



FREQUENTLY ASKED QUESTIONS: Preston & Finzer St Property in Smoketown

Smoketown has asked several questions about the Preston & Finzer Street property. This document will be updated regularly to provide answers. Questions can be emailed to feedback@cflouisville.org. *Last updated 8/1/2020*

Questions in blue text were first published on 8/1/2020.

Why isn't CFL developing the Preston and Finzer Street property according to the desires presented by Smoketown residents and stakeholders during months of community engagement? During community engagement that spanned from 2016-2018, we heard that Smoketown residents and stakeholders wanted a safe space for children to play, green space, and economic opportunities. Through the Smoketown Wheelhouse the Community Foundation of Louisville was asked to connect donors, nonprofit organizations, and civic partners to develop a long vacant 2-acre parcel. The Boys and Girls Club of Kentuckiana and Bernheim Forest and Arboretum were identified as key nonprofit partners to develop the land to fulfill Smoketown needs. Unfortunately, the ideas and plans were bigger than CFL's expertise and our partners' resources. Due to changes in the economic climate Boys and Girls Club of Kentuckiana and Bernheim Forest and Arboretum were unable to raise the dollars to develop the land; neither does CFL have the discretionary dollars to develop it. The Smoketown Wheelhouse was a bold experiment for the Community Foundation. For the Smoketown Wheelhouse, we departed from our established practice of immediately selling land donations and putting the proceeds into a charitable fund. This was our first attempt to lead a land development project. We attempted something big with good intentions. The experience taught us to embrace our strengths and land development is not one of them.

Why is CFL only presenting two options to Smoketown for consideration? In 2018, CFL established the Smoketown Wheelhouse Advisory Team. This group of people who live, worship, work, learn, or serve in Smoketown met monthly over 12 months. When it was obvious that the Smoketown Wheelhouse and its partners didn't have the money to develop the land as intended, CFL presented multiple options based on our organizational strengths to the Wheelhouse Advisory Team. CFL's strength is our ability to invest, manage and distribute charitable dollars. Our expertise connects donors, nonprofits, and other partners. After asking many questions (most are in the FAQ document), The Wheelhouse Advisory Team helped CFL arrive at the two options most likely to swiftly transform the Preston & Finzer Street property into a community benefit by matching CFL's strengths with the skills, resources, and leadership of Smoketown residents and stakeholders. CFL and the Wheelhouse Advisory Team recognized



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the disappointment of not developing the land as originally promised, but saw these options as a way to move forward toward a productive use.

Why is a CFL staff member making the final recommendation regarding the 2-options to CFL's Board for final approval? Prior to the Covid-19 pandemic and civil uprising, CFL partnered with Center for Neighborhoods with plans to spend several months gathering feedback from Smoketown residents and stakeholders through community meetings and neighborhood canvassing. After reviewing the feedback, a CFL staff member would have the responsibility of reviewing the feedback to make a recommendation to the CFL Board of Directors to implement one of the options. The recommendation would be based strongly on Smoketown feedback.

CFL is committed to finding a beneficial use for the property while building trust and relationship with the Smoketown community. After hearing concerns from the Smoketown Neighborhood Association during the July 18, 2020 General Meeting, CFL is revising our decision making strategy to create an ad hoc committee consisting of a CFL board member, CFL staff, and several representatives from the Smoketown community. The ad hoc committee will review the Smoketown feedback regarding the proposed two options and make a recommendation to CFL's Board of Directors as to which of the proposed options will provide the greatest benefit for the Smoketown community. CFL will work with the Smoketown Neighborhood Association and the existing Wheelhouse Advisory Team to form a process for identifying Smoketown representatives to the ad hoc committee. We plan to formulate the ad hoc committee by mid-September. The ad hoc committee would make a recommendation by early November followed by a CFL Board of Directors decision by early December 2020.

Does the Smoketown Community or CFL have the last say in who the property is allotted to? CFL is a nonprofit public charity that is governed by a Board of Director's. According to our governing documents and IRS requirements, decisions regarding the assets of CFL must be approved by CFL's Board of Directors. The Preston and Finzer Street property was donated to CFL and is considered an asset of the foundation. CFL's Board of Directors must approve how the land is either sold to a private entity or granted to a nonprofit organization. However CFL is committed to making a recommendation to the board which is in alignment with the wishes of Smoketown residents and stakeholders as identified through community feedback.

Is CFL willing to sign a Community Benefits Agreement with the neighborhood association, particularly around who this land will be sold to? A Community Benefits Agreement is up for further discussion depending on which option is approved by CFL's Board of Directors. If the option involving the creation of a Donor Advised Fund with a group of



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Smoketown residents and stakeholders as advisors is chosen, the fund agreement will be a legally binding document governing how the fund operates. The fund agreement may have similar aspects of a Community Benefits Agreement. CFL has provided a video on <http://www.SmoketownFeedback.org> providing more information on Donor Advised Funds. Please see the question stating how CFL plans to handle restrictions on the land use.

What funding was received through grants donations, etc for the Smoketown Wheelhouse? How were the funds spent?

| Donations (6/30/2015 – 8/1/2020) | |
|--|-----------------------|
| Land Donation (value at time of receipt): 2 acres at Preston & Finzer Streets (Held by Finzer St, LLC – see question for more information) | \$1,000,000.00 |
| Individual to Wheelhouse Fund | \$413,350.00 |
| Foundation to Wheelhouse Fund | \$50,750.00 |
| Government to Wheelhouse Fund | \$500.00 |
| Total Donations | \$1,464,600.00 |

| Expenses from Wheelhouse Fund (5/16/2016 – 8/1/2020) | |
|---|---------------------|
| Architects: Preliminary Development Plans | \$96,171.30 |
| Project Management | \$81,872.22 |
| Grants to Nonprofits | \$69,752.34 |
| Greenspace Consultant | \$60,048.00 |
| Fundraising Consultant | \$57,725.68 |
| Land Maintenance | \$22,774.52 |
| Marketing & Branding | \$20,489.95 |
| Art Installation | \$20,000.00 |
| Utilities | \$17,880.80 |
| Food & Beverage | \$4,075.65 |
| Total Expenses | \$455,790.46 |
| Remaining Fund Balance (6/30/2020) | \$8,809.54 |

Is CFL currently considering donating the land to Louisville Metro to be included in the city’s initiatives to fund a Community Land Trust? No, CFL has not been approached by Louisville Metro or any other organization regarding the use of the Preston and Finzer Street property for a Community Land Trust.



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Why is the Preston & Finzer Street land donation held by the Finzer St, LLC and is Finzer Street LLC a for profit entity? Isolating real estate assets from the primary organization is very common in all forms of businesses, both for-profit and nonprofit. The REAL (Real Estate Asset Legacy) Foundation of KY is the entity created by CFL to receive gifts of real estate assets. Each real estate donation is held by a separate business called a limited liability corporation (LLC) controlled by the REAL Foundation to safeguard charitable assets. LLC owners are known as members. Finzer St, LLC is a single member LLC which means it has one owner. The single member of Finzer St, LLC is the REAL Foundation. The REAL Foundation is a nonprofit tax exempt organization with the IRS 501c3 designation. If the single member (owner) of an LLC is a 501c3 tax exempt organization, then the LLC is not a taxable entity. Therefore, Finzer Street LLC is not a for-profit entity. It is a tax exempt organization (nonprofit) by virtue of its owner being a tax exempt organization. The Kentucky Secretary of State lists Finzer Street, LLC as a for profit entity. Under state corporate law, an LLC is a for-profit entity, but that is superseded by the single member designation explained earlier. Finzer Street, LLC will hold the land until it is sold to a for-profit entity or granted to a nonprofit organization.

Questions in black text where first published on 4/15/2020.

Why has it taken so long for the Community Foundation of Louisville (CFL) to share information with the community? For decades, CFL has been committed to connecting donors, nonprofit organizations, and civic partners. The Smoketown Wheelhouse was a bold experiment for the Community Foundation. We attempted something big with good intentions. This was our first attempt to lead a land development project. Unfortunately, the ideas and plans were bigger than CFL's expertise and our partners' resources. The experience taught us to embrace our strengths and that consistent communication leads to trust. Moving forward, we want to improve our communication with Smoketown residents and stakeholders by using www.SmoketownFeedback.org to share up to date information.

Why hasn't CFL been able to raise the \$10-\$12 million for construction since they manage over \$500 million in charitable assets? The Community Foundation of Louisville is an organization that helps donors invest and manage charitable assets. The majority of the more than \$500 million in charitable assets managed by CFL are in Donor Advised Funds where the donors provide guidance on how the charitable assets are granted to nonprofit organizations. In most cases, CFL donors decide which nonprofits receive grant dollars. Less than 1% of the managed assets are endowment funds over which CFL has discretion.

What are the options for transforming the Preston and Finzer St property into a benefit for Smoketown?



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- A. Sell the land and use 100% of the net proceeds to start a Smoketown Community Fund advised by Smoketown residents and stakeholders to make grants to help nonprofits supporting Smoketown. The Smoketown community will recommend how to set-up the fund to earn the largest grantmaking power for as long as possible. CFL will manage the fund.
- B. Conduct a Request for Proposal (RFP) process to identify a nonprofit organization with leadership capacity and financial resources to accept a grant of the Finzer Street Property and develop it for a community benefit. The nonprofit will become totally responsible for the land.

How will CFL make a final decision on how to use the Preston & Finzer St property as a benefit to the Smoketown community? CFL plans to spend several months gathering feedback from Smoketown residents and stakeholders. After reviewing the feedback, a CFL staff member will make a recommendation to the CFL Board of Directors to implement one of the options. The recommendation will be based strongly on Smoketown feedback. CFL's Board of Directors plans to make a decision by the end of 2020. Smoketown residents can stay up to date with the process by visiting www.SmoketownFeedback.org.

Why is CFL only presenting two options to Smoketown for consideration? CFL's strength is our ability to invest, manage and distribute charitable dollars. Our expertise connects donors, nonprofits, and other partners. The two options presented are the most likely options to swiftly transform the Preston & Finzer Street property into a community benefit by matching CFL's strengths with the skills, resources, and leadership of Smoketown residents and stakeholders.

Why can't the land be used for a simple park? Raising the money to construct a simple park with greenspace will be much easier than raising \$10-\$12 million to construct several buildings and a greenspace. Keeping a park safe, clean, and beautiful requires year round staff, equipment and programming. Currently, Metro Louisville does not have the budget to support new parks. Since CFL's expertise is not property development or land management, we have investigated potential partners to manage a park. At this point, we have been unable to identify partners with the resources to keep a park safe, clean, and beautiful for many years.

What uses are currently allowed on the land?

The property is currently zoned as commercial C-2 in the Traditional Neighborhood Form District. C-2 zoning also allows for C-1 uses. There are several permitted uses allowed in the Louisville Metro Land Development. You can see all permitted uses for C-1 and C-2 zoning by clicking on this link to the [Louisville Metro Land Development Code](#).



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Will there be any restrictions on permitted uses for the property? CFL intends to work with Smoketown residents and stakeholders to identify permitted uses in the Louisville Metro Land Development Code that are not seen as beneficial uses for Smoketown. CFL is willing to list these restricted uses in the deed transferring ownership of the property. CFL recognizes that certain restrictions may make it more difficult to find a new owner for the land.

How will *Community Voice* be reflected in the process of transferring the property to a new owner?

Feedback from Smoketown residents and stakeholders will be gathered through emails, online forms, and community meetings to determine which of the presented options can provide the greatest benefit for Smoketown. CFL is partnering with the Center for Neighborhoods to help gather feedback. A request for proposal (RFP) process can outline Smoketown's preferred uses for the property while giving potential new owners the opportunity to describe how they will use the land. Potential new owners will be strongly encouraged to follow the existing permitted uses outlined in the Louisville Metro Land Development Code.

Why is CFL partnering with the Center for Neighborhoods? [Center for Neighborhoods](#) has become a trusted partner in neighborhoods throughout Louisville and CFL has turned to them for assistance to hear from Smoketown. Center for Neighborhoods is committed to providing neighborhood-based organizations with the skills, knowledge, and resources to improve their communities. They teach neighborhood leaders how to be changemakers for residents, families, neighborhoods, public institutions and local government. For months, Center for Neighborhoods has been working directly with Smoketown residents and stakeholders to strengthen the Smoketown Neighborhood Association.

How will the Smoketown Advisory Committee be formed? CFL intends to work with Smoketown residents and stakeholders to create a process for allocating the proceeds of a market-rate sale or negotiating a Smoketown-specific Community Benefits Agreement with a non-profit Grantee. Based on CFL's experience with charitable funds, we recommend creating a Committee with an odd number of advisors with anywhere from 3-11 advisors.

How will we decide who serves on the Smoketown Advisory Committee? CFL would like to partner with existing Smoketown institutions made up of people who live, work, learn, worship, or serve in Smoketown to develop and implement a process for selecting members and governing the Smoketown Advisory Committee.

Will the new owner be a for-profit or a nonprofit entity? CFL will decide on the type of new owner for the land after considering feedback from Smoketown residents and stakeholders. If the property is sold at market-rate with 100% of the net proceeds used to establish a



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Smoketown Community Fund supporting nonprofit organizations, it is most likely the purchaser will be a for-profit business. If the property is granted or transferred for less than market value, it can only be given to a nonprofit entity. In either case, reputable professionals knowledgeable about real estate transactions will be contracted to lead the process.

What will be CFL's expectations of a nonprofit organization who might be granted the land? Any nonprofit organization who is granted the land will be required to submit a Request For Proposal (RFP) describing their plans for the land. It is important to CFL that the property is transformed into something meaningful for the community as quickly as possible. The nonprofit will need to show they have the leadership support, staff, and financial resources to implement their plan. In exchange for receiving the land at below market-rate, the nonprofit organization would be expected to negotiate a Smoketown-specific *Community Benefits Agreement* outlining their intentions to be a helpful Smoketown partner.