RESPONSES TO LOUISVILLE SOCCER STADIUM QUESTIONS

1. No. However, the ownership group will be contributing approximately $15M in equity and will be personally guaranteeing approximately $40M to the lender for the financing for the stadium. There will be no personal guarantees to the City although the effect will essentially be the same.

2. A. Neither the ownership group nor the City has those figures. We would refer you to the Kentucky Registry of Election Finance for the answer to your questions. The search link is www.kref.state.ky.us/krefsearch/

B. See Answer to 2A.

3. Challenger Lift Site               Cost: $7,000,000   PVA Assessed value: $4,455,610
   ESS Prisa LLC Parcel Cost: $6,700,000   PVA Assessed value: $3,071,190
   Tank Farm Site               Cost: $3,450,000   PVA Assessed value: $197,730
   Marshall’s*               Cost: $6,912,000   PVA Assessed value: $1,398,550

*The option agreement covers two separate parcels.

Note: The ownership group has spoken with the owners of the parcels currently owned by the Waterfront Development Corporation and LG&E and intend to purchase same. Further, no LCFC owner has any ownership interest in the parcels to be acquired with city funds. Mark Mitchell of Prism Realty recently appraised the properties to be acquired by the City at $25M.

4. A. The amount is contained in the options which all have been executed and are binding on the Buyers and the Sellers. $24,062,000.00 is the actual amount. The $24.2M figure came from an earlier estimate for having the City acquire all of the parcels (including the LG&E and the Waterfront Development parcels). However, the ownership group is now going to acquire the LG&E and Waterfront parcels so the cost of the land for the City will be $24,062,000.00. These parcels will be assigned to the City at no charge to make it easier to consolidate the entire acreage into one parcel.

B. Section 1.01A details the proposed $30M commitment of the City. The $30M number comes from adding the estimated purchase price of the land ($24,062,000—See explanation in Response #4), $800K for land clearance, etc and $5M for public infrastructure. Section 1.01C states that if the $30M is not enough, then the ownership group is responsible for the balance.

C. In addition to the answer to 4B, Section 4.10 states that the costs of the public infrastructure shall not exceed the amount of the Post-closing Metro contribution which is $5M. The parties have also amended Section 4.01F of the Development Agreement to
clarify that the City’s obligation shall not exceed the $30M figure previously referenced. (See Amendment to Development Agreement attached). The “meet and confer” language in Section 4.01F is meant to refer to the sequencing and prioritization of the public infrastructure, not the amount.

***The $25M for purchase price of the land/Demo and cleanup and the $5M for public infrastructure are sum certains and cannot be exceeded without future Metro Council approval.

5. A. Funds will be spent in the following manner: $24,062,000 for land; $0.8 million for demolition/land preparation; and $5.0 million for associated infrastructure. The initial note will be a taxable Bond Anticipation Note (BAN) likely for a term of 24 months followed by a 20-year bond appropriately divided into a tax-exempt and taxable portion upon advice of Metro’s bond counsel and financial advisor.

B. The request for $35 million takes into account the possibility of selling discount bonds and associated issuance costs. The project cost will be $30 million and the only project funded is that listed above in the answer to 5a.

C. There will only be $30 million of project cost—please see the answer to 5b. For point of reference, this structure was the same structure used by the City in the Omni Financing.

6. No. See Answer to #4. The ownership group has addressed this issue in an amendment to the Development Agreement. (See attached Amendment to the Development Agreement)

7. A. Yes. By law, once the bond ordinance is adopted, the proceeds from said bond can only be spent on the Stadium/Butchertown project that we are currently discussing.

B. Yes. by adopting the ordinances as filed, the Metro Council has determined that said funds produced by the bonds can only be spent on the project/purposes set forth in the ordinances.

8. A. $50M—Stadium

$100M—Office and retail (4 buildings at $25M each)

$50M—2 Hotels ($25M each)

B. No. Since other private funding is expected to be a part of the project but the terms and the amount of that investment is not known at this time, the ownership group is not in a position to guarantee how much funding will come from the ownership group and outside private groups that desire to invest in the project.
9. A. If the stadium and a small office area is built, but the full $100 million is not invested, that could impact the number of jobs and tax revenue created by the Project. Because the ownership group is relying on the state tax revenues generated by the Project that would be rebated back to them through the Mixed Use TIF program, that directly impacts their bottom line. The full financial risk of the stadium remains with the ownership group including the requirement to repay to the City the $14.5 million.

B. Section 2.13 of the Development Agreement has been amended to require a minimum spend of $45 million. (See Amendment to Development Agreement attached). USL approval of the stadium design is required pursuant to Section 2.02.

C. Section 2.14F requires that if the team is sold to another entity, the sale agreement shall include a provision that thereafter during the term of the Stadium Ground Lease, or until such earlier date as the Reimbursement Amount ($14.5 million) has been paid in full, the new owner shall not move or relocate Louisville City FC from the City, and the new owner shall assume the terms of, and the rights and liabilities of Louisville City Stadium LLC under the Ground Lease. All of the parties to the Development Agreement would still be bound by the terms of the Development Agreement. There are similar provisions regarding BDD in section 3.05C.

D. Once construction of the soccer stadium begins, there is a completion guaranty. See Section 2.13. Louisville City Stadium and Soccer Holdings have agreed that there cannot be a change in control in ownership without the City’s consent during the term of the Stadium Ground lease or until the Reimbursement Amount ($14.5 million) has been paid in full. The developers have also agreed to make good faith efforts to comply with the hiring provisions of Metro Ordinance 37.75 with respect to minority participation, women participation and residents within the MSA during construction of the Project. See Section 2.07. Louisville City Stadium agrees to pay to the City a percentage payment equal to 10% of its operating cash flow in excess of $750,000. This payment to the City is subject to a cap of $2 million in the aggregate. Section 2.15.

10. A. The agreement is structured so that the LCFC ownership group has flexibility with respect to purchasing or leasing the land. In part, what lots are sold, rather than leased, depends on the tenants/users of those lots, as some businesses prefer to lease, and others to own.

If the site comprising the Stadium is leased, rather than sold, there is a formula used to determine the amount of rent, based upon the number of acres being leased. If the stadium site is 15 acres, the annual rent would be $90,000 per year for the first 10 years of the lease, and $180,000 per year after that. The stadium ground lease would be for an initial term of 20 year, with two consecutive 15 year extensions, with an option to purchase the stadium site at any time during the ground lease. Section 2.10, 2.11.
If any of the remaining site is leased, there is a formula used to determine the amount of rent, based on the number of acres being leased, and the remaining Reimbursement Amount to be paid. The example in the Development Agreement would result in an annual rent of $45,000 for a 5 acre tract for the first 10 years of the lease, and $90,000 per year after that. The same lease terms and option apply as for the stadium, above. The City can also require the tenant under such a lease to enter into a PILOT agreement (payment in lieu of taxes) to ensure that the property taxes are paid, even though the City is the owner of the property. Section 3.02.

B. All of the land will be owned by the City until such time as it is sold, leased or the $14.5M has been paid to the City.

C. The City will get a minimum guaranteed price for the lots, as described in Section 11 below. To the extent the developers negotiate a price greater than that amount for the lot, the developer would retain the difference, but any commissions would come of the developer’s portion, not the City’s. Sections 2.11, 3.02. Should the developers sell the land for less than the guaranteed minimum price, then the developers will have to pay the City the difference between the sale price and the minimum guaranteed price.

11. A. The Development Agreement has a formula in Section 3.02 that provides for what the City would receive when acreage is sold. If 10 acres were sold, the City would receive $4,545,455.00.

B. The purchase price would be required to be paid at closing, when the deed is executed conveying the land from the City to the developer. Section 2.11, Section 3.02.

C. Per the Agreement, once a parcel is sold, the City will recoup the minimum release price for said parcel pursuant to Section 3.02.

D. The City will be paid the full amount of the minimum release price upon the sale of any commercial parcel of land pursuant to Section 3.02.

12. No. Such a restriction would not make sense given that the goal of the City is to get the land in the hands of private sector entities that will develop it resulting in increased tax payments and prosperity for the City.

13. A. Please see the letter and attachments provided to the entire Metro Council in response to CM Denton’s request of 10/13/17. (Attached)

B. Please see the letter and attachments provided to the entire Metro Council in response to CM Denton’s request of 10/13/17.
C. The first BAN interest payment would likely be in August of 2018—the timing will be dependent on the timing of any Council bond ordinance authorization.

14. The City will not be footing the full expense of any of those projects, but leveraging state/private funds along with the $30M that was displayed in the attached response to CW Denton.

15. Please see the response to CW Denton. Essentially, the City is using the funds we are already paying for debt service to fund the new debt service as it is naturally reduced absent any new issuance.

16. We are continuing to evaluate the highest and best use of the stadium land. Our design will allow our stadium to capture the river views and the bridge views to the North including a large interactive video board. The initial stadium build out will have 10,000 seats all around the stadium and a “standing room only” area to accommodate 2,000 spectators. The roof structure will be aesthetically pleasing and is still in the design process.

17. The ownership group will not make any expansion contingent on more funding from Louisville Metro. We pledge that any expansion costs will be funded solely by the LCFC Owners.

18. 30,000 seats is the likely maximum buildout size of the stadium. Yes, we will initially build stadium infrastructure that is scalable to accommodate the needs of a maximum build out.

19. The LCFC ownership group. See answers to question Section 1.01A states that the City’s contribution is $30M and that includes any environmental issues. Whatever public infrastructure or environmental issues exist that cost over $30M, then they are the responsibility of the LFFC ownership group. (See Amendment to Development Agreement attached).

20. Yes. We are still working through various Site layout scenarios, but it is clear that most of the Flood Plain areas will be needed for the Stadium District Development. We have met several times w/ MSD regarding the Flood Plain elevation – and have a preliminary Drainage Concept that MSD reviewed, approved and required from us prior to allowing us to File the Preliminary Development Plan on September 28. There will be no on-site detention required by MSD, and any Flood Plain impacts (by placing of fill or removal of existing pervious surfaces) will be offset by either paying Impact Fees or by creating offsetting volumes in the water shed. The Final solution will likely be a combination of paying Impact Fees and/or creating new areas for volume to compensate for fill placed on the Project. We are also looking at possible parking structures to achieve the Parking needed for the Stadium District. Any Structure built would be located in flood plain areas. MSD will require an extensive
Hydraulic Analysis of the Stadium District, where any proposed Flood Plain impacts will be reviewed and approved by MSD. We are locating the Stadium above the Flood Plain, which is why the Stadium will be located in the Central/east side of the Stadium District. We will attempt to place as much surface parking as possible in Flood Plain areas.

21. No, this work is the responsibility of LCFC. MSD has made it quite clear that they will not participate in any relocation of infrastructure (such as the larger Combined Storm Sewer that bisects the site) or placement of any fill material. We have discussed w/ MSD the possibility of having MSD divert spoils from the Ohio River Tunnel Project. That material could potentially be used on the Stadium Project, based on preliminary discussions about quality of material anticipated.

22. They are small parcels that are located within the footprint of the site but not included in the purchase price of the 5 parcels that are desired to be purchased. (See Answer to #4). The properties have not been appraised and will be acquired by the ownership group not the City. It is our understanding that these parcels are not currently being used by either entity.

23 A. If none of the property is sold during the 20-year period, Metro would receive rents from the stadium parcel ($90,000.00/year) plus any rent from leasing the other parcels based on the formula set forth in the response to question 10A.

B. Utilizing the assumptions set out in the response to 11A, if 10 (commercial not stadium) acres are sold in year 2, the City would receive $4,545,455.00. If an additional 10 acres are sold in year 12 of the project (utilizing the same assumptions in the Response to 11A), the City would realize an additional $4,545,454.00. The timing for the sale of the property does not have an effect on the payments to Metro except that any balance remaining of the $14,500,000 owed, will be due at the expiration of the 20-year period. Further, if the ownership group is slow to develop the properties by either selling or leasing them, then the TIF will generate less incremental revenues and the ownership group will be forced to cover any expenses where the anticipated TIF revenues fall short.