

June 14, 2021

Dear Co-Director Jeff O'Brien,

Paristown Green acknowledges that it has received your May 17, 2021, letter RE: Urban Government Center / Paristown Green.

In this May 17 letter, you requested two items:

- a) A statement of your intent to proceed with negotiations; and
- b) A revised pro forma that does not include a direct budget subsidy to the project, and for which no additional city gap should exist.

The short and precise answer to “a” (above) is, “Yes.”

Paristown Green intends to proceed with negotiations with Louisville Forward to affect acquisition, reuse of the historic buildings, and redevelopment of the Urban Government Center Site as proposed. However, the word “negotiations” is more accurately described as “refinements” – because the ‘official Committee of Louisville Forward, that was selected for the purpose of choosing one or the two Responses to Louisville Forward’s RFP – has selected Paristown Green --- so, from a legal standpoint with all due respect, ‘negotiations’ are more accurately described as “refinements.”

In response to your requested item “b” above, Paristown Green notes that no additional financing gap has been identified from our pre-Award clarification to the Louisville Forward Selection Team, and the financing gap at this time remains \$13.7m (“The City Gap”). Besides the \$3.872m city-only TIF offered by Louisville Forward over 20 years, we have learned additional important factors exist that should assist in filling a significant amount of the gap.

Among the many new factors, three (listed below) warrant ongoing discussions about refinements to affect the Paristown Green redevelopment plan selected by the Selection Committee and supported by >80% of respondents in the extensive public engagement efforts related to the solicitation.

Factor 1. Thrive Center Kentucky (Thrive): Thrive, a non-profit age in place innovation center approached Paristown Green after the selection of Paristown Green as the preferred redevelopment approach for the UGC. Thrive is presents an absolutely perfect fit for a key component of the multi-generational approach to senior living and accommodation slated for the historic Baptist Hospital building. As Thrive seeks to expand its mission the opportunity to do so in concert with the Paristown Green redevelopment is a unique opportunity that must not be dismissed.

Factor 2. American Rescue Plan Act (ARPA): On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA). Louisville Metro shall directly receive \$388m over the next two years to aid in recovery from the coronavirus pandemic. The interim federal rule was introduced May 17, 2021; and it takes effect July 17, 2021. According to the interim federal rule, the city-owned 10-acre Urban Government Center site offers an acceptable opportunity for eligible uses of this funding be deployed – in particular with regard to environmental cleanup, stabilization, site work and investment into the many public use components included as core to the Paristown Green proposal. In particular, the interim federal rule allows (and even encourages elements like green infrastructure investment) for use of ARPA expenditures in the categories: A (Public Health & Economic Impacts), and D (Investments in Infrastructure). The Paristown Green team has recently learned the process with which the community and Metro Council will determine selected uses for ARPA funds. It would be grossly premature, shortsighted, and highly suspect to end the prospects of this highly popular Paristown Green proposal before full consideration of its public benefit components could be made with regards to the ARPA

funding that is available and must be appropriately spent by 2024 – timing which coincides with this project exactly. We can be thankful to Louisville's own Congressman John Yarmuth, who was the author of the ARPA legislation and resulted in the delivering of this funding commitment to Louisville (in excess of the amounts received by larger cities like Indianapolis and Nashville).

One of our team members, J Bruce Miller, had a lengthy and in person coffee meeting with the Congressman in April. One of the subjects of the meeting was the merits of our proposal and the eligibility of our project. He came away nothing but encouraged that we have a quality bricks and mortar application with desired affordable housing, green infrastructure and benefits for numerous non-profits. Mr. Miller reported that once the Congressman learned of the non-profits that were the direct beneficiaries of the ARPA funds-he clearly indicated that the projects would pass the eventual guidelines (which were not completed that time).

On June 10, 2021, you participated in a Zoom meeting we requested with Margaret Handmaker. She could have ended the call quickly by accepting your communications about PG's lack of eligibility, but she did not. In fact, she said that she would be delighted to visit Thrive and become familiar with this wonderful community resource. She also stated that the final decision on which projects receive funding will be made by a committee of Metro Council representatives.

Factor 3. 2021 Metro Budget Recapture & Funding Reallocation: Saturday's June 12, 2021 Courier Journal, entitled "New Revenue projections mean \$11.5m more" reports that "the Mayor also announced a revised budget forecast resulted in an additional \$17.5 M more in revenues" ...(and) "An additional \$15 million in fiscal year 2020-21 money the city recouped thanks to eligible expenses under the American Rescue Plan was also identified. Fischer said he hoped to send that funding toward capital projects previously funded by debt an additional \$15 million in fiscal year 2021 money the city recouped thanks to eligible expenses under the American Rescue Plan was identified. These recouped budget funds could readily be assigned to such a "capital project" as the Paristown Green redevelopment of the city-owned vacant Urban Government Center. Some accounts of presently unspent FY2021 budgeted funds range as high as \$60m – plenty that could be leveraged to help fill The City Gap and drive this project forward. Furthermore, even if Mayor Fischer fails to include Paristown Green in this funding, the Metro Council will certainly have been able to alter any proposed budgetary proposal from the Mayor.

Our "Paristown Green" development Team is now more excited to redevelop this long-blighted site more than it has ever been. Our entire city can and will benefit more now from our inclusive plan than ever.

In November 2020, our proposal was a clear choice of the selection committee of Metro employees that was selected by Louisville Forward to pick one of the two Proposals that best responded to Louisville Forward's solicitation. Furthermore, the Paristown Green plan was by far the most responsive to the Louisville Forward formal solicitation and was also the only fully responsive submission received (the others did not include a Displacement Plan, a Draft Community Benefits Agreement, a 5-Year Pro forma, and other submission requirements).

The Paristown Green response to Louisville Forward's solicitation committed to bring \$45 Million to the table to make this happen, and we still do. With regards to The City Gap (\$13.7m), Paristown Green is not at liberty to lower the bar in terms of public benefits that we have proposed. At this stage – literally a half year since Paristown Green's proposal was formally accepted by the Louisville Forward selection committee, we are advised by counsel that the removal of project elements and/or public benefit components of the selected proposal could be considered materially altering the proposed project. Additionally, removing elements of the project could in theory legally jeopardize the rights of the losing bidder – and potentially subject the entire process to extended and further litigation from the losing bidder, claiming they did not have the opportunity to amend their bid.

When Louisville Forward, and its Selection Committee awarded the Urban Government Center redevelopment project the Paristown Green Team's response to the solicitation, we believe and have been advised by counsel that this selection by the 'official committee' that was formed for the purpose of effectuating the selection of the WINNING RESPONSE TO LOUISVILLE FORWARD'S RFP was definitive and precise. It is neither likely, nor legally permissible to change "horses after the horse race is over" in order to now meet a new criteria that no direct or shared funding by Metro is possible when, in fact hundreds of millions of dollars are NOW available, which did not exist when the 'formal selection committee' selected Paristown Green.

Paristown Green has met with several Metro Council Members with regard to our proposed multi-generational catalyst brownfield redevelopment project.

When we met with Metro Council Member Jecorey Arthur, he expressed his desire to support and advocate for projects that direct efforts toward specifically serving citizens at 30 of AMI or less. We relished the opportunity to share with Mr. Arthur that our Paristown Green project would serve 72/100 (72%) of our current senior housing population at 30% AMI or below in a restored and improved historic Baptist Hospital building. He also noted that at least an additional 70 affordable senior housing units are also planned as part of the proposed project.

We then met with Metro Council Member Cassie Chambers Armstrong who praised our proposal and noted it is holistic, sustainable, and that it will deliver many much-needed community benefits. She also noted that she intended to remain interested and informed on the project and the UGC site's redevelopment progress.

We have had multiple in-person at the offices of Underhill Associates meetings specifically about Paristown Green with Metro Council Member & President David James, including one meeting of more than 2 hours where we introduced President James to the members of our partners at Thrive. President James has been generous with his valuable time, his support, and with helpful recommendations.

Council Member Kevin Kramer (Co-Director of the Metro Budget Committee) expressed that in his opinion our proposal is ideal for these funds. Furthermore, Councilman Kramer communicated the desirability of ending ongoing taxpayer expenses for this Metro-owned property and investing in a bricks & mortar project which will pay back the city in many ways. He also indicated the ARPA funds are not the only "pocket" of money for the city to utilize in assisting to make this project happen. We briefly discussed the fact that approximately \$60,000,000 in unspent funds remain from last year's budget and its use had not been definitively voted upon or formally considered.

We have also communicated this project's goals and public benefits to many other Metro Council Representatives.

In summary, we have taken all the steps that Louisville Forward requested thus far. Not once have we been advised that we did not follow up with all that has been requested by Louisville Forward staff or its partners and affiliates.

Louisville Forward communicated to us that we would receive a preliminary contract to review by February 2021 – which was four (4) months ago. We have requested a preliminary contract on several occasions during that four-month period, but to date this has been to no avail. Nevertheless, we persist. We maintain private sector financing partners, options, and arrangements to help bring this catalytic historic preservation brownfield redevelopment game-changer to the community.

Your May 17, 2021, email letter closes with “We look forward to making progress on this development together.”

To make progress on this development together Paristown Green first requests the previously mentioned “Phase 1 Preliminary Project Agreement.” Upon receipt of a “DRAFT Phase 1 Preliminary Project Agreement” we will look forward to exploring and hopefully taking advantage of Factors 1, 2, & 3 (above), as well as additional means to fill The City Gap.

Respectfully submitted, on behalf of Underhill Associates, and the Paristown Green Team,

Jeff Underhill, President
Underhill Associates

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