

**THIRD AMENDMENT
TO THE
1200 MAIN/SOUTH LOOP**

TAX INCREMENT FINANCING PLAN

KANSAS CITY, MISSOURI

TIF Commission Approval:

August 10, 2005
Date

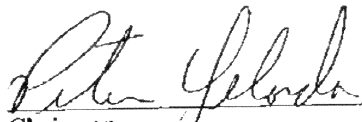
8-30-05
Resolution No.

City Council Approval:

March 30, 2006
Date

051060
Ordinance No.

Attached herewith is a true and correct copy of the 1200 Main / South Loop TIF Plan that was approved by the Tax Increment Financing Commission of Kansas City, Missouri, by Resolution No. 8-30-05, at a public hearing that was duly noticed and held on Aug. 10, 2005


Chairman

ADDENDUM

TAB 1: Estimated Redevelopment Costs and Schedule

TAB 2: Sources and Uses of Funds

THIRD AMENDMENT
TO THE
1200 MAIN/SOUTH LOOP
TAX INCREMENT FINANCING PLAN

I. Introduction

This Third Amendment to the 1200 Main/South Loop Tax Increment Financing Plan (the “Third Amendment”) is intended to amend the 1200 Main/South Loop Tax Increment Financing Plan as approved by Ordinance No. 040154 (referred to herein as the “Plan”) and subsequently amended by Ordinance No. 040738 and 041244. The Third Amendment alters the Plan in the following: (i) modifications to the budget of Redevelopment Project Costs for Project 1. To the extent the Plan varies with the Third Amendment, said Plan shall be amended and superseded thereby. Except for those specific amendments set forth herein, the Plan remains unchanged and shall remain in full force and effect.

II. Plan Text Amendments

In accordance with this Third Amendment the Plan shall be amended as follows:

Amendment No. 1. Exhibit No. 5 of the Plan, entitled “Estimated Redevelopment Costs and Schedule” shall be replaced with addendum attached hereto behind Tab 1.

Amendment No. 2 Exhibit No. 7 of the Plan, entitled “Sources and Uses of Funds” shall replace Project 1 information with the addendum attached hereto behind Tab 2.

Amendment No. 2 Subsection IV A. of the Plan, “Estimated Redevelopment Project Costs,” shall be deleted and replaced to state the following:

“Estimated Redevelopment Project Costs for the Projects 1 are to be approximately **\$283,556,158** over the life of the Plan. The Plan proposes approximately **\$130,369,173** in Reimbursable Project Costs be reimbursed from Statutory TIF Special Allocation Fund, City Annual Appropriation of EATS, and Missouri Downtown Economic Stimulus Authority Special Allocation.

Estimated Redevelopment Project Costs for Project 2 are to be approximately **\$308,399,088** over the life of the Plan. The Plan proposes approximately **\$292,317,824** in Reimbursable Project costs be reimbursed from Statutory TIF Special Allocation Fund, City Annual Appropriation of EATS, and State TIF Special Allocation Fund.

Estimated Redevelopment Project Costs for 3A are to be approximately **\$45,577,200** over the life of the Plan. The Plan proposes approximately **\$15,233,400** in Reimbursable Project Cost be reimbursed from Statutory TIF Special Allocation Fund, City Annual Appropriation of EATS.

Estimated Redevelopment Project Costs for Project 8 contemplated under the Plan are approximately **\$255,085,574** over the life of the Plan. The Plan proposes that approximately **\$5,085,574** in Redevelopment Project Costs be reimbursable from the Statutory TIF Special Allocation Plan.

The Estimated Redevelopment Project Cost and Reimbursable Project Costs include those shown as set forth in Exhibit No 5 A. Plan will be amended for the inclusion of Project 9,10, and 11 Estimated Redevelopment Project Costs at a future time.

The Commission has determined that certain planning and special services expense of the Commission, which are not direct Redevelopment Project costs, are nonetheless reasonable and necessary for the operation of the Commission and are incidental costs to the Redevelopment Project. These incidental costs will be recovered by Commission from the Special Allocation Fund in an amount not to exceed five percent (5%) of the Payments in Lieu of Taxes and Economic Activity Taxes paid annually into the fund.

Amendment No. 3: The first paragraph of Subsection IV. C. of the Plan, “Payment in Lieu of Taxes” shall be revised as follows:

“Calculations of expected proceeds of Payments in Lieu of Taxes are based on current real property assessment formulas and current and anticipated property tax rates, both of which are subject to change due to many factors, including reassessment, the effects of real property classification for real property tax purposes, and the rollback in tax levies resulting from reassessment or classification.

The estimated total Payment in Lieu of Taxes generated within Project 1 over the duration of the Plan is estimated to be \$36, 489,915.

The estimated total Payment in Lieu of Taxes generated within Project 2 over the duration of the Plan is estimated to be \$49,808,948.

The estimated total Payment in Lieu of Taxes generated within Project 3 over the duration of the Plan is estimated to be \$14,718,169.

The estimated total Payment in Lieu of Taxes generated within Project 8 over the duration of the Plan is \$0 because the City of Kansas Cit, MO will own the land and improvements.

Plan will be amended for the inclusion of Project 4, 5, 6, 7, 9,10, and 11 estimated Payment in Lieu of Taxes at the same time the plan is amended for the inclusion of project budgets.

It is anticipated that all of the available Payments in Lieu of Taxes will be used to reimburse eligible Redevelopment Project Costs as provided for in this Plan. However, any Payment in Lieu of Taxes that exceed the amount necessary for such reimbursement

shall be declared surplus and be available for distribution to the various Taxing District in the Redevelopment Area in the manner provided by the Act.”

EXHIBIT 5

Estimated Redevelopment Costs and Schedule

EXHIBIT 5 A
1200 MAIN/SOUTH LOOP TIF PLAN
ESTIMATED REDEVELOPMENT PROJECT COSTS

	ESTIMATED TOTAL PROJECT COSTS	REIMBURSABLE FROM TIF REVENUES	REIMBURSABLE FROM MODESA REVENUES	DEVELOPER EQUITY/ OTHER FINANCING
TIF COMMISSION EXPENSES¹				
1. Estimated Reimbursable Costs for Plan Implementation				
A. Legal	\$300,000	\$300,000	\$0	\$0
B. Agenda	2,000	2,000	0	0
C. Staff Time	150,000	150,000	0	0
D. Miscellaneous	30,000	30,000	0	0
E. Pre-TIF Development Plan	300,000	300,000	0	0
2. Plan Administration Expenses	150,000	150,000	0	0
3. EDC/DESA	670,000	670,000	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	0	0	0	0
Subtotal	\$1,602,000	\$1,602,000	\$0	\$0
PROJECT AREA 1 -Entertainment District				
SITE				
Property Acquisition/Demo/Environmental	\$62,185,000	\$20,476,846	\$41,708,154	\$0
Legal Services for Acquisition	\$1,000,000	\$1,000,000	0	0
Vertical Structure/Foundation Expenses				
Pre Vertical Structure Costs	\$1,155,000	\$1,155,000	\$0	\$0
Construction of Vertical Structure Support	\$5,845,000	\$5,845,000	0	0
Pre Construction HRB Cost	\$165,000	\$165,000	0	0
Block 125 Elevator w/in District	\$225,000	\$225,000	0	0
Block 124 Plaza	\$855,200	\$855,200	0	0
Block 125 Deck Upgrade	\$150,000	\$150,000	0	0
Parking Garages				
Construction Public Parking Structures	\$41,211,170	\$17,624,510	\$23,586,660	\$0
Pre Garage Construction	\$2,051,830	\$2,051,830	0	0
Block 124 Garage Foundation	\$2,130,000	\$2,130,000	0	0
1% Public Art	\$432,662	\$432,662	0	0
Garage Management Fee (4.75%)	\$2,054,993	\$2,054,993	0	0
Urban Mixed Use				
Pre-Construction Urban Mixed Use (marketing/leasing)	\$9,932,170	\$9,932,170	\$0	\$0
Construction of Urban Mixed Use	\$92,625,000	\$39,734,497	0	\$52,890,503
Grocery Store Construction Support	\$1,775,000	\$1,775,000	0	0
Residential Construction Support	\$6,000,000	\$6,000,000	0	0
Pre Development Fees and Expenses	4,333,333	4,333,333	0	0
Public Infrastructure				
Utility Design	\$2,000,000	\$0	\$2,000,000	\$0
Utility Construction	18,000,000	0	18,000,000	0
Street Design/ROW Civil	1,000,000	0	1,000,000	0
Construction of Public Infrastructure	9,000,000	0	9,000,000	0
Construction Management/CIMO	2,510,000	0	2,510,000	0
Utility/Track Relocation	2,700,000	208,331	2,491,669	0
Traffic Study	75,000	75,000	0	0
Streetscape				
Pre-Construction Streetscape Costs	\$110,000	\$110,000	\$0	\$0
Streetscape Construction	6,890,000	6,890,000	0	0
Contingency/Soft Cost				
Financial Consultant	\$280,000	\$280,000	\$0	\$0
Contingency	6,864,800	6,864,800	0	0
Legal-Contract Negotiations	643,000	643,000	0	0
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SUBTOTAL	\$283,556,158	\$130,369,172	\$100,296,483	\$52,890,503

	ESTIMATED TOTAL PROJECT COSTS	REIMBURSABLE FROM TIF REVENUES	REIMBURSABLE FROM MODESA REVENUES	DEVELOPER EQUITY/ OTHER FINANCING
Final Development Project 1 Approval Fees (\$.05 per square foot@ 425,000)	\$21,250	\$0	\$0	\$21,250
<u>PROJECT AREA 2 -H&R Block Office Building</u>				
Facility Construction Costs, Architectural/Engineering, Site Preparation,Materials, Labor, Construction Contracts Utilities Connections, Paving & Landscaping	\$59,439,790	\$59,439,790	\$0	\$0
Block 125 Parking Structures	22,876,194	22,876,194	0	0
Tenant Improvement	27,565,985	27,565,985	0	0
Developer Fee	3,845,869	3,845,869	0	0
Furniture, Fixtures and Equipment	10,000,000	7,589,986	0	2,410,014
Pre-Occuapncy Costs	13,671,250	0	0	13,671,250
Interest Expense	\$ 171,000,000	171,000,000	0	0
SUBTOTAL	\$308,399,088	\$292,317,824	\$0	\$16,081,264
Final Development Project 2 Approval Fees (\$.05 per square foot@ 500,000)	\$25,000	\$0	\$0	\$25,000
<u>Project 3A - Hotel President Renovation</u>				
Land Acquisition Cost and Short Term Debt	\$2,600,000	\$1,213,607	\$0	\$1,386,393
Hotel Construction Costs - Hard Costs	26,846,500	12,783,182	0	14,063,318
Architect & Engineering	2,172,000	615,000	0	1,557,000
Furniture, Fixtures & Equipment	5,100,000	0	0	5,100,000
Environmental Abatement	2,025,455	516,611	0	1,508,844
Brownfield Legal Expense	242,086	-	0	242,086
Developers Fees	367,981	-	0	367,981
Pre Opening Expenses	500,000	-	0	500,000
Development Costs (appraisal, envr)	724,545	-	0	724,545
Financing Fees	1,281,000	-	0	1,281,000
Legal Fees, Title, Closing Costs	523,013	-	0	523,013
Inspecting Engineer (HDR Engineering)	45,000	-	0	45,000
Interest Reserve	1,044,620	-	0	1,044,620
Contingency	1,000,000	-	0	1,000,000
Operating Allowance	1,000,000	-	0	1,000,000
TIF Commission Expenses	\$ 105,000	\$ 105,000	0	0
SUBTOTAL	\$45,577,200	\$15,233,400	\$0	\$30,343,800
Final Development Project 3A Approval Fees (\$.05 per square foot@ 247,254)	\$12,363	\$0	\$0	\$12,363

* The first draw from the Project Fund will be used to reimburse the Developer for the out-of-pocket costs expended for land acquisition, hard construction costs, environmental abatement and a portion of the architectural and engineering fees.

**The Hotel Hard Construction Costs includes approximately \$222,000 in streetscape and public right-of-way improvements.

*** No TIF Proceeds will be used to fund furniture, fixtures or equipment.

**** Developer has been, or will be, issued federal and state historic tax credits and brownfield redevelopment tax credits, the proceeds from the sale of which will fund a portion of developer's costs. The proceeds of the sale of those tax credits is estimated to be as follows: federal -- \$6,246,000; state -- \$7,578,746; brownfield -- \$1,707,086; total -- \$15,531,832.

	ESTIMATED TOTAL PROJECT COSTS	REIMBURSABLE FROM TIF REVENUES	REIMBURSABLE FROM MODESA REVENUES	DEVELOPER EQUITY/ OTHER FINANCING
Project 4 ²	\$0	\$0	\$0	\$0
Project 5 ²	\$0	\$0	\$0	\$0
Project 6 ²	\$0	\$0	\$0	\$0
Project 7	\$0	\$0	\$0	\$0
PROJECT AREA 8 - Arena				
Design & Professional Services	\$12,830,000	\$0	\$0	\$12,830,000
Acquisition/Demo/Infrastructure	36,050,000	0	0	36,050,000
Arena Construction Costs	150,000,000	0	0	150,000,000
NABC Hall of Fame	20,000,000	0	0	20,000,000
Systems& Equipment	24,150,000	0	0	24,150,000
Contingency	6,970,000	0	0	6,970,000
Parking	5,085,574	5,085,574	0	0
SUBTOTAL	\$255,085,574	\$5,085,574	\$0	\$250,000,000
Project 9 ²	\$0	\$0		\$0
Project 10 ²	\$0	\$0		\$0
Project 11 ²	\$0	\$0	\$0	\$0
TOTAL	\$894,278,633	\$444,607,970	\$100,296,483	\$349,374,180

¹ The selected developer shall pay all fees and expenses of the TIF Commission for Plan preparation, approval and implementation including, but not limited to, staff time, agenda costs, legal fees, printing and publication of notices. The selected developer shall be billed for these expenses by the Commission as needed. These expenses shall be considered reimbursable project costs to the developer from the Special Allocation Fund.

In addition, the Commission has determined that those planning and special services expenses of the Commission which cannot be directly attributable to a particular project are nonetheless reasonable and necessary for the operation of the Commission and are incidental to the project. These incidental costs will be recovered by the Commission from the Special Allocation Fund in an amount not to exceed five percent (5%) of the PILOTS and Economic Activity Taxes paid annually into the fund.

² Plan to be amended at the time of submission of specific projects.

³ For Project 1 and 2 the amounts included herein are estimated expense stated in 2005 dollars. Project 3 the amounts included herein are estimated expenses stated in 2003 dollars. For Project 8, the amount included herein are estimated expenses stated in 2004 dollars.

EXHIBIT 7

Sources and Uses of Funds

EXHIBIT 7
PROJECT 1

A. SOURCES OF FUNDS FOR
ALL ESTIMATED REDEVELOPMENT PROJECT COSTS

1. Amount of Reimbursable Costs from PILOTS, Economic Activity Taxes and MODESA proceeds	\$230,665,655
2. Developer	<u>\$ 52,890,503</u>
TOTAL	\$283,556,158

B. BONDS

The total estimated amount of PILOTS and Economic Activity Taxes over the twenty-three years of reimbursable project cost in this Plan from Project 1 as provided in the Act is approximately **\$168,650,995**. The Commission may dedicate part or this entire amount to help support the issuance of bonds.