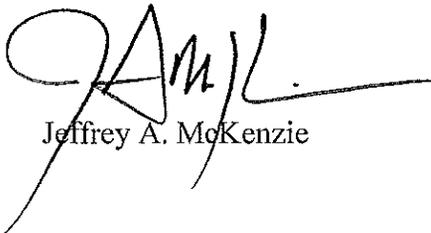
15. The City will grant to Michter's an easement for the vaults under the sidewalks on Main Street and, if any, under Eighth Street, such easement to run with the Property.

16. The City will grant to Michter's a loading zone or drop off area approximately the size of two private parking spaces on Main Street immediately in front of the Property for Michter's exclusive use.

The revitalization, beautification and preservation of the West Main Street Historic District is essential to maintaining Louisville's reputation as one of America's truly great cities. The development of the Project will have a significant impact on protecting that legacy and in helping to create a "Napa Valley of Bourbon" here in Louisville.

Please indicate the City's agreement to the terms of this letter by signing below. If you have any questions or comments, please contact me. As always, thank you for your consideration.

Sincerely,

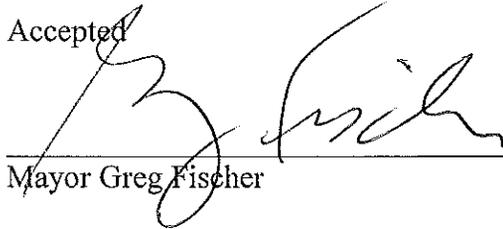


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Accepted



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cc: Joseph Magliocco
Connie Kam

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Schedule A

Site Design Elements

1. The City will remove the sculpture from the sidewalk in front of the Property on Main Street and will grant to Michter's an easement over the sidewalk on the south (Main Street) side of the Property to allow Michter's to install a sculpture or similar improvement on the sidewalk, and to construct and maintain an awning or similar encroachments into the City's sidewalk.
2. The City will provide on Main Street, a bourbon barrel, still, banner and such other visual designations of the Project, as requested by Michter's and coordinated in conjunction with the association of Bourbon Row distillers, to improve the identification of the Project as a distillery.
3. The City will grant to Michter's the right to use a lamp post(s), or similar structure, for the purpose of mounting a light or other projection device which will be used to project a Michter's logo onto the building, as well as banners to identify the facility.
4. The City will remove the unused electric pole on the rear of the parking lot adjacent to Washington Street and the traffic control device on Washington Street which currently blocks truck access to the rear of the Property.
5. The City will provide sidewalk, curbs and other infrastructure improvements as identified by Michter's in the development of the project including, but not limited to, removal of the short sidewalk on the northwest corner of the City Property which currently blocks truck access to the Property.
6. The City will waive any landscaping requirements for the loading area located at the north end of the Property. The City will also provide improvement of the south side of the Washington Street flood wall directly behind the Property, in the form of murals, shrubbery or other landscaping.
7. The City will reconfigure Eighth Street to provide for one lane of parking adjacent to the building along Eighth Street.
8. The City will replace the lamp post to the east of the Property on Eighth Street, as well as the signal post on the south end of the property along West Main Street.
9. The City will replace the sidewalk tree on the south end of the Property facing West Main Street with a tree of a variety more likely to grow taller than the existing tree.
10. The City will remove the trash can in front of the building on the south side of the Property.