



Commonwealth of Kentucky
Office of the Governor

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Governor announces HUD loan application for Museum Plaza

If approved, project could create 4,500 construction jobs, 2,300 permanent jobs

LOUISVILLE, Ky. (June 25, 2010) – Surrounded by local and state officials, Governor Steve Beshear today announced the state’s plan to submit an application for a \$100 million federal loan from the U.S. Department of Housing and Urban Development (HUD) for Museum Plaza, a \$465 million, 62-story skyscraper project in Louisville that could create nearly 7,000 short-term and permanent jobs.

“Tough economic times mean we must be more creative to find funding for important projects,” said Gov. Beshear. “Applying for this federal loan is a first step, and while we cannot predict whether it will be approved, my administration is excited about the potential opportunity to create thousands of jobs and get Kentucky’s economic engines moving again. Furthermore, the application is risk-free for the state since, if approved, the federal loan will be entirely repaid by the developers.”

Loan Application is a First Step & Risk-Free for the State

The Kentucky Department for Local Government (DLG) will submit an application for Museum Plaza under HUD’s Section 108 Loan Guarantee Program for the benefit of the surrounding counties whose residents will be targeted as potential permanent employees at the development. This will be the first time this program has been applied for by the Commonwealth, though it has been used on more than 1,200 projects across the nation since 1978, including the successful

Boston Convention Center Hotel project in Boston, Mass. and the Cadillac Hotel Project in Seattle, Wash.

As facilitators of the potential federal loan, DLG would serve as the pass-through agent for the funding; the project and its developers are responsible for repaying the federal loan in full. In addition, the Commonwealth will require that the federal loan is secured by revenues of the project and the personal guarantee of the project developers to protect it against any loss.

Thousands of Jobs for the Entire Region

If approved, this project is estimated to create 4,500 prevailing wage construction jobs, beginning as soon as 30 days after project financing is completed. When built, more than 2,300 people will work in Museum Plaza.

“Just as Museum Plaza will be an exclamation point on Louisville’s skyline, the thousands of good-paying jobs created by this building will be an exclamation point for the economy of the city, the region and the Commonwealth,” said Louisville Mayor Jerry Abramson.

As part of the HUD program requirements, the majority of these permanent jobs must be made available to low- and moderate-income persons. In addition, the majority of the created jobs must be made available to residents of surrounding counties of Bullitt, Hardin, Oldham, Shelby and Spencer.

“The Greater Louisville Building & Construction Trades Council is excited to see that Museum Plaza is back on track to becoming a reality,” said Joe Wise, business manager of the Greater Louisville Building and Construction Trades Council. “This project will not only redefine the skyline of Louisville, it will bring well paying jobs to the skilled building trades members of this community.”

A Project that Could Transform the City & The Surrounding Counties

Museum Plaza is a \$465 million, 62-story skyscraper that will include more than 300,000 square feet of Class A office space; two hotels; residential space; the University of Louisville Master of Fine Arts program; a new, nonprofit contemporary arts center; a public park; and a significant amount of other public infrastructure, including an 850-space parking garage to serve the project and the neighborhood. Because of the unprecedented international finance and banking crisis, the project’s original financing was delayed. The potential federal loan would permit the project’s financing and construction to be completed. Construction is expected to cost significantly less than two years ago and the construction period will be shorter, now that the LG&E tower and duct banks have been removed. While the structure itself will add to the Louisville skyline, its impact on the job market will be felt even farther, to the surrounding counties and across the Commonwealth.

“Now is the time to build Museum Plaza!” said Steve Wilson of the Museum Plaza Development Team. “This federal loan presents a win-win situation and I commend the Governor for his leadership and vision to help carry this project forward.”

“The University of Louisville is delighted that the long wait for the construction of Museum Plaza is nearly over,” said University of Louisville President Jim Ramsey. “We have been a part of the planning for the development from the beginning and look forward to becoming reengaged in this exciting project as it moves forward.”

In addition to the potential federal loan from HUD, funding for the project is expected to include the following sources:

- \$48 million - Already invested by the development team;
- \$90 million - Projected bond proceeds (bonds repaid by the Tax Increment Financing);
- \$45 million - City of Louisville’s contribution;
- \$15 million - Bonds related to the museum/supported by philanthropic commitment of development team;
- \$26.5 million - U of L for the Fine Arts & Business School space; and
- \$140.5 million - Traditional construction loan.

“I have long supported Museum Plaza and applaud the developers for their continuous efforts to make this iconic, Kentucky project a reality,” said Sen. Mitch McConnell.

“Blending culture and commerce, Museum Plaza is an incredibly exciting project that will also generate thousands of jobs for Louisville,” said Congressman John Yarmuth. “It is very encouraging that Kentucky is pursuing every opportunity to make Museum Plaza a reality.”

“Museum Plaza will serve as a landmark in Louisville’s skyline,” said Senate President David L. Williams. “This architecturally unique concept will send a message to the world that Louisville is a first-class destination, a wonderful place to visit and a worthy place to stay.”

“I’ve been a supporter of Museum Plaza since day one because it’s going to bring thousands of jobs to our city and Commonwealth,” said House Speaker Pro Tem Larry Clark, of Louisville. “Every Kentuckian should be excited that this project will soon be a reality.”

The draft application can be reviewed by the public during normal business hours at DLG, located at 1024 Capital Center Drive, Suite 340, Frankfort, Ky. A public hearing will be held on Wednesday, July 7, 2010 at 9 a.m. at DLG to allow public comment on the project. Following the hearing and an opportunity to receive formal comments on the draft application, DLG will submit the application to HUD.

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