SEVENTEENTH AMENDMENT TO THE 22nd & MAIN TAX INCREMENT FINANCING PLAN

KANSAS CITY, MISSOURI

TIF COMMISSION APPROVAL:

5/20/19	5-20-19
DATE	RESOLUTION NO.

CITY COUNCIL APPROVAL:

6/27/19	190463
DATE	ORDINANCE NO.

SUMMARY

The 22ND & Main Tax Increment Financing Plan, as approved by Ordinance No. 980230, and as amended by Ordinance No. 991058, Ordinance No. 000751, Ordinance 000780, Ordinance No. 001593, Ordinance No. 040445, Ordinance No. 060916, Ordinance No. 061286, Committee Substitute for Ordinance No. 070739, as amended, Ordinance No. 080841, Ordinance No. 100136, Ordinance No. 090718, Ordinance No. 110933, Ordinance 120287 and Ordinance No. 120660 (collectively, the "Plan") contemplates rehabilitation of the Freighthouse Building, the rehabilitation and construction of commercial and residential uses, together with the construction of parking and appurtenances, as well as necessary utilities, street improvements and public infrastructure, in an area generally bounded by Southwest Boulevard and 19th Street on the north, Walnut Street on the east, the Kansas City Terminal Railway on the south and W. Pennway/Broadway on the west (the "Redevelopment Area"). The Seventeenth Amendment to the Plan (the "Seventeenth Amendment") provides for (i) certain modifications to the description of the improvements contemplated by Plan to include the construction of 400 new parking spaces and 250 new residential apartment units (the "Additional Improvements"), (ii) certain modifications to the Budget of Redevelopment Project Costs as it relates to the Additional Improvements, (iii) certain modifications to the Sources and Uses of Funds, (iv) certain modifications to the Site Plan, (v) the inclusion of construction information related to the implementation of the Additional Improvements, (vi) the inclusion of employment information related to the implementation of the Additional Improvements, (vii) certain modifications to the Redevelopment Schedule attached to and incorporated within the Plan, (viii) certain modifications to the But-For Analysis attached to and incorporated within the Plan, (ix) certain modifications to the Cost Benefit Analysis attached to and incorporated within the Plan, (x) the removal of all references to the Redevelopment Project 25 and (xi) other related changes or corrections as may be deemed necessary or appropriate to further the foregoing modifications. To the extent the Plan varies with the Seventeenth Amendment, said Plan shall be amended and superseded thereby.

I. Specific Amendments

The Plan shall be amended as follows:

Amendment No. 1: Delete Section I., entitled "Definitions" in its entirety and insert the following in lieu thereof:

I. DEFINITIONS

As used in this Plan, the following terms shall have the following meanings:

A. "Act," the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800, et. seq., Revised Statutes of Missouri, as amended.

B. "Affiliate," as applied to any person or entity, any other person or entity who controls, is controlled by, or is under common control with, such person or entity. For purposes of this definition, "control" means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a person or entity, whether through the ownership of equity interests, by contract, or otherwise; provided, however, that (a) any person or entity which owns directly or indirectly a majority of the equity interests having ordinary voting power for the election of directors or other members of the governing body of a person or entity or a majority of the partnership or other ownership interests of a person or entity (other than as a limited partner of such person or entity) shall be deemed an Affiliate of such person or entity, and (b) each partnership in which a person or entity is a general partner shall be deemed an Affiliate of such person or entity.

C. "City," City of Kansas City, Missouri.

D. "Commission," the Tax Increment Financing Commission of Kansas City, Missouri

E. "Conservation Area," any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning. A conservation area shall meet at least three of the factors provided in this subdivision for projects approved on or after December 23, 1997.

F. "Economic Activity Taxes," the total additional revenue from taxes which are imposed by the City or other Taxing Districts, and which are generated by economic activities within the Redevelopment Project Area, over the amount of such taxes generated by economic activities within the Redevelopment Project Area in the calendar year prior to the adoption of the Redevelopment Project by Ordinance, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to section 70.500, taxes levied for the purpose of public transportation pursuant to section 94.660, taxes imposed on sales pursuant to subsection 2 of section 67.1712 for the purpose of operating and maintaining a metropolitan park and recreation district, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, any sales tax imposed by a county with a charter form of government and with more than six hundred thousand but fewer than seven hundred thousand inhabitants, for the purpose of sports stadium improvement or levied by such county under section 238.410 for the purpose of the county transit authority operating transportation facilities, taxes imposed on sales under and pursuant to section 67.700 or 650.399 for the purpose of emergency communication systems and such other taxes that may be excluded by State law from time to time; provided, however, if the voters in a Taxing District vote to approve an increase in such Taxing District's sales tax or use tax, other than the renewal of an expiring sales or use tax, any additional revenues generated within the Redevelopment Project Area that are directly attributable to the newly voter-approved incremental increase in such taxing district's levy rate shall not be considered "Economic Activity Taxes", without the consent of such Taxing District. .

G. "Equity Investment," the total accumulated sums reflected as equity on the Redeveloper's financial statements (including, but not limited to its Balance Sheet) submitted in connection with the "Public Participation" provisions of the Redevelopment Agreement as being expended by the Redeveloper or any other non-governmental party that is an Affiliate of the Redeveloper in connection with any and all aspects of the Project Improvements, including but not limited to any and all costs, including financing costs incurred by the Redeveloper, private loan interest, expenses or investments made by the Redeveloper or any such non-governmental Affiliate prior to or subsequent to the date of this Plan and incurred by Redeveloper or any such non-governmental party that is an Affiliate of the Redeveloper in connection with the acquisition of any property in the Redevelopment Area, due diligence, leasing, marketing, formation of entities, construction and implementation of the Project Improvements, including the principal amount of any subordinate Obligations so long as Redeveloper, or its Affiliates, is the owner or guarantor of such subordinate Obligations, commercial financing and any additional capital contributions made by Redeveloper or such non-governmental party that is an Affiliate of the Redeveloper.

H. "Gambling Establishment," an excursion gambling boat as defined in section 313.800, RSMo., and any related business facility including any real property improvements which are directly and solely related to such business facility, whose sole purpose is to provide goods or services to an excursion gambling boat and whose majority ownership interest is held by a person licensed to conduct gambling games on an excursion gambling boat or licensed to operate an excursion gambling boat as provided in Sections 313.800 to 313.850, RSMo.

I. "Obligations," bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by the City, Commission or by any other appropriate issuer, approved by the City and Commission, to pay or reimburse all or any portion of the Redevelopment Project Costs or to otherwise carry out a redevelopment project or to fund outstanding obligations.

J. "Ordinance," an ordinance enacted by the governing body of the City.

K. "Payment in Lieu of Taxes," Revenues from real property taxes generated within the Redevelopment Project Area which are to be used to reimburse the Redevelopment Project Costs identified by the Plan, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which result from levies made after the time of the adoption of tax increment allocation financing within the Redevelopment Project Area that is approved by Ordinance (but excluding the blind pension fund tax levied under the authority of Article III, Section 38(b) of the Missouri Constitution and the merchant's and manufacturer's inventory replacement tax levied under the authority of subsection 2 of Section 6 of the Missouri Constitution) and during the time the current equalized value of real property in the Redevelopment Project Area exceeds the Total Initial Equalized Assessed Value of real property in the Redevelopment Project Area, until the designation is terminated pursuant to the Act, provided however, if the voters in a Taxing District vote to approve an increase in such Taxing District's levy rate for ad valorem tax on real property, any additional revenues generated within the Redevelopment Project Area that are directly attributable to the newly voter-approved incremental increase in such Taxing District's levy rate shall not be considered Payments in Lieu of Taxes without the consent of such Taxing District. Revenues will be considered directly attributable to the newly voter-approved incremental increase to the extent that they are generated from the difference between the taxing district's actual levy rate currently imposed and the maximum voter-approved levy rate at the time that the Redevelopment Project was adopted.

L. "Project Improvements and Public Improvements," those development activities undertaken within the Redevelopment Area intended to accomplish the objectives of the Redevelopment Plan, which are described by Section III.C. of this Plan.

M. "Redeveloper," the business organization or other entity designated by the Commission, to which the Commission enters a Redevelopment Agreement to implement the Redevelopment Plan or the Project Improvements or a portion thereof.

N. "Redevelopment Agreement," the agreement between the Commission and Redeveloper for the implementation of the Redevelopment Plan or the Project Improvements and Public Improvements or a portion thereof.

O. "Redevelopment Area," an area designated by Ordinance of the City, in respect to which the City has made a finding that there exist conditions which cause the area to be classified as a blighted area, a conservation area, an economic development area, an enterprise zone pursuant to Sections 135.200 to 135.256, or a combination thereof, which area includes only those parcels of real property directly and substantially benefitted by the proposed Redevelopment Project and which is legally described on **Exhibit 1A**.

P. "Redevelopment Plan" or "Plan," the 22nd & Main Tax Increment Financing Plan, as it may be amended from time to time.

Q. "Redevelopment Project," any development project located within the Redevelopment Area that (1) is intended to further the objectives of the

Redevelopment Plan (2) contains a legal description and (3) is approved by an Ordinance of the City.

R. "Redevelopment Project Area," the area selected for a specific redevelopment project and which is legally described on **Exhibit 1B**.

S. "Redevelopment Project Costs" include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, any such costs incidental to the Redevelopment Plan and/or a Redevelopment Project. Such costs are identified on **Exhibit 5** and may include, but are not limited to the following:

1. Costs of studies, surveys, plans and specifications;

2. Professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services. Except the reasonable costs incurred by the commission established in section 99.820 for the administration of sections 99.800 to 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be included in the costs of the Redevelopment Plan or a Redevelopment Project;

3. Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;

4. Costs of rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures;

5. Cost of construction of public works or improvements;

6. Financing costs, including, but not limited to all necessary and incidental expenses related to the issuance of Obligations, and which may include payment of interest on any Obligations issued hereunder accruing during the estimated period of construction of any Redevelopment Project for which such Obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto;

7. All or a portion of a taxing district's capital cost resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan, to the extent the municipality by written agreement accepts and approves such costs;

8. Relocation costs to the extent that the City determines that relocation costs shall be paid or are required to be paid by federal or state law;

9. Payments in lieu of taxes.

T. "Special Allocation Fund," the fund maintained by the City or the Commission, as the case may be, which contains at least two (2) separate segregated accounts for each Redevelopment Project and any additional accounts deemed appropriate by the City and Commission and maintained by the treasurer of the City or the treasurer of the Commission into which Payments in Lieu of Taxes, Economic Activity Taxes and other revenues are deposited.

U. "Tax Increment Financing," tax increment allocation financing as provided pursuant to Chapter 99.800, et seq. RSMo.

V. "Taxing Districts," any political subdivision of Missouri located wholly or partially within any Redevelopment Project Area having the power to levy taxes.

W. "TIF Revenue," Payments in Lieu of Taxes and Economic Activity Taxes.

Upon the reimbursement of all reimbursable Redevelopment Project Costs, subject to Section 99.850, Tax Increment Financing will be terminated and the Taxing Districts (as hereafter defined), shall receive all taxes generated within the Redevelopment Project Areas.

Amendment No. 2: Delete Section II. Of the Plan, entitled "Tax Increment Financing" in its entirety and insert the following in lieu thereof:

II. TAX INCREMENT FINANCING

This Plan is adopted pursuant to the Act. The Act enables municipalities to finance Redevelopment Project Costs with the revenue generated from Payments in Lieu of Taxes and 50% of the Economic Activity Taxes.

Amendment No. 3: Delete Section III.A., III.B. and III.C. of the Plan, in their entirety and insert the following in lieu thereto:

III. GENERAL DESCRIPTION OF THE REDEVELOPMENT PROGRAM

A. The Redevelopment Plan. The Redevelopment Plan provides for the rehabilitation of the Freight House Building, the rehabilitation and construction of commercial and residential uses within the Redevelopment Area, together with the construction of parking and appurtenances, as well as necessary utilities, street improvements and public infrastructure to support such commercial and residential development.

B. Redevelopment Area. The Redevelopment Area described by the Plan is generally bounded by Southwest Boulevard and 19th Street on the north, Walnut Street on the east, the Kansas City Terminal Railway on the south and W. Pennway/Broadway on the west, all in Jackson County, Kansas City, Missouri (the "City") as legally described on Exhibit 1A (the "Redevelopment Area").

C. Redevelopment Projects: The Project Improvements and Public Improvements. The Project and Public Improvements and other redevelopment project activities will be undertaken as thirteen (13) separate Redevelopment Projects, each of which shall be approved by separate ordinance in conformance with the Act and each are legally described on Exhibit 1B, attached hereto, and certain other District Wide Improvements, which shall consist of the following improvements:

1. Project 1 Improvements contemplate the renovation of the Freight House Building located at 101 W. 22nd Street and such renovation shall consist of approximately 19,000 to 25,000 square feet of upscale restaurant space and related uses, along with parking, utilities, streetscape improvements and necessary public infrastructure improvements to support such commercial development.

2. Project 2 Improvements contemplate the renovation of the Marietta Chair Building located at 2020 Baltimore Avenue and such renovation shall consist of approximately 54,400 square feet of office space and approximately 1,190 square feet of retail space, along with necessary public infrastructure to support such commercial development.

3. Project 10 Improvements contemplate the renovation of the 1900 Main Building and such renovation shall consist of approximately 3,000 square of restaurant space, an approximately 3,300 square foot photography studio and approximately 7,800 square feet of office space.

4. Project 12C and 12R Improvements contemplate the renovation of the HD Lee Building located at 117 W. 20th Stret and such renovation shall consist of approximately 18,000 square feet of office space, approximately 16,220 square feet of retail/restaurant space and approximately 119 condominium units.

5. Project 13 Improvements contemplate the construction of an approximately 219 stall parking garage located at 2015 Wyandotte Street, which is intended to provide necessary parking for the Project 12C and 12R Improvements.

6. Project 14 Improvements contemplate the renovation of the Safeway Building located at 2029 Wyandotte Street and such renovation shall consist of approximately 36,500 square feet of residential space (approximately 28 units), approximately 16,550 square feet of office space and an approximately 3,000 square feet gallery

7. Project 16 Improvements contemplate the renovation of the Columbia and Gray Buildings located at 2006 Wyandotte Street, 2020 Wyandotte Street, and 214 W. 21st Street, and such renovation shall consist of approximately 29,388 square feet of office space and approximately 7,719 square feet of retail/gallery and restaurant space.

8. Project 18 Improvements contemplate the renovation of the Pabst/Pendergast Building located at 2107 Central Street and such renovation shall consist of approximately 98,800 square feet of office space and approximately 13,600 square feet of retail space.

9. Project 21 Improvements contemplate the renovation of the A.D. Jacobson Building located at 2016 Central Street and such renovation shall consist of approximately 14,669 square feet of retail space and necessary parking improvements.

10. Project 22 Improvements contemplate the renovation of the Creamery Building located at 2100 Central and such renovation shall consist of approximately 15,087 square feet of retail and restaurant space on the first floor and 13, 465 square feet of office and the second and third floors and an approximately 2,7171 square foot rooftop apartment.

11. Project 24A Improvements contemplate the renovation of the Morr Transfer Building located at 2114 Central and such renovation shall consist of approximately 82,268 square feet of office space.

12. Project 24B Improvements contemplate the construction of a 3-level parking garage located at 301 W. 22nd Street that will provide for 290 parking stalls.

13. Project 28 Improvements contemplate the renovation of Candle Building located at 2101 Broadway that will provide for approximately 2,200 square feet of retail space and 41,450 square feet of commercial space.

District Wide Improvements contemplate:

1. design and construction of streetscape improvements to 20th Street

2. design and construction of an approximately 400 stall parking facility and an apartment complex containing approximately 250 residential units and

3. utilities, street improvement, appurtenances and other necessary public infrastructure improvements to eliminate blighting conditions.

Amendment No. 4: Delete the first sentence of Section IVA of the Plan, as amended, entitled "Estimated Redevelopment Project Costs" and insert the following in its stead:

"Redevelopment Project Costs are estimated to be approximately $228,502,212 of which $35,687,740will qualify as Reimbursable Project Costs. Revenue on deposit in the Special Allocation Fund established in connection with Redevelopment Projects 22 and 28 shall be utilized first to fund the Project 22 Improvements and the Project 28 Improvements and thereafter any approved District Wide improvements that relate to the design and construction of a 400-stall parking garage and the construction of approximately 250 residential units located at approximately 311 W. 22nd Street (the "Tracks 215 Area").

Amendment No. 5: The following sentence shall be added to Section IV.C. of the Plan, entitled "Payments in Lieu of Taxes":

Payments in Lieu of taxes in excess of the funds necessary for the implementation of this Plan shall be declared surplus. The declared surplus will be available for distribution to the affected Taxing District in the manner provided by the Act.

Amendment No. 6: Delete the last sentence of Section VI of the Plan, as amended, entitled "Estimated Equalized Assessed Valuation After Redevelopment" and insert the following in its stead:

"When complete and the Redevelopment is terminated, the Redevelopment Area will initially yield the estimated real property taxes in an amount of $466,837."

Amendment No. 7: Delete Section X of the Plan, as amended, entitled "But-For TIF" and insert the following in its stead:

The Redevelopment Area has not been subject to growth and development through investment by private enterprise as demonstrated in part by the Developer Affidavit attached as Exhibit 8, as supplemented, and would not reasonably be anticipated to be developed without the adoption of tax increment financing due to the substantial costs of the Public Infrastructure Improvements.

Substantial public financing of the Project Improvements and Public Infrastructure Improvements is identified within the Plan. The purpose of affording public assistance is to accomplish the stated public purpose as set forth on Exhibit 3, attached hereto, and not to subsidize otherwise economically viable Public Infrastructure Improvements. In order to ensure that the public assistance being provided does not subsidize an unreasonable level of earnings, the Redevelopment Plan incorporates, as Exhibit 8, as supplemented, an analysis that demonstrates that the Redevelopment Area has not been subject to growth and development by private enterprise and would not reasonably be anticipated to be developed without the adoption of Tax Increment Financing (the "But-For Test"). In addition, an affidavit from the redeveloper is attached as Exhibit 15.

Amendment No. 8: Delete Section XIV of the Plan, as amended, entitled "Enterprise Zone" and insert the following in its stead:

XII. ENHANCED ENTERPRISE ZONE

Pursuant to section 135.963(7) RSMo, the property tax abatement referred to in the Enhanced Enterprise Zone Act shall not relieve the assessor or other responsible official from ascertaining the amount of the equalized assessed value of all taxable property annually as required by section 99.855 and shall not have the effect of reducing the payments in lieu of taxes referred to in subdivision (2) of subsection 1 of section 99.845 unless such reduction is set forth in the plan approved by the governing body of the municipality pursuant to subdivision (1) of subsection 1 of section 99.820, section 99.942, or section 99.1027.

Amendment No. 9: Delete Section XVII., entitled "Redevelopment Agreement" in its entirety and insert the following in lieu thereof:

XVII <u>REDEVELOPMENT AGREEMENT</u>

Upon approval of this Plan, the Commission and Redeveloper will enter into a Redevelopment Agreement, which will include, among other things, provisions relative to the following:

1. Implementation of the Plan;
2. Reporting of Economic Activity Taxes;
3. The City's MBE/WBE Ordinance
4. The Commission's Work Force Policy
5. Design guideline review and approval process
6. The Commission's Relocation Plan
7. Certification and approval by Commission of Redevelopment Project Costs
8. Public Participation
9. Certification of Costs and Reimbursement Policy
10. Certificate of Completion and Compliance Policy
11. Parameters for the issuance of Obligations
12. Interest Policy
13. Annual Progress Reporting
14. Procedures for the Payment of Prevailing Wages
15. Environmental Policy

Amendment No. 10: Delete <u>Exhibit 1.B</u> of the Plan, entitled "Legal Descriptions – Redevelopment Project Areas" in its entirety and replace it with <u>Exhibit 1.B</u>, attached hereto.

Amendment No. 11: Delete <u>Exhibit 2</u> of the Plan, entitled "Revised Site Plan" in its entirety and replace it with <u>Exhibit 2</u>, attached hereto.

Amendment 12: Modify <u>Exhibit 3.A</u> of the Plan, entitled "Construction Totals By Project Area" to incorporate <u>Exhibit 3A – Supplement – "Construction Totals for District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units</u>", attached hereto.

Amendment 13: Modify <u>Exhibit 3.B</u> of the Plan, entitled "Employment Totals By Project Area" to incorporate <u>Exhibit 3B – Supplement – "Employment Totals for District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units</u>", attached hereto.

Amendment 14: Modify <u>Exhibit 4</u> of the Plan, entitled "Estimated Redevelopment Schedule" to incorporate <u>Exhibit 4 – Supplement - Estimated Redevelopment Schedule for District Wide-Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units</u>", attached hereto.

Amendment 15: Delete <u>Exhibit 5</u> of the Plan, entitled "<u>Estimated Redevelopment Project Costs</u>" in its entirety and replace it with <u>Exhibit 5</u>, attached hereto.

Amendment 16: Modify Exhibit 8 of the Plan, entitled "Evidence of But-For" to incorporate with Exhibit 8 – Supplement – Evidence of "But For" - District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units", attached hereto.

Amendment 17: Modify Exhibit 9 of the Plan, entitled "Cost Benefit Analysis" to incorporate with Exhibit 9 – Supplement – Cost Benefit Analysis - District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units", attached hereto.

Amendment 18 – Modify Exhibit 11 of the Plan entitled "Summary of Redeveloper's Proposal" to incorporate with Exhibit 11 – Supplement – Summary of Redeveloper's Proposal - District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units", attached hereto.

Amendment 19 – Modify Exhibit 15 of the Plan entitled "Redeveloper's Affidavit" to incorporate with Exhibit 15 – Supplement – Redeveloper's Affidavit, attached hereto.

EXHIBIT 1.B

Legal Descriptions of Redevelopment Project Areas

Redevelopment Project 1: Commencing at the southwest corner of the northwest quarter of said Section 8; thence north 89 degrees, 57 minutes, 30 seconds east along the south line of said northwest quarter, a distance of 40.00 feet, to a point on the east right-of-way line of Broadway Boulevard as now established; thence north 00 degrees, 18 minutes, 30 seconds west along said east right-of-way line, a distance of 155.72 feet, to a point on the southerly right-of-way line of 22nd Street, as now established; thence north 58 degrees, 22 minutes, 24 seconds east along said southerly right-of-way line, a distance of 876.67 feet, to the true point of beginning; thence north 58 degrees, 22 minutes, 24 seconds east continuing along said southerly right-of-way line, a distance of 767.96 feet, to a point on the west right-of-way line of Main Street as now established; thence south 00 degrees, 16 minutes, 56 seconds west along said west right-of-way line, a distance of 373.40 feet; thence south 56 degrees, 32 minutes, 02 seconds west, a distance of 1.41 feet, to a point on a line that is 15 feet northerly of and parallel to the straight portion of the centerline of Kansas City Terminal Railway Company's Track #276 extended; thence south 68 degrees, 49 minutes, 43 seconds west along said parallel line, a distance of 695.37 feet; thence north 00 degrees, 37 minutes, 48 seconds west, a distance of 222.62 feet, to the point of beginning. Contains 194,429 square feet or 4.463 acres more or less. Subject to any and all easements, reservations, and restrictions of record.

Redevelopment Project 2: Lots 15 through 18, Block 17, GOODRICH ADDITION, a subdivision in Kansas City, Jackson County, Missouri.

Redevelopment Project 10: The South 48 feet of Lot 482, and the North 1 feet of Lot 483, Block 36, except that part in streets and except that part taken for alley, McGee's ADDITION, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

Redevelopment Project 12C: A tract of land being part of the Southwest Quarter of the Northwest Quarter of Section 8, Township 49, Range 33, also being part of Block 27, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri, said blocks are marked and designated on the plat of said Addition now on file and of record in the Office of the Recorder of Deeds within and for Jackson County, Missouri, being described as follows:

Beginning at the Northwest corner of Block 27 in said Goodrich Addition thence north 900000 East along the south right of way line of 20th Street, a distance of 160.61 feet; thence South 001214 East, a distance of 138.37 feet; thence South 895928 West, a distance of 160.61 feet to a point on the West line of said Block 27; thence North 001214 West, along the West line of said Block 27, a distance of 138.39 feet to the point of beginning; said tract being more particularly described as follows: property known as the basement floor, the first floor, and the second floor of the existing building, from elevation 92.23 and below being based on Kansas City Missouri datum and being subject to all easements, covenants, rights of way, restrictions and reservations, now of record.

Redevelopment Project 12R: A tract of land being part of the Southwest Quarter of the Northwest Quarter of Section 8, Township 49, Range 33, also being part of Block 27, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri, said blocks are marked and designated on the Plat of said Addition now on file and of record in the Office of the Recorder of Deeds within and for Jackson County, Missouri, being described as follows:

Beginning at the Northwest Corner of Block 27 in said Goodrich Addition thence north 900000 East along the south right of way line of 20th Street, a distance of 160.61 feet; thence South 001214 East, a distance of 138.37 feet; thence South 895928 West, a distance of 160.61 feet to a point on the West line of said Block 27; thence North 001214 West, along the West line of said Block 27, a distance of 138.39 feet to the point of beginning; said tract being more particularly described as follows: property known as the third floor, the fourth floor, the fifth floor, the sixth floor, and seventh floor, the eighth floor and the ninth floor of the existing building, from elevation 92.23 and above, being based on Kansas City Missouri datum.

Redevelopment Project 13: All of Lots 1, 2 and 3 in Bock 20, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri, as said block is marked and designated on the plat of said addition now on file and of record in the Office of the Recorder of Deeds within and for Jackson County, Missouri, being more particularly described as follows:

Beginning at the northwest corner of Block 27 in said Goodrich Addition, thence South 00 degrees 12 minutes 14 seconds East along the west line of said block 27, a distance of 182.00 feet to the northwest corner of said Lot 1 and the true point of beginning; thence South 89 degrees 55 minutes 53 seconds East along the north line of said Lot 1, a distance of 140.50 feet to the northeast corner of said Lot 1; thence South 00 degrees 12 minutes 14 seconds East along the east line of said Lots 1, 2 and 3, a distance of 75.00 feet to the southeast corner of said Lot 3; thence North 89 degrees 55 minutes 53 seconds West along the south line of said Lot 3, a distance of 140.50 feet to the southwest corner of said Lot 3; thence North 00 degrees 12 minutes 14 seconds West along the west line of said Lots 1, 2 and 3, a distance of 75.00 feet to the point of beginning; and being subject to all easements, covenants, rights of way, restrictions and reservations, now of record.

And

Part of the Southwest Quarter of the Northwest Quarter of Section 8, Township 49, Range 33 and part of Block 27, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri, as said block is marked and designated on the plat of said addition now on file and of record in the Office of the Recorder of Deeds within and for Jackson County, Missouri, being more particularly describe as follows:

Beginning at the northwest corner of Block 27 in said Goodrich Addition, thence South 00 degrees 12 minutes 14 seconds West along the west line of said Block 27, a distance of 138.39 feet to the true point of beginning; thence North 89 degrees 59 minutes 28 seconds East, a distance of 160.61 feet; thence South 00 degrees 12 minutes 14 Seconds East, a distance of 43.63 feet; thence South 89 degrees 31 minutes 15 seconds West, a distance of 20.11 feet to the northeast corner of Lot 1, Block 20 in said Goodrich Addition; thence North 89 degrees 55 minutes 53 seconds West along the north line of said Lot 1, a distance of 140.50 feet to the northwest corner of said Lot 1; thence North 00 degrees 12 minutes 14 seconds West, a distance of 43.61 feet to the point of beginning; and being subject to all easement, covenants, rights of way, restrictions and reservations, now of record.

Redevelopment Project 14:
Tract One: Lots 8 through 14 inclusive, BLOCK 20 in GOODRICH ADDITION, a subdivision in Kansas City, Jackson County, Missouri, as said block is marked and designated on the plat of said addition now on file and of record in the Office of the Recorder of Deeds within and for Jackson County, Missouri, together with that part of the public right-of-way for St. Paul Avenue running parallel to the eastern boundary of the above described property.

Tract Two: Goodrich Addition, part of Lots 10-14, Block 20 defined as follows: Beginning at the Northeast corner of Lot 10; then South 120.5 feet; then Southwesterly 70 feet; then Northeasterly along curve to a point on Lot 12; then Northeasterly to Lot 10; then East 5 feet to the Point of Beginning.

Redevelopment Project 16:
214 West 21st Street - Lot 23, together with that part of vacated Fort Scott Avenue, lying West of the Center line thereof, in Block 18, GOODRICH ADDITION, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

2006 Wyandotte - Lots 16, 17, 18, 19 and 20, together with that part of vacated Fort Scott Avenue, lying East of the Center line thereof and North of the Westerly prolongation of the South line of said Lot 20, all in Block 18, GOODRICH ADDITION, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

2020 Wyandotte - Lots 21 and 22, together with that part of vacated Fort Scott Avenue, lying East of the Center line thereof and South of the Westerly prolongation of the North line of said Lot 21, all in Block 18, GOODRICH ADDITION, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

Redevelopment Project 18: Lots 1 through 8, Block 23, and the west 10 feet of vacated Fort Scott Avenue lying East of and adjacent thereto, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri; and

Lots 7 and 8 and the North 15 feet of Lot 9, Block 21, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri, and also described as: beginning at the Northwest corner of Lot 7, thence South 87 degrees 28 minutes 31 seconds East 152.03 feet; thence South 02 degrees 23 minutes 59 seconds West 64.93 feet; thence North 87 degrees 29 minutes 39 seconds West 152.16 feet; thence North 02 degrees 31 minutes 09 seconds East 64.98 feet to the point of beginning (also known as Tract A, Certificate of Survey S-10, Pg-62) (Manfield Lot).

Redevelopment Project 21: Lots 1, 2, 3, 4, 5, 17, 18, 19, 20, 21 and 22, Block 22, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof.

Redevelopment Project 22: Lots 1 and 2, Block 24, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri, according to the recorded plat thereof, together with an easement for building encroachment and maintenance over land lying within Lot 3, Block 24, of said Goodrich Addition, appurtenant to said Lots 1 and 2, Block 24, of said Goodrich Addition, as reserved by the special warranty deed executed January 16, 1959 and filed February 24, 1959, as Document Number B-297523, in Book B-5176, at Page 206.

Redevelopment Project 24A: Lots 8, 9, 10, 11 and 12, Block 24, GOODRICH ADDITION, a subdivision in Kansas City, Jackson County, Missouri.

Redevelopment Project 24B: A part of Lot 1, all of Lots 2 and 3, and a part of Lot 4, THE OLD MILWAUKEE YARD SUBDIVISION, a subdivision in Kansas City, Jackson County, Missouri, according to the Boundary Survey recorded as Document Number 2003K0071218, on September 11, 2003, in Book 8, Page 93, at the Recorder of Deeds office in Jackson County, Missouri and a part of the northwest quarter of Section 8, Township 49 North, Range 33 West.

Redevelopment Project 28: Lots 1, 2, 3 and 4, Block 25, Goodrich Addition, a subdivision in Kansas City, Jackson County, Missouri.

EXHIBIT 2
Site Plan

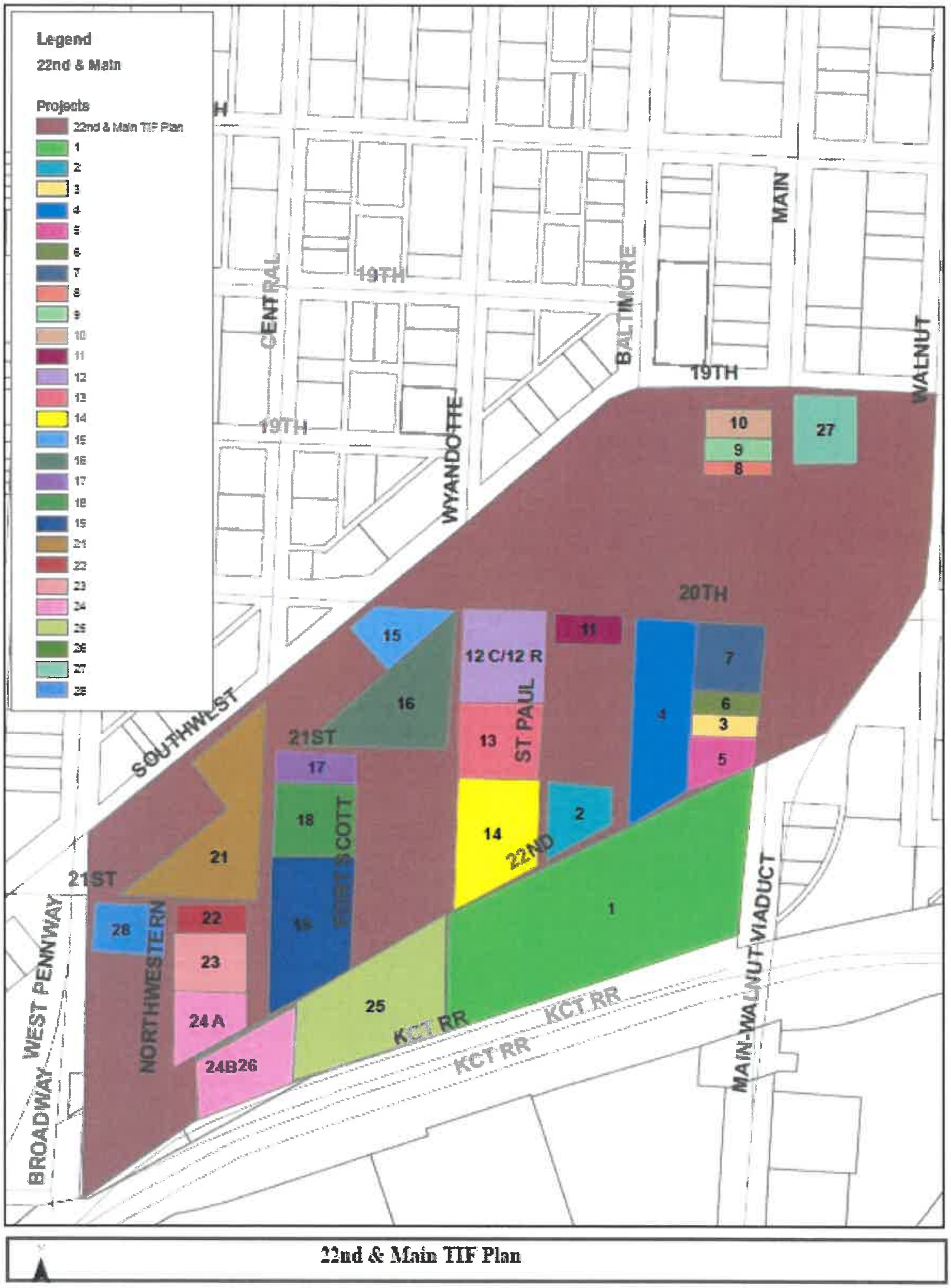


EXHIBIT 3A - SUPPLEMENT

Construction Totals for District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units

6 CONSTRUCTION TOTALS BY PROJECT AREA

ADDITIONAL PROJECT IMPROVEMENTS - TRACKS 215

	New Construction	Existing Structure to Remain As Is	Existing Structure to be Rehabilitated	TOTAL		Existing Structures to be demolished
Square Feet Office Space	N/A	N/A	N/A	N/A		N/A
Square Feet Retail Space	N/A	N/A	N/A	N/A		N/A
Square Feet Institutional Space	N/A	N/A	N/A	N/A		N/A
Square Feet Storage Space	N/A	N/A	N/A	N/A		N/A
Total Square Feet	N/A	N/A	N/A	N/A		N/A
Number Dwelling Units	250	N/A	N/A	N/A		N/A
Number Hotel Rooms	N/A	N/A	N/A	N/A		N/A
Number Parking Spaces	400	N/A	N/A	N/A		N/A

EXHIBIT 3B - SUPPLEMENT

Employment Totals for District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units

7 EMPLOYMENT INFORMATION - ADDITIONAL IMPPROVEMENTS - TRACKS 215

Permanent jobs to be Created in Kansas City	**N/A**
Permanent jobs to be Relocated to Kansas City	**N/A**
Permanent jobs to be Retained in Kansas City	**N/A**
TOTAL	**N/A**
Anticipated Annual Payroll	**N/A**
Estimated Number of Construction Workers to be hired during construction phase	**100**

EXHIBIT 5 - SUPPLEMENT

Estimated Redevelopment Schedule for District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units

Redevelopment/Planning	August 2018 -February 2019
Incentive Procurement/Financing	February 2019- August 2019
Construction	January 2020 – March 2021
Rent-Up (Operations)	March 2021 – December 2021

EXHIBIT 6-

Estimated Redevelopment Project Costs

22nd & Main TIF Plan - 17th Amendment - Exhibit V - Budget

EDC #211017

	Consolidated & Corrected Budget		Proposed Consolidated & Corrected Budget	
	Total Project Cost	TIFC Reimbursable	Proposed Total Project Cost	TIFC Reimbursable
Project 1 - Freight House				
Acquisition Costs	$ 703,750	$ -	$ 703,750	$ -
Building Improvement Costs				
HVAC	$ 85,000	$ -	$ 85,000	$ -
Plumbing	50,000	-	50,000	-
Electrical	50,000	-	50,000	-
Windows and Doors	100,000	-	100,000	-
Insulation	85,000	-	85,000	-
Flooring	80,000	-	80,000	-
Roof	150,000	150,000.00	150,000	150,000.00
Gutters and Downspouts	15,000	15,000.00	15,000	15,000.00
Masonry	150,000	150,000.00	150,000	150,000.00
Sandblasting	50,000	50,000.00	50,000	50,000.00
Painting	25,000	25,000.00	25,000	25,000.00
Tenant Finishes	2,630,000	-	2,630,000	-
Total Building Improvements	$ 3,470,000	$ 390,000	$ 3,470,000	$ 390,000
Site and Infrastructure Costs				
Parking	$ 321,000	$ 321,000	$ 321,000	$ 321,000
Lighting	135,000	135,000	135,000	135,000
Sidewalks	65,000	65,000	65,000	65,000
Pedestrian Improvements	1,000,000		1,000,000	
(a) *Lidia's Cucina*		250,000		250,000
(b) Neighborhood Improvements		750,000		750,000
Landscaping	200,000	200,000	200,000	200,000
Public Art	50,000	50,000	50,000	50,000
Pedestrian Pass-through	35,000	35,000	35,000	35,000
Automobile Pass-through	65,000	65,000	65,000	65,000
Utilities	50,000	50,000	50,000	50,000
Public Areas	60,000	60,000	60,000	60,000
Streets	100,000	100,000	100,000	100,000
Storm Sewers	185,000	185,000	185,000	185,000
Curbs and Gutters	80,000	80,000	80,000	80,000
Total Site and Infrastructure Costs	$ 2,346,000	$ 2,346,000	$ 2,346,000	$ 2,346,000
Soft Costs (until occupancy)				
Interest	$ 300,000	$ -	$ 300,000	$ -
Real Estate Taxes	65,000	-	65,000	-
Insurance	8,000	8,000	8,000	8,000
Architects	200,000	200,000	200,000	200,000
Engineering	250,000	250,000	250,000	250,000
Permits	5,000	5,000	5,000	5,000
TIF Application	125,000	125,000	125,000	125,000
Marketing	50,000	50,000	50,000	50,000
Consulting Fees	100,000	100,000	100,000	100,000
Total Soft Costs	$ 1,103,000	$ 738,000	$ 1,103,000	$ 738,000
Other Costs				
Demolition	$ 70,000	$ 70,000	$ 70,000	$ 70,000
Total Other Costs	$ 70,000	$ 70,000	$ 70,000	$ 70,000
Total Project 1 - Freighthouse	$ 6,589,750	$ 2,806,000	$ 6,589,750	$ 2,806,000
Contingency (10% of Project Costs)	$ 787,585	$ -	$ 787,585	$ -
Project 2-28 TIF Commission Expenses				
Estimated Reimbursable Costs for Plan Implementation				
Legal	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Agenda	10,000	10,000	10,000	10,000
Staff Time	90,000	90,000	90,000	90,000

Miscellaneous	10,000	10,000	10,000	10,000
Urban Design Consultant	90,000	90,000	90,000	90,000
Development Finance Consultant	40,000	40,000	40,000	40,000
Historic District Consultant	35,000	35,000	35,000	35,000
Final Development Plan Approval Fees				
($.05 per sq.ft. @ 711,297 sq.ft., after 3rd Amend @ 722,797 sq.ft.)	36,140	36,140	36,140	36,140
($50 per dwelling unit @ 184 units)	9,200	9,200	9,200	9,200
Plan & Project Administration and Developer/Consultant/TIFC Expenses (incl. expenses for affirmative action administration)	310,000	310,000	310,000	310,000
Total TIF Commission Expenses	$ 680,340	$ 680,340	$ 680,340	$ 680,340
Project Costs				
District-Wide Expenses - Public Purpose				
Streetscape (20th Street Streetscape - 14th Amendment)	$ 5,800,000	$ 900,000	$ 5,800,000	$ 900,000
Additional Improvements - Tracks 215 -parking structure and apartments				
Acquisition			$ 3,952,400	
Site Preparation			$ 1,800,000	
Harrd Construction Costs			$ 68,115,297	
Soft Costs			$ 6,693,754	
Financing Costs			$ 2,401,484	
Developer Fees			$ 2,395,438	
Residential Total Development Costs = $85,358,373				
Parking Total Development Costs = $12,600,000			12,600,000	3,952,400
Total Additional Improvements Costs = $97,958,373				
	-	-	-	-
Total District-Wide Expenses	$ 5,800,000	$ 900,000	$ 103,758,373	$ 4,852,400
Project 2 - Marietta Chair Building (terminated by 16th Amendment)				
Project Area 3 - Francis Hotel (deleted in 12th Amend.)				
Project 4 - Baltimore Parking Garage (deleted in 12th Amend.)				
Project 5 - Francis Office (deleted in 12th Amend.)				
Project 6 - Locust Group Office (deleted in 12th Amend.)				
Project 7 - 2000 Main (deleted in 12th Amend.)				
Project 8 - Pendergast Office - 1908 Main (deleted in 12th Amend.)				
Project 9 - Monroe Hotel - 1904 Main (deleted in 12th Amend.)				
Project 10 - 1900 Main				
3,000 sq.ft. restaurant; 3,300 sq.ft. photography studio				
7,800 sq.ft. office				
Acquisition	$ 145,000	$ -	$ 145,000	$ -
Building Rehabilitation	461,229	-	461,229	-
Financing	17,446	-	17,446	-
Interest Expense	383,723	383,723	383,723	383,723
ADA Compliance	76,000	76,000	76,000	76,000
Sidewalk Vault Restoration	275,103	274,000	275,103	274,000
Total Project 10 - 1900 Main	$ 1,358,501	$ 733,723	$ 1,358,501	$ 733,723
Project 11 - 2000 Baltimore (deleted in 12th Amend.)				
Project 12C & 12R - H.D. Lee Building				
18,000 sq.ft. office; 16,220 sq.ft. retail/restaurant;				
119 residential condominiums (12R done as PIEA tax abatement)				
Acquistion Cost	$ 7,250,000	$ -	$ 7,250,000	$ -
Construction	23,883,900	-	23,883,900	-
Soft Costs	2,587,500	-	2,587,500	-
Financing Costs	2,717,025	-	2,717,025	-
Developers Fee	4,200,000	-	4,200,000	-

Total Project 12C & 12R - H.D. Lee Building	$ 40,638,425	$ -	$ 40,638,425	$ -
Project 13 - Freight House East Garage (HD Lee Parking Garage)				
***As of 12th Amendment, 4 story parking garage w/ 219 spaces**				
Acquisition cost/Remediation/Demolition				
Equipment				
Construction	$ 3,789,880	$ 3,701,263	$ 3,789,880	$ 3,701,263
Interest				
Project Soft Cost	604,875	604,875	604,875	604,875
Land	502,000	352,000	502,000	352,000
Contingency	439,476	430,600	439,476	430,600
Total Project 13 - Freight House East Garage	$ 5,336,231	$ 5,088,738	$ 5,336,231	$ 5,088,738
Project 14 - Safeway Building				
36,550 sq.ft. residential (28 units); 16,550 sq.ft. office				
3,000 sq.ft. gallery				
Land/Existing Building Cost	$ 133,100	$ -	$ 133,100	$ -
Site Development	467,711	467,711	467,711	467,711
Construction Cost	6,870,500	-	6,870,500	-
Project Services (soft costs)	1,008,677	66,159	1,008,677	66,159
Marketing Costs	257,450	-	257,450	-
Financing and Other Costs	2,002,879	320,779	2,002,879	320,779
Total Project 14 - Safeway Building	$ 10,740,317	$ 854,649	$ 10,740,317	$ 854,649
Project 15 - Manny's Restaurant (deleted in 12th Amend.)				
Project 16 - Columbia and Gray Buildings				
29,388 sq.ft. office; 7,719 sq.ft. retail/gallery/restaurant				
Land/Existing Building Cost	$ 944,957	$ -	$ 944,957	$ -
Site Development	301,794	301,794	301,794	301,794
Construction Cost	4,749,978	1,092,000	4,749,978	1,092,000
Project Services (soft costs)	468,519	29,617	468,519	29,617
Marketing Costs	171,982	-	171,982	-
Financing and Other Costs	42,200	20,200	42,200	20,200
Total Project 16 - Columbia and Gray Buildings	$ 6,679,430	$ 1,443,611	$ 6,679,430	$ 1,443,611
Project 17 - 2101 Central (Combined into Proj. 18 in 13th Amend.)				
Project 18 - Duff & Repp/Pabst-Pendergast Building				
98,800 sq.ft. office; 13,600 sq.ft. retail (per the 13th Amend.)				
Land/Existing Building Cost	$ 4,771,500	$ -	$ 4,771,500	$ -
Site Development				
Construction Period Carry	2,098,096	-	2,098,096	-
Construction Cost	9,128,721	3,954,616	9,128,721	3,954,616
Project Services (soft costs)				
Professional & Management Costs	737,169	-	737,169	-
Marketing Costs	500,077	-	500,077	-
Working Capital Reserve	73,503	-	73,503	-
Financing and Other Costs	459,206	-	459,206	-
Total Project 18 - Duff & Repp Building	$ 17,768,272	$ 3,954,616	$ 17,768,272	$ 3,954,616
Project 19 - Stuart Hall Bulding - 2121 Central (deleted in 12th Amend.)				
Project 20 - SW Boulevard Frontage (deleted in 8th Amend.)				
Project 21 - AD Jacobson Redevelopment				
***As of 8th Amendment 14,669 sq.ft. retail and related surface parking**				
Parking Acquisition Cost				
Site Work				
Financing Expenses				
Parking Structure				
Architect/Engineering/Legal				
Environmental				
Project Administration				
Streetscape/Lighting				
Public Art	$ 43,000	$ 33,000	$ 43,000	$ 33,000

ADA/Building Code Compliance				
Exterior Improvements				
Interior Improvements				
Mechanical/Electrical				
Building Acquisition	1,124,560	-	1,124,560	-
Demolition	-	-	-	-
Public Sitework and Streetscape				
Surface Parking				
Sitework, Surface Parking & Streetscape	278,529	278,529	278,529	278,529
Shell Building Improvements	864,163	-	864,163	-
Tenant Finish Allowance	246,015	-	246,015	-
Construction Contingency	-	-	-	-
AE Services (Architectural & Engineering)	130,000	60,000	130,000	60,000
Reimbursibles	-	-	-	-
Miscellaneous Owner Expenses	123,232	116,732	123,232	116,732
Special Inspections	3,000	-	3,000	-
Survey				
Soils				
Surveys, Soils	5,000	-	5,000	-
Commissions	75,000	-	75,000	-
Financing, Legal & Project Management	287,917	37,917	287,917	37,917
Contingency	-	-	-	-
Total Project 21 - AD Jacobson Redevelopment	$ 3,180,416	$ 526,178	$ 3,180,416	$ 526,178
Project 22 - Creamery Building - 2100 Central				
7,049 sq.ft. retail; 14,098 sq.ft office				
Pre-Development (including acquisition)	$ 993,000	$ -	$ 993,000	$ -
Legal, Accounting & Government Incentive	15,940	10,000	15,940	10,000
Developer Fee	138,922	-	138,922	-
Sitework, Parking, Streetscape & Off-site Improvements	187,550	170,000	187,550	170,000
Existing Shell - Hard Costs	1,133,254	1,050,000	1,133,254	1,050,000
Shell Enlargement - Hard Costs	380,218	-	380,218	-
Tenant Finish - Hard Costs	462,869		462,869	
Architect & Engineering	143,899	100,000	143,899	100,000
Testing & Inspections	7,574	-	7,574	-
Construction Loan Fees & Costs	39,700	-	39,700	-
Construction Period Interest	157,478	78,357	157,478	78,357
Construction Period Property Taxes	8,643	-	8,643	-
Construction Period Insurance & Utilities	25,233	-	25,233	-
Misc. Owner Expenses	19,811	-	19,811	-
Permanent Loan Fees & Costs	-	-	-	-
Marketing & Commission	118,864	-	118,864	-
Post Certification Interest	-	-	-	-
Total Project 22 - Creamery Building - 2100 Central	$ 3,832,955	$ 1,408,357	$ 3,832,955	$ 1,408,357
Project 23 - 2108 Central (deleted in 12th Amend.)				
Project 24A - 2114 Central				
82,268 sq.ft. office				
Acquisition Cost	$ 2,056,700	$ -	$ 2,056,700	$ -
Construction Costs	5,520,286	1,053,193	5,520,286	1,053,193
Financing Expenses	407,891	-	407,891	-
Architect/Engineering/Legal	561,946	25,500	561,946	25,500
Environmental	-	-	-	-
Project Administration	202,847	-	202,847	-
Streetscape/Lighting	-	-	-	-
Public Art	50,000	-	50,000	-
ADA/Building Code Compliance	-	-	-	-
Exterior Improvements	782,323	-	782,323	-
Interior Improvements	-	-	-	-
Mechanical/Electrical	-	-	-	-
Total Project 24A - 2114 Central	$ 9,581,993	$ 1,078,693	$ 9,581,993	$ 1,078,693
Project 24B - Parking Garage				
3 level parking garage with 290-spaces				
Streets/Landscaping/Utilities	$ 210,000	$ 210,000	$ 210,000	$ 210,000
Construction	2,900,000	2,900,000	2,900,000	2,900,000
Project Soft Costs	386,000	386,000	386,000	386,000
TIFC & District-Wide Expenses	1,177,520	1,177,520	1,177,520	1,177,520
Cost of Carry (Interest Expense)	4,457,400	4,457,400	4,457,400	4,457,400
Total Project 24B - Parking Garage	$ 9,130,920	$ 9,130,920	$ 9,130,920	$ 9,130,920

Project 25 - Eastern-Tract, Old Milwaukee Yard (deleted in 14th Amend.)				
Project 27 - Arthel Building Rehabilitation				
7,500 sq.ft. retail; 4,000 sq.ft. office; 10 surface parking spaces				
Building and Land Acquisition	$ 305,000	$ -	$ 305,000	$ -
Rehabilitation - Hard Costs	807,150	243,604	807,150	243,604
Environmental Fees & Abatement	52,500	52,500	52,500	52,500
Leasing Comissions	49,487	-	49,487	-
Loan Fees & Const Interest	69,588	19,485	69,588	19,485
TIF Legal and Planning Fees	30,000	30,000	30,000	30,000
Legal & Planning Fees & Appraisals	5,500	-	5,500	-
Architecture/Engineering	80,715	32,286	80,715	32,286
Surveys, Struc., Special Inspections	5,000	-	5,000	-
Development Fee	72,500	-	72,500	-
Contingency	72,500	21,750	72,500	21,750
Total Project 27 - Arthel Building Rehabilitation	$ 1,549,940	$ 399,625	$ 1,549,940	$ 399,625
Project 28 - Candle Building Rehabilitation				
35,828 sq.ft. Commercial/Office; 7,822 sq.ft. Retail				
Pre-Development (including acquisition)	$ 2,524,054	$ -	$ 2,524,054	$ -
Legal, Accounting & Governmental Incentive	34,298	10,000	34,298	10,000
Developer Fee	207,279	-	207,279	-
Sitework, Parking, Streetscape & Off-site Improvements	225,000	150,000	225,000	150,000
Existing Shell - Hard Costs	1,818,597	1,689,550	1,818,597	1,689,550
Shell Enlargement - Hard Costs	12,500	-	12,500	-
Tenant Finish - Hard Costs	1,172,544	-	1,172,544	-
Architectural & Engineering	214,705	-	214,705	-
Testing & Inspections	11,300	-	11,300	-
Construction Loan Fees & Costs	23,831	-	23,831	-
Construction Period Interest	283,586	150,000	283,586	150,000
Construction Period Property Taxes	21,341	20,000	21,341	20,000
Construction Period Insurance & Utilities	43,046	30,000	43,046	30,000
Misc. Owner Expenses	35,812	-	35,812	-
Permanent Loan Fees & Costs	46,000	-	46,000	-
Marketing & Commission	214,871	-	214,871	-
Post Certification Interest	-	-	-	-
Total Project 28 - Candle Building Rehabilitation	$ 6,888,764	$ 2,049,550	$ 6,888,764	$ 2,049,550
Total Project Improvements	**$ 129,756,254**	**$ 31,055,000**	**$ 227,714,627**	**$ 35,007,400**
Total All Projects & Activities	**$ 130,543,839**	**$ 31,735,340**	**$ 228,502,212**	**$ 35,687,740**

EXHIBIT 8 – SUPPLEMENT

Evidence of "But For" - District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units

See attached.

SBFRIEDMAN

MEMO

To: Robert Long, Economic Development Corporation of Kansas City, Missouri

From: Lance Dorn, SB Friedman Development Advisors
312.424.4255, ldorn@sbfriedman.com

Fran Lefor Rood, SB Friedman Development Advisors
312.424.4253, frood@sbfriedman.com

Date: May 16, 2019 [REVISED]

RE: Preliminary Financial Review – Tracks 215

SB Friedman Development Advisors (SB Friedman) was engaged by the Economic Development Corporation of Kansas City, Missouri (EDCKC) to conduct a preliminary financial review of the proposed Tracks 215 residential development (the "Project"). The Project includes the construction of 250 new residential units above a 400-space parking garage. The Project will be built on an existing surface parking lot located at the intersection of Wyandotte Street and West 22nd Street, in the Crossroads neighborhood of Kansas City (the "Site").

The Project will be developed by Tracks 215, LLC, a single-purpose entity that is anticipated to be a partnership between 3D Development, LLC, a local Kansas City developer that owns the Site and has experience in office development in the Crossroads, and a third-party apartment developer (collectively, the "Developer"). It is our understanding that 3D Development has had preliminary discussions with Greystar, LLC, a national apartment developer. The Developer indicated that Project financial feasibility is challenged by high construction costs, the need for structured replacement parking and expected challenges to continued rent growth for luxury units in Kansas City. Therefore, the Developer is requesting the following assistance through EDCKC:

- Abatement of property taxes (above current predevelopment taxes) generated by the Project for 20 years under the Port Authority of Kansas City (the "Port KC"), including:
  - 85% abatement in Years 1-10; and
  - 65% abatement in Years 11-20;
- Sales tax exemption on construction materials (STECM); and
- Redirection of surplus tax increment financing (TIF) increment available from the 22nd and Main TIF District, not to exceed $3.9 million in undiscounted revenues.

This memorandum includes a review of the following:

- Project characteristics
- Development budget
- Proposed sources of financing
- Pro forma assumptions and 10-year cash flow
- Need for requested financial assistance

Our analysis indicates that the full amount of assistance does not appear to be necessary for the Project, as presented, to be financially feasible. Therefore, SB Friedman recommends a reduced level of assistance as follows:

- 25% Port KC abatement for Years 1-10;
- Sales tax exemption on construction materials (STECM); and
- Redirection of surplus TIF increment, not to exceed $3.9 million in undiscounted revenues.

Our recommendations are provided in more detail in the **Conclusions and Recommendations** section of the memo.

Project Characteristics

The Site was acquired in 2017 by 2101 Broadway, LLC (the "Owner"), an entity affiliated with 3D Development for $2.2 million. The Site currently provides surface parking to office tenants in the adjacent 2101 Broadway office building. It is our understanding that 3D Development will be transferring the land into the partnership at a value of $4.0 million based on the current market value of the Site. The Project will then provide 150 structured parking spaces to 2101 Broadway office tenants at market rate leases.

The Developer is proposing to develop a $98.0 million luxury residential building that can compete with high-end product in the Crossroads and downtown, including the REVERB, Arterra, Two Light and Three Light developments. The 9-story residential tower will be located above a 3-story above-ground parking garage/podium. The Project will include:

- 250 residential units
  - 60 micro units
  - 165 one-bedroom units
  - 25 two-bedroom units
- Ground floor lobby/reception space, an active living room/gaming area and a fitness center
- 400-space parking garage providing parking for the residential units and 2101 Broadway office tenants

The Developer indicated that 25 micro units (10% of total units) will be leased at a rate of $1,100 per unit, which would be affordable to households earning the City median household income of $47,489. The Project will be designed with luxury finishes and include 8,800 square feet (SF) of top-of-the-market amenity space, including a rooftop outdoor kitchen, gaming area, coffee bar, storage lockers, and bicycle storage. Within the parking structure, 250 spaces will be reserved for residential tenants, with the remaining 150 spaces serving as replacement parking for the adjacent office building. The office parking spaces are expected to be leased to residents for evening-only parking at a reduced rate. **Figure 1** includes the Project site context. **Figure 2** includes a conceptual rendering of the Project.

PROJECT SCHEDULE

The Developer plans to begin construction in January 2020; following completion of incentive and financing commitments in 2019. Construction is anticipated to take 15 months, with lease up expected from March to December 2021. The Developer expects the Project will be stabilized in January 2022. The Developer indicated that their long-term plans for the Project will be dependent upon the hold-period preferences of and return requirements of their partners and equity investors, which are still being determined.

Figure 1. Project Site

Source: Google Earth and SB Friedman

Figure 2. Project Rendering

Source: Tracks 215, LLC

DEVELOPER PARTNERSHIP STRUCTURE

The structure of the partnership between 3D Development and a third-party apartment developer is still under negotiation. It is our understanding that the current options include transferring 3D Development's land stake to the partnership in exchange for either:

1. Conveyance of 150 parking spaces to an affiliate of 3D Development; or
2. An equity stake in the Project equal to the market value of the transferred land.

Developer Pro Forma Assumptions

SB Friedman reviewed the EDCKC application and supplemental materials submitted by the Developer and engaged the Developer in subsequent conversations to obtain additional and updated information to best understand underlying Project assumptions. The Developer provided the following documents for review:

- EDCKC Redevelopment Project Application, dated January 7, 2019;
- Purchaser's statement from the 2017 land sale to the Owner, dated July 7, 2017;
- Multi-family comparable project metrics;
- Supplemental market information on comparable projects, provided by Business Development Initiatives;
- Comparable project absorption detail, dated March 25, 2019;
- 10-year pro forma including development budget, funding sources, cash flow (income and expenses) and other Project assumptions, dated March 6, 2019;
- Schedule of available TIF surplus revenues and expected payments for the 22nd and Main District;
- Greystar site plan and preliminary renderings, created by Meeks Partners on November 19, 2018;
- Updated budget detail including a breakout of line-items and updated totals, provided on April 2, 2019;
- JE Dunn cost estimate for the parking structure, provided on April 10, 2019; and
- A breakdown of the Project hard costs, generated by Greystar and provided on April 11, 2019.

PROJECT BUDGET

Figure 3 presents total development costs (TDC) from the Developer's pro forma, which included budget assumptions from Greystar, the Developer and JE Dunn based on previous projects. Only high-level summaries of construction costs from these sources were provided. Additional detail was requested from the Developer on multiple occasions and was not provided. The Developer provided multiple iterations of Project costs during the review process. Correspondence from the Developer on various occasions indicated that the design of the building is very preliminary and that costs will continue to fluctuate. The costs presented in this memo reflect the most recent information, or costs the Developer indicated should be considered final for the purpose of this analysis.

SB Friedman evaluated the Developer's budget line items on a per square foot and per space basis and as a percentage of total costs using benchmarks from comparable Kansas City projects, industry data, and SB Friedman's experience underwriting proposed development throughout the Midwest.

An explanation of key line items from the Developer's budget is provided below. Detailed development costs are presented in **Table 1B** in **Appendix B**.

Figure 3. Project Budget Summary and Benchmarks

Uses/Development Costs [1]	Developer Budget	SBF Adjusted Budget $	% of TDC [2]	$/Unit [2]	Benchmark or Notes [3]	Key Line Item
Acquisition Costs	$3,952,400	$3,952,400	4.6%	$80 [4]	$90-100 [4]	☒
Site Preparation Costs	$1,800,000	$1,800,000	2.1%	$36 [4]	[5]	
Hard Construction Costs	$68,115,297	$68,115,297	79.8%	$257	$240-260	☒
Soft Costs	$6,693,754	$6,693,754	7.8%	$25	10-15%	
Financing Costs	$2,401,484	$2,401,484	2.8%	$9		
Developer Fees	$2,395,438	$2,395,438	2.7% [6]	$9	[5]	
Residential Total Development Costs	**$85,358,373**	**$85,358,373**		**$322**	**$290-320**	
Parking Total Development Costs	**$12,600,000**	**$12,600,000**		**$31,500**	**$32,000-$37,000**	☒
Total Development Costs	**$97,958,373**	**$97,958,373**				
STECM Savings	**$2,499,371**	**$2,690,628**				☒
Total Development Costs, after STECM	**$95,459,002**	**$95,267,745**				

[1] Costs reflect budget provided by Developer on 4/2/19

[2] Based on SBF Adjusted Budget

[3] Based on data from comparable Kansas City projects and SB Friedman project experience

[4] Value/SF of land

[5] Within benchmark range

[6] % of TDC, net of acquisition. Includes CM Fee.

Source: Tracks 215, LLC and SB Friedman

Key findings from our review of the Project budget include the following:

- **Site Acquisition.** The Project budget includes $4.0 million in Site acquisition costs, which is the value being transferred by 3D Development into the development partnership. When evaluating a project's request for public assistance, SB Friedman does not recognize contributed land value when the value is being transferred between two developer-controlled entities. However, in this instance, 3D Development is unable to undertake residential development on its own and is therefore seeking a partner for vertical construction. 3D Development is therefore transferring the land into a partnership with an otherwise unaffiliated entity (anticipated to be Greystar) in order to achieve the Site's development potential. This makes the transaction more akin to an arm's length transaction. Under this structure, it appears reasonable to recognize the $4.0 million in acquisition costs, which represents the value of the land the Developer could sell to a third party for development. The transferred land value totals $80 per square foot of land, which is below the range of recent land transactions observed by SB Friedman in the Crossroads neighborhood ($90-100 per square foot of vacant land). Therefore, the land value assumption appears reasonable.

- **Hard Construction Costs.** The Developer provided summary construction cost estimates, based on information from Greystar and JE Dunn. The Developer is assuming hard construction costs of $80.7 million (before STECM), which is an 11% increase from the original costs provided at the beginning of our review. To benchmark construction costs, SB Friedman isolated residential costs from parking costs. At the direction of the Developer, $1.2 million in costs associated with the residential footings and foundation were reallocated from parking costs to the residential component.

    - **Residential Hard Costs.** Due to the height of the building, the residential component will be built with concrete/steel frame construction. Residential hard costs of $257 per gross square foot were estimated by Greystar based on their previous projects in other markets and, per the Developer, also reflect the final construction costs for the REVERB and Three Light projects in Kansas City.

Residential hard costs are within the range observed by SB Friedman in recent mid- and high-rise projects in Kansas City, which ranged from $242-259 per square foot, when escalated to 2020 dollars. However, the Project is at the high end of the range and residential costs vary by the level of finish, amenity package and building class. Furthermore, mid- and high-rise development in Kansas City has been limited in recent years and the comparable set is small. The estimated costs for mid- and high-rise development that has moved forward in Kansas City appears consistent with costs observed by SB Friedman for recent luxury residential construction in downtown Chicago, despite the RS Means 2017 City Cost Index indicating that Chicago construction has a 20% cost premium over Kansas City. However, SB Friedman does not have access to data that would confirm actual costs to construct recent projects (i.e., Arterra, Two Light, Three Light). Given that the Project has not yet been designed and no detailed cost estimating has been undertaken for the residential component of the Project, final construction costs could vary substantially from what has been provided. Therefore, SB Friedman conducted a cost sensitivity analysis and is recommending a construction cost true-up at completion, both of which are discussed further in the **Conclusions and Recommendations**.

- **Parking Hard Costs.** The Developer is assuming $12.6 million in parking hard costs ($31,500 per space), net of the costs reallocated to the residential component. The Developer provided a high-level construction cost estimate from JE Dunn which indicated that costs could be even higher ($37,200 per space), but stated that a revision to SB Friedman's analysis was not needed. The Developer also provided a worksheet outlining construction costs associated with the nearby Corrigan Station garage.

  Construction costs are high relative to typical above-ground parking structures in which hard costs generally range from $20,000-25,000 per space. However, the garage costs for the Project may exceed the benchmark range for several reasons outlined by the Developer, including: the irregular shape of the Site, which reduces efficiency and requires cast-in-place construction, and the presence of an underground stream that will need to be addressed during construction. However, the cost estimates provided by the Developer did not provide additional detail to identify the cost premiums associated with these Site constraints. Furthermore, communication with JE Dunn indicates that the current costs are very rough order-of-magnitude estimates. Given that the Project has not yet been designed and no detailed cost estimating has been undertaken, final construction costs could vary substantially from what has been provided. Therefore, SB Friedman conducted a cost sensitivity analysis and is recommending a construction cost true-up, both of which are discussed further in the **Conclusions and Recommendations.**

- **Sales Tax Exemption on Construction Materials (STECM).** The Developer's cost estimates for the residential component reflect the requested STECM (i.e., costs were net of the anticipated sales tax exemption). However, to ensure comparability with other projects, which include sales taxes in their costs, SB Friedman added back in the anticipated STECM.

  The Developer estimated that the STECM would result in a $2.5 million reduction in hard costs ($2.2 million for the apartments and $339,000 for the garage). The Developer's estimate assumed 40% of hard costs for residential and 35% of hard costs for the parking structure were materials and applied an 8.5% sales tax rate. SB Friedman adjusted the sales tax rate from 8.5% to 8.6% to reflect the prevailing Kansas City sales tax. SB Friedman also adjusted the percent of hard costs assumed to be materials from 35% to 40% for the parking garage. This resulted in a slight increase in STECM benefit (from $2.5 million to $2.7 million).

FINANCING

Figure 4 presents preliminary anticipated financing sources for the Project, including a mix of conventional debt, a mezzanine loan to bridge the requested TIF redirection, cash equity and a deferred developer fee. Financing assumptions are described further below.

Figure 4. Preliminary Financing Sources

Sources/Development Financing [1]	Developer Sources	SBF Adjusted Sources		Benchmark or Notes [3]
		$	% of TDC [2]	
Conventional Debt	$68,835,245	$68,697,331	72.1%	65-70%
Mezzanine Debt, TIF Loan	$3,000,000	$3,000,000	3.1%	
Deferred Developer Fee	$1,197,719	$1,197,719	1.3%	30-35%
Cash Equity	$22,426,037	$22,372,695	23.5%	
TOTAL SOURCES	**$95,459,002**	**$95,267,745**	**100.0%**	

[1] Costs reflect budget provided by Developer on 4/2/19
[2] Based on SBF Adjusted Budget
[3] Based on industry data, data from comparable Kansas City projects and SB Friedman project experience
Source: Tracks 215, LLC and SB Friedman

- **Conventional Debt.** The Developer is assuming 72% loan-to-cost (LTC) in conventional debt, with a 4.85% interest rate and 30-year amortization. The Developer indicated that only preliminary conversations with lenders have occurred to date and was unable to provide documentation to validate assumed terms. The LTC appears rather high and the interest rate somewhat low relative to comparable residential projects reviewed by SB Friedman in Kansas City and market data. The Developer stated that the assumed terms are in line with those secured for their previous projects in the Crossroads and that they were confident those terms could be achieved again.

- **Mezzanine Debt/TIF Loan.** The Developer is assuming $3.0 million in mezzanine financing, which would be repaid with surplus TIF revenues generated by projects elsewhere in the TIF District. A summary of these projects and projected annual TIF revenues are presented in **Appendix B**. The TIF loan is assumed to have the same terms as the permanent loan, a 4.85% interest rate with a 30-year amortization. The Developer assumes turbo payments will be made to reduce debt on the TIF as surplus revenue is available. The loan is expected to be repaid in five years, prior to expiration of the TIF district. In the without assistance scenario, SB Friedman assumes the Mezzanine Debt would be covered by additional equity as the Project leverage is already rather high.

- **Deferred Developer Fee.** The Developer assumes 50% of the Developer Fee will be deferred. It is somewhat atypical to defer developer fees in market-rate residential projects, however the Developer indicated that financing partners will require a portion of the fee be deferred. The Developer's pro forma did not include repayment of the deferred developer fee out of cash flow. Therefore, for the purpose of this analysis, SB Friedman has treated the deferred developer fee as an additional equity contribution.

- **Cash Equity.** The remaining Project costs will be financed through equity. Equity accounts for 23.5% of TDC (24.8% when including the deferred developer fee), which is lower than the typical 30-35% range observed by SB Friedman for comparable projects.

CASH FLOW ASSUMPTIONS

SB Friedman compared cash flow assumptions in the Developer's pro forma with market comparables provided by the Developer, market data and recent residential projects reviewed by SB Friedman in Kansas City. Key assumptions from the Developer's pro forma are outlined below.

- **Apartment Rents.** The Developer is assuming an average monthly rent of $2.54 per square foot at construction completion in 2021. The Developer provided comparable rent data for selected developments within the Crossroads and competitive neighborhoods. No third-party market analysis was provided. On a per square foot basis, the Project rents appear to be on the high end of luxury product pricing within the Crossroads and downtown, which have average rents ranging from approximately $2.00-2.60, escalated to 2021 dollars. The Project rents are most comparable to Two Light, at $2.54 per square foot, and Arterra, at $2.57 per square foot. This appears appropriate given the Developer's description of the Project as luxury residential and the assumed construction costs. The Developer assumes a 2.0% annual rent escalation, which is on the conservative end of the typical 2-3% escalation range for comparable Kansas City projects.
    - **Affordable Apartment Rents.** The Developer indicated 10% of the total units, or 25 of the 60 micro units, will be affordable to households earning the City median household income of $47,489. The affordable micro units will rent for $2.14 per square foot per month, compared to the $2.66 per square foot per month for market-rate micro units. The adjustment reduces the overall average monthly rent per square foot of the Project from $2.54 to $2.51.
    - **Apartment Parking Rents.** The Developer assumes 250 spaces will be reserved for the residential component at one space per unit. Parking rent is projected to be $125 per month for reserved residential spaces, at the midpoint of the $100-150 per month range for comparable developments. The higher rents are at Power and Light and Two Light, which are downtown in a denser area with less alternative parking available. Therefore, the Developer's assumed parking rents appear reasonable.

Figure 5. Market-Rate Rent Comparables

Project Name	Year Built	# of Units	Avg. SF	% Vacant	Average Rent/SF [1]	Parking Rent/Space
Tracks 215		**250**	**900**	**5.0%**	**$2.54** [2}	**$125**
Power and Light	2016	291	984	10.0%	$2.03	$150
Two Light	2018 [3]	296	1,030	10.8%	$2.54	$125-150
Arterra	2018 [3]	63	876	38.9%	$2.57	$100
1914 Main	2016	44	800	0.0%	$1.80	$140
Terrace on Walnut	2017	38	817	0.0%	$1.99	$95

[1] Comparable rents inflated to 2021 dollars using Developer rent escalation assumption
[2] Excludes affordable units
[3] Project still in lease-up period
Source: Apartments.com, CoStar, Tracks 215, LLC and SB Friedman

- **Commercial Parking Revenues.** The Developer indicated the remaining 150 parking spaces will serve as replacement parking for the existing surface lot, which provides parking for the 2101 Broadway office building directly to the north. The 150 parking spaces will be rented at $100 per month per space to office tenants during the day, and available for after-hours residential parking in the evening at a reduced rate of $75 per month. The Developer assumes the office and reserved residential parking will both carry 5% ongoing vacancy. The after-hours parking is expected to carry 20% ongoing vacancy. Commercial parking rents align with comparable project rent data previously provided by the Developer for 2101 Broadway and 2100 Central and parking revenues observed by SB Friedman in the local submarket.

- **Operating Expenses.** SB Friedman reviewed annual residential operating expenses as a percentage of revenues. Expenses, net of real estate taxes, typically range from 20-25% of annual revenues at stabilization for new construction residential projects. The Developer assumes annual operating expenses are 21% of revenues, at the low end of the range due to the higher residential rents expected. The Developer assumes operating expenses, net of real estate taxes, increase at 2.25% annually, which is within the typical 2-3% escalation range for comparable Kansas City projects. While the operating escalation assumption is reasonable, an operating expense escalation greater than the revenue escalation is a conservative estimate that limits cash flow.

- **Real Estate Taxes.** The Developer is assuming an assessed value (AV) of approximately $23,100 per unit, which appears reasonable relative to recently completed projects in the Crossroads. Real estate taxes are assumed to inflate at 3% biennially, which EDCKC indicated may be slightly conservative, but is in line with recent projects reviewed by SB Friedman in Kansas City. At the direction of the EDCKC, the tax rate was adjusted from 9.35%. to 9.7326%, the current combined levy and replacement tax rate. We also adjusted the base taxes used in the calculation of the abatement from the 2017 to the 2018 taxes.

- **Terminal Cap Rate.** The Developer included a terminal cap rate of 6.5% in the calculation for reversion proceeds at a hypothetical sale point in Year 10. The assumed terminal cap rate appears high relative to industry data and recent projects reviewed by SB Friedman in Kansas City, particularly given the high-end nature of the Project. Therefore, for the purpose of this analysis, the terminal cap rate was decreased to 6.0%. The Developer assumed a discount rate of 7.0% to estimate the net present value of the remaining abatement extending beyond Year 10. It is SB Friedman's standard methodology to value the incentive beyond the analysis period using a discount rate equal to the terminal cap rate; therefore, this rate was adjusted to 6.0% for the purpose of this analysis.

Need for Financial Assistance

SB Friedman analyzed the Project's need for financial assistance under the following scenarios:

1. **Without Assistance.** This scenario assumes the Project will not receive any EDCKC assistance.
2. **With Full Requested Assistance.** This scenario assumes the Project receives the requested Port KC abatement, TIF, and STECM.
3. **With Adjusted Assistance.** This scenario modifies the assistance requested to an amount in which the Project appears financially feasible.

SB Friedman typically evaluates a project's need for financial assistance using one or more return metrics:

1. **Unleveraged Internal Rate of Return (IRR).** This is the rate of return or discount rate for a project, accounting for initial expenditures to construct the Project (total project costs) and ongoing cash inflows (annual net operating income [NOI] before debt service), as well as a hypothetical sale of the Project at the end of the analysis period.

2. **Stabilized Yield on Cost.** This metric is calculated by dividing NOI before debt service in the first year of stabilized operations by total project costs and is an indicator of the annual overall return on investment for the Project's financing structure.

3. **Leveraged Internal Rate of Return.** This is the annualized rate of return the Project's equity investors would be projected to realize over their full investment period, including an assumed hypothetical sale of the Project at the end of the analysis period.

4. **Stabilized Cash on Cash Return**. This metric indicates the annual cash return to equity investors once the Project reaches stabilization and is calculated by dividing net cash flow (after debt service) in the first year of stabilized operations by the total initial equity investment.

SB Friedman primarily evaluated the need for financial assistance based on stabilized yield on cost and unleveraged IRR due to the preliminary nature of the Developer's financing assumptions and the relatively high level of debt in the capital stack, which has not been supported with documentation from potential lenders.

Our analysis incorporates the Developer's projection of property taxes, surplus TIF increment available from the 22nd and Main TIF District, and STECM benefit. The benefit from the Port KC abatement is based on the Developer's adjusted projections of growth in property tax revenues above the current values, with an 85% abatement of incremental property taxes generated by the Project in Years 1-10 and a 65% abatement of incremental property taxes generated in years 11-20. SB Friedman also analyzed an alternative scenario with an adjusted level of assistance that appears to bring the Project to reasonable return ranges.

SB Friedman made the following adjustments to the Developer's original pro forma for the purpose of evaluating the Project's need for assistance:

- **Residential Hard Costs.** The Developer provided multiple iterations of hard costs during our review. SB Friedman adjusted the original hard costs of $72.5 million to $80.7 million to reflect the most recent information provided by the Developer at the time of our analysis.

- **STECM Adjustment.** The Developer estimated that the STECM would result in a $2.5 million reduction in hard costs ($2.2 million for the apartments and $339,000 for the garage). The Developer's estimate assumed 40% of hard costs for residential and 35% of hard costs for the parking structure were materials and applied an 8.5% sales tax rate. SB Friedman adjusted the sales tax rate from 8.5% to 8.6% to reflect the prevailing Kansas City sales tax. SB Friedman also adjusted the percent of hard costs assumed to be materials from 35% to 40% for the parking garage. This resulted in a slight increase in STECM benefit (from $2.5 million to $2.7 million).

- **Capital Stack.** As a result of the various iterations of the budget provided by the Developer, the Project sources required modification. SB Friedman requested but was not provided updated financing sources to match the updated construction cost assumptions. For the purposes of this analysis, we adjusted the sources as outlined below:

- **Conventional Debt.** Retained the Developer's original 72% loan-to-cost assumption;
- **TIF/Mezzanine Loan:** Retained the gross loan amount, which aligns with the discounted value of the TIF redirection;
- **Deferred Developer Fee:** Retained the assumption that 50% of the developer fee will be deferred;
- **Equity:** Increased equity to cover the remaining gap in sources.

- **Parking Revenues.** The Developer's 10-year cash flow pro forma did not include the assumed revenue from parking operations. SB Friedman adjusted the pro forma to include the revenues as indicated in the rent roll matrix.

- **Reversion Value.** The Developer assumed a 6% cost of sale at reversion. SB Friedman adjusted the cost of sale assumption to 3% to reflect our standard underwriting methodology for EDCKC. This increased the net reversion proceeds by approximately $2.8 million.

  The Developer assumed a terminal cap rate of 6.5% at reversion. Based on industry data sources, SB Friedman project experience in Kansas City and the high-end nature of the Project, SB Friedman adjusted the terminal cap rate to 6.0%. SB Friedman also adjusted the discount rate used to calculate the present value of the remaining assistance beyond Year 10 from 7.0% to 6.0% to equal the Developer's terminal cap rate. Prior to the adjustment, the Developer reversion value was below the cost of construction for the Project.

- **Real Estate Taxes**. At the direction of the EDCKC, the tax rate was adjusted from 9.35%. to 9.7326%, the current combined levy and replacement tax rate. We also adjusted the base taxes used in the calculation of the abatement from the 2017 to the 2018 taxes. The Developer's pro forma included multiple inflation rate assumptions for real estate taxes. After discussions with the Developer, SB Friedman disregarded the 3.5% and 2.0% references and assumed real estate taxes will increase 3% biennially.

- **Projected TIF Revenue.** The Developer originally included Marietta Chair in the projection of surplus TIF revenues available to the Project. At the direction of EDCKC, SB Friedman removed the project from the combined schedule of available increment as the project is not an active TIF project.

As presented in **Figure 6** and in further detail in **Appendix Tables 2B-4B**, SB Friedman estimates that, without assistance, the Project would fail to generate market acceptable returns, with a stabilized yield on cost of 5.2% and unleveraged IRR of 5.8%. Typically, projects of this type would expect to achieve a yield on cost ranging from 6.0-7.0% and an unleveraged IRR of 7.0-8.0%, with projects in established and core markets achieving at the lower end of the range and riskier projects (based on program, location or other factors) achieving at the higher end.

The full assistance requested by the Developer is projected to generate a stabilized yield on cost of 6.6% and an unleveraged IRR of 7.3%. The yield on cost metric appears somewhat high given the luxury nature of the Project and its location in the Crossroads, which is a core residential market in Kansas City and therefore a relatively less risky investment environment than many development projects receiving public financial assistance. In evaluating the Project's need for assistance, greater weight was given to the yield on cost metric, as the cash flow assumptions are relatively conservative, with expenses increasing at a higher rate than revenues. This limits the value of the property to $99.9 million at assumed sale in Year 10 (with the adjusted 6.0% cap rate), just 2% higher than the $98.0 million in construction costs. Typically, new construction Class A product can be sold at a price with a significantly higher premium over the costs of construction. Therefore, SB Friedman primarily evaluated the yield on cost metric and recommends a reduced level of assistance as follows:

- 25% Port KC abatement for Years 1-10;
- Sales tax exemption on construction materials (STECM); and
- Redirection of surplus TIF increment, not to exceed $3.9 million in undiscounted revenues.

With the recommended level of assistance, the Project is projected to achieve a stabilized yield on cost of 6.3% and an unleveraged IRR of 6.7%. While the resulting unleveraged IRR is below the benchmark range, this is directly attributable to the Developer's conservative annual revenue escalation assumption. Should the revenue escalation match the expense inflation assumption, the unleveraged IRR would increase to 7.0%. Any additional increase in revenues more in line with recent rental growth trends would increase returns, potentially substantially, as would reductions in construction costs.

The undiscounted value of the total recommended assistance is projected to be $7.8 million over the 20-year assistance period, or $6.5 million when discounted at 6.0%.

Figure 6. Projected Financial Returns

Returns Metric	No Assistance	Full Requested Assistance	Adjusted Assistance	Benchmark Return [1]
Stabilized Yield on Cost	5.2%	6.6%	6.3%	6.0-7.0%
Unleveraged IRR	5.8%	7.3%	6.7%	7.0-8.0%
Undiscounted Value of Total Assistance ($)		$15,611,000	$7,791,000	
Discounted Value of Assistance [2] ($)		$10,849,000	$6,541,000	
Discounted Value of Assistance [2] (% TDC)		11.4%	6.9%	
Undiscounted Taxing District Property Tax Collections Over the 20-Year Period		$7,468,000	$15,288,000	

[1] Based on industry data, data from comparable Kansas City projects and SB Friedman project experience

[2] Discounted at 6.0% to 2020 dollars

Source: CoStar, Tracks 215, LLC and SB Friedman

Conclusions and Recommendations

The Developer has indicated that the requested assistance is required to support the construction costs related to mid-rise high-end development and structured parking, as well as supporting operations due to expected challenges to growth in luxury rental rates. Based on SB Friedman's analysis, the Project does appear to require public financial assistance, primarily to address the high costs of construction for the residential component and the costs of providing 150 structured parking spaces to replace the existing 150 surface parking spaces on the Site. These costs are not fully supported by projected rents. However, the Project does not appear to require the full requested assistance to be financially feasible. The recommended level of assistance leaves the Project well within the range of returns that are typically acceptable for institutional-grade development in established markets.

In addition, the following factors are provided for EDCKC, the City, Port KC, and the TIF Commission to consider in establishing the level of assistance provided to the Project:

- While the construction costs do appear to be within cost estimate ranges of the limited number of mid- and high-rise luxury residential product in Kansas City, local rents are unable to support construction costs related to luxury residential development at this level. For illustrative purposes, the cost profile of the Project is similar to luxury residential product recently reviewed by SB Friedman in Chicago, which is projected to achieve $3.50 per square foot in rent as opposed to the $2.54 at the Project.

- The Developer indicated that the need for assistance is further impacted by softening market demand for luxury product in Kansas City. The Developer anticipates that the Project will encounter ongoing operating challenges due to a substantial number of competitive new-construction luxury residential units coming online. They indicated that Arterra has been slow to lease up. However, the project opened in January 2019 and the winter months typically have fewer residential moves. Based on recent leasing data, it appears occupancy in existing luxury product in the Crossroads and Downtown (e.g., One Light) is typically negatively impacted as new competitive product is delivered. It is unclear whether such reductions are temporary or structural. If the market is currently saturated, it is important to consider the impact an infusion of 250 units of publicly incentivized luxury residential will have on the existing product (all of which received public incentives). It seems likely that any continued changes in the luxury market or lag in leaseup for Arterra during the prime spring and summer months would be accounted for by the Developer in right-sizing the Project as design moves forward and financing discussions occur. In the absence of a market study from the Developer establishing a weakening of the luxury market based on existing supply and demographic trends, SB Friedman has not adjusted any operating assumptions following our initial review of the Project.

- Construction costs are very preliminary as the Project has not yet been designed and no detailed cost estimating has been undertaken. Therefore, as the Project continues through the predevelopment process, it is likely that costs will be refined to a level more commensurate with achievable revenues. Therefore, SB Friedman recommends that EDCKC and the Port KC consider a construction cost savings sharing provision where, should costs be reduced below a defined level (e.g., 5% or greater cost savings), the amount of public assistance would be reduced. EDCKC and the Port KC could also consider a conditional approval of incentives, pending completion of schematic design and receipt of contractor bids for construction. At that point, the amount of public assistance could be refined.

The Developer has continued to advocate for a higher return threshold than recommended by SB Friedman due to perceived risks associated with the Project. SB Friedman's recommendation is consistent with prior projects reviewed for EDCKC and the return threshold appears commensurate with risk. Many of the risk factors identified by the Developer are likely to be resolved or clarified as the Project progresses through predevelopment (i.e., construction costs, market demand and stability), with adjustments made to ensure the Project achieves returns required by equity investors and meets the underwriting standards of lenders.

After discussion with the EDCKC, SB Friedman has calculated returns for two additional assistance scenarios:

1. **75% Abatement for Years 1-10; STECM; $3.9 million in undiscounted TIF revenues.** Results in a yield on cost of 6.6% and an unleveraged IRR of 7.0%.
2. **75% Abatement for Years 1-10, 37.5% Abatement for Years 11-20; STECM; $3.9 million in undiscounted TIF revenues**. Results in a yield on cost of 6.6% and unleveraged IRR of 7.1%.

Appendix A

LIMITATIONS OF OUR ENGAGEMENT

Our deliverable is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and meetings/teleconferences with the Economic Development Corporation of Kansas City, Missouri and the Developer during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the deliverable. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our deliverable, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise analyses or the deliverable to reflect events or conditions that occur subsequent to the date of the deliverable. These events or conditions include, without limitation, economic growth trends, governmental actions, changes in state statute, additional competitive developments, interest rates, and other market factors. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our deliverable is intended solely for your information, for purposes of reviewing a request for financial assistance, and is not a recommendation to issue bonds or other securities. The deliverable should not be relied upon by any other person, firm or corporation, or for any other purposes. Neither the deliverable nor its contents, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, appraisal, sales brochure, prospectus, loan, or other agreement or document intended for use in obtaining funds from individual investors without our prior written consent.

We acknowledge that upon submission to EDCKC, the deliverable may become a public document within the meaning of the Missouri Sunshine Law. Nothing in these limitations is intended to block the disclosure of the documents under such Act.

Appendix B

Figure 1B. Detailed Development Costs

Uses/Development Costs	Developer Budget	SBF Adjusted Budget $	% of TDC	$/GSF	$/Land SF
Acquisition Costs					
Acquisition Costs	$3,952,400	$3,952,400			
Total Acquisition Costs	**$3,952,400**	**$3,952,400**	**4.0%**	**$15**	**$80**
Site Preparation Costs					
Site Demolition and Preparation Costs	$1,800,000	$1,800,000			
Total Site Preparation Costs	**$1,800,000**	**$1,800,000**	**1.8%**	**$7**	**$36**
Hard Construction Costs					
Hard Construction Costs -Building	$64,755,305	$64,755,305			
Hard Construction Costs -Parking/Podium	$13,460,621	$13,460,621			
STECM	2,499,371	$2,499,371			
Total Hard Costs	**$80,715,297**	**$80,715,297**	**82.4%**	**$305**	
Soft Costs					
Construction Period Taxes	$50,000	$50,000			
Legal and Related	$290,000	$290,000			
Closing Costs	$150,000	$150,000			
City Fees and permits including entitlements	$450,000	$450,000			
Architectural	$1,629,964	$1,629,964			
Engineering and Related	$450,000	$450,000			
Preleasing Expenses & Operating Deficit	$352,414	$352,414			
Marketing/FFE	$850,000	$850,000			
Tenant Improvements	$0	$0			
Leasing Commissions	$0	$0			
Other Development Costs	$610,000	$610,000			
Insurance & Bond	$126,000	$126,000			
Greystar CM Fee	$1,565,603	$1,565,603			
Owner SC Contingency	$169,773	$169,773			
Total Soft Costs	**$6,693,754**	**$6,693,754**	**6.8%**	**$25**	
Financing Costs					
Total Senior Construction and Mezzaine Loan Fee	$1,071,051	$1,071,051			
Senior Construction Loan Interest & Reserve	$1,330,433	$1,330,433			
Total Financing Costs	**$2,401,484**	**$2,401,484**	**2.5%**	**$9**	
Developer Fees					
Development Fee	$2,395,438	$2,395,438			
Total Developer Fees	**$2,395,438**	**$2,395,438**	**2.4%**	**$9**	
TOTAL DEVELOPMENT COSTS (before STECM)	**$97,958,373**	**$97,958,373**	**100%**	**$370**	
Less STECM adjustment	$2,499,371	$2,690,628			
TOTAL DEVELOPMENT COSTS (after STECM)	**$95,459,002**	**$95,267,745**		**$360**	

Source: Tracks 215, LLC, SB Friedman

Figure 2B. Cash Flow Pro Forma: No Assistance

	2020	STABILIZATION 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
NO ASSISTANCE	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Development Sources											
Conventional Debt	-$70,637,536										
Mezzanine Debt	$0										
Deferred Developer Fee	-$1,197,719										
Cash Equity	-$26,123,118										
Net Operating Income		$5,081,158	$5,190,246	$5,284,597	$5,397,919	$5,496,080	$5,613,800	$5,715,922	$5,838,210	$5,944,450	$6,071,480
Reversion Proceeds (Year 10)											$99,942,373
TOTAL		**$5,081,158**	**$5,190,246**	**$5,284,597**	**$5,397,919**	**$5,496,080**	**$5,613,800**	**$5,715,922**	**$5,838,210**	**$5,944,450**	**$106,013,854**
Development Uses											
Permanent Debt Service		$4,472,982	$4,472,982	$4,472,982	$4,472,982	$4,472,982	$4,472,982	$4,472,982	$4,472,982	$4,472,982	$4,472,982
Permanent Debt Repayment (Year 10)											$57,196,542
TIF Bridge Loan Debt Service		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Equity Distribution		$608,176	$717,264	$811,615	$924,937	$1,023,098	$1,140,818	$1,242,940	$1,365,228	$1,471,468	$44,344,329
TOTAL		**$5,081,158**	**$5,190,246**	**$5,284,597**	**$5,397,919**	**$5,496,080**	**$5,613,800**	**$5,715,922**	**$5,838,210**	**$5,944,450**	**$106,013,854**
Debt Coverage Ratio		**1.14**	**1.16**	**1.18**	**1.21**	**1.23**	**1.26**	**1.28**	**1.31**	**1.33**	**1.36**
Unleveraged Cash Flow - No Assistance											
Total Project Costs	-$97,958,373										
Net Operating Income		$5,081,158	$5,190,246	$5,284,597	$5,397,919	$5,496,080	$5,613,800	$5,715,922	$5,838,210	$5,944,450	$6,071,480
Reversion Proceeds (Year 10)											$99,942,373
TOTAL	**-$97,958,373**	**$5,081,158**	**$5,190,246**	**$5,284,597**	**$5,397,919**	**$5,496,080**	**$5,613,800**	**$5,715,922**	**$5,838,210**	**$5,944,450**	**$106,013,854**
Annual Yield on Cost		**5.2%**	**5.3%**	**5.4%**	**5.5%**	**5.6%**	**5.7%**	**5.8%**	**6.0%**	**6.1%**	**6.2%**
Unleveraged IRR	**5.8%**										
Leveraged Cash Flow - No Assistance											
Equity Contribution	-$26,123,118										
Deferred Developer Fee	-$1,197,719										
Equity Distribution		$608,176	$717,264	$811,615	$924,937	$1,023,098	$1,140,818	$1,242,940	$1,365,228	$1,471,468	$44,344,329
TOTAL	**-$27,320,837**	**$608,176**	**$717,264**	**$811,615**	**$924,937**	**$1,023,098**	**$1,140,818**	**$1,242,940**	**$1,365,228**	**$1,471,468**	**$44,344,329**
Annual Cash-on-Cash Return		**2.2%**	**2.6%**	**3.0%**	**3.4%**	**3.7%**	**4.2%**	**4.5%**	**5.0%**	**5.4%**	**5.9%**
Leveraged IRR	**7.7%**										

Source: Tracks 215, LLC, SB Friedman

Figure 3B. Cash Flow Pro Forma: Full Assistance

	2020	STABILIZATION 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
FULL ASSISTANCE	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Development Sources											
Conventional Debt	-$68,697,331										
Mezzanine Debt	-$3,000,000										
Deferred Developer Fee	-$1,197,719										
Cash Equity	-$22,372,695										
Net Operating Income		$5,081,158	$5,190,246	$5,284,597	$5,397,919	$5,496,080	$5,613,800	$5,715,922	$5,838,210	$5,944,450	$6,071,480
Savings from Property Tax Assistance		$460,322	$460,322	$474,632	$474,632	$489,371	$489,371	$504,552	$504,552	$520,189	$520,189
TIF Redirection		$775,758	$554,176	$420,655	$296,077	$301,999	$308,039	$314,199	$320,483	$326,893	$233,043
Reversion Proceeds (Year 10)											$99,942,373
PV of Remaining Public Asistance (Year 11+)											$3,188,251
TOTAL		**$6,317,238**	**$6,204,745**	**$6,179,883**	**$6,168,628**	**$6,287,450**	**$6,411,210**	**$6,534,674**	**$6,663,245**	**$6,791,532**	**$109,955,337**
Development Uses											
Permanent Debt Service		$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122
Permanent Debt Repayment (Year 10)											$55,625,522
TIF Bridge Loan Debt Service		$676,893	$676,893	$676,893	$676,893	$676,893	$0	$0	$0	$0	$0
Equity Distribution		$1,290,223	$1,177,729	$1,152,868	$1,141,613	$1,260,434	$2,061,087	$2,184,551	$2,313,123	$2,441,410	$49,979,693
TOTAL		**$6,317,238**	**$6,204,745**	**$6,179,883**	**$6,168,628**	**$6,287,450**	**$6,411,210**	**$6,534,674**	**$6,663,245**	**$6,791,532**	**$109,955,337**
Debt Coverage Ratio		**1.26**	**1.23**	**1.23**	**1.23**	**1.25**	**1.47**	**1.50**	**1.53**	**1.56**	**1.57**
Unleveraged Cash Flow - Full Assistance											
Total Project Costs	-$95,267,745										
Net Operating Income		$5,081,158	$5,190,246	$5,284,597	$5,397,919	$5,496,080	$5,613,800	$5,715,922	$5,838,210	$5,944,450	$6,071,480
Savings from Property Tax Assistance		$460,322	$460,322	$474,632	$474,632	$489,371	$489,371	$504,552	$504,552	$520,189	$520,189
TIF Redirection		$775,758	$554,176	$420,655	$296,077	$301,999	$308,039	$314,199	$320,483	$326,893	$233,043
Reversion Proceeds (Year 10)											$99,942,373
PV of Remaining Public Asistance (Year 11+)											$3,188,251
TOTAL	**-$95,267,745**	**$6,317,238**	**$6,204,745**	**$6,179,883**	**$6,168,628**	**$6,287,450**	**$6,411,210**	**$6,534,674**	**$6,663,245**	**$6,791,532**	**$109,955,337**
Annual Yield on Cost		**6.6%**	**6.5%**	**6.5%**	**6.5%**	**6.6%**	**6.7%**	**6.9%**	**7.0%**	**7.1%**	**7.2%**
Unleveraged IRR	**7.3%**										
Leveraged Cash Flow - Full Assistance											
Equity Contribution	-$22,372,695										
Deferred Developer Fee	-$1,197,719										
Equity Distribution		$1,290,223	$1,177,729	$1,152,868	$1,141,613	$1,260,434	$2,061,087	$2,184,551	$2,313,123	$2,441,410	$49,979,693
TOTAL	**-$23,570,414**	**$1,290,223**	**$1,177,729**	**$1,152,868**	**$1,141,613**	**$1,260,434**	**$2,061,087**	**$2,184,551**	**$2,313,123**	**$2,441,410**	**$49,979,693**
Annual Cash-on-Cash Return		**5.5%**	**5.0%**	**4.9%**	**4.8%**	**5.3%**	**8.7%**	**9.3%**	**9.8%**	**10.4%**	**10.5%**
Leveraged IRR	**12.4%**										

Source: Tracks 215, LLC, SB Friedman

Figure 4B. Cash Flow Pro Forma: Adjusted Level of Assistance

	2020	STABILIZATION 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
ADJUSTED ASSISTANCE	**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Development Sources											
Conventional Debt	-$68,697,331										
Mezzanine Debt	-$3,000,000										
Deferred Developer Fee	-$1,197,719										
Cash Equity	-$22,372,695										
Net Operating Income		$5,081,158	$5,190,246	$5,284,597	$5,397,919	$5,496,080	$5,613,800	$5,715,922	$5,838,210	$5,944,450	$6,071,480
Savings from Property Tax Assistance		$135,389	$135,389	$139,598	$139,598	$143,933	$143,933	$148,398	$148,398	$152,997	$152,997
TIF Redirection		$775,758	$554,176	$420,655	$296,077	$301,999	$308,039	$314,199	$320,483	$326,893	$233,043
Reversion Proceeds (Year 10)											$99,942,373
PV of Remaining Public Asistance (Year 11+)											$0
TOTAL		**$5,992,305**	**$5,879,811**	**$5,844,849**	**$5,833,594**	**$5,942,011**	**$6,065,771**	**$6,178,519**	**$6,307,091**	**$6,424,340**	**$106,399,894**
Development Uses											
Permanent Debt Service		$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122	$4,350,122
Permanent Debt Repayment (Year 10)											$55,625,522
TIF Bridge Loan Debt Service		$676,893	$676,893	$676,893	$676,893	$676,893	$0	$0	$0	$0	$0
Equity Distribution		$965,289	$852,796	$817,833	$806,578	$914,996	$1,715,649	$1,828,397	$1,956,968	$2,074,217	$46,424,249
TOTAL		**$5,992,305**	**$5,879,811**	**$5,844,849**	**$5,833,594**	**$5,942,011**	**$6,065,771**	**$6,178,519**	**$6,307,091**	**$6,424,340**	**$106,399,894**
Debt Coverage Ratio		**1.19**	**1.17**	**1.16**	**1.16**	**1.18**	**1.39**	**1.42**	**1.45**	**1.48**	**1.48**
Unleveraged Cash Flow - Adjusted Assistance											
Total Project Costs	-$95,267,745										
Net Operating Income		$5,081,158	$5,190,246	$5,284,597	$5,397,919	$5,496,080	$5,613,800	$5,715,922	$5,838,210	$5,944,450	$6,071,480
Savings from Property Tax Assistance		$135,389	$135,389	$139,598	$139,598	$143,933	$143,933	$148,398	$148,398	$152,997	$152,997
TIF Redirection		$775,758	$554,176	$420,655	$296,077	$301,999	$308,039	$314,199	$320,483	$326,893	$233,043
Reversion Proceeds (Year 10)											$99,942,373
PV of Remaining Public Asistance (Year 11+)											$0
TOTAL	**-$95,267,745**	**$5,992,305**	**$5,879,811**	**$5,844,849**	**$5,833,594**	**$5,942,011**	**$6,065,771**	**$6,178,519**	**$6,307,091**	**$6,424,340**	**$106,399,894**
Annual Yield on Cost		**6.3%**	**6.2%**	**6.1%**	**6.1%**	**6.2%**	**6.4%**	**6.5%**	**6.6%**	**6.7%**	**6.8%**
Unleveraged IRR	**6.7%**										
Leveraged Cash Flow - Adjusted Assistance											
Equity Contribution	-$22,372,695										
Deferred Developer Fee	-$1,197,719										
Equity Distribution		$965,289	$852,796	$817,833	$806,578	$914,996	$1,715,649	$1,828,397	$1,956,968	$2,074,217	$46,424,249
TOTAL	**-$23,570,414**	**$965,289**	**$852,796**	**$817,833**	**$806,578**	**$914,996**	**$1,715,649**	**$1,828,397**	**$1,956,968**	**$2,074,217**	**$46,424,249**
Annual Cash-on-Cash Return		**4.1%**	**3.6%**	**3.5%**	**3.4%**	**3.9%**	**7.3%**	**7.8%**	**8.3%**	**8.8%**	**8.9%**
Leveraged IRR	**10.7%**										

Source: Tracks 215, LLC, SB Friedman

Figure 5B. Developer Projected 22nd and Main District Surplus

	Freighthouse Restaurants	Jacobson Building	C/R McFamily	C/R Botwin	C/R Safeway Building	Crossroads NID	Candle Building	Creamery Building	Total
2021	$232,448	$84,000	$74,200	$48,560	$16,230	$125,320	$150,000	$45,000	**$775,758**
2022	$0	$85,680	$75,684	$49,531	$16,555	$127,826	$153,000	$45,900	**$554,176**
2023	$0	$87,394	$0	$0	$0	$130,383	$156,060	$46,818	**$420,655**
2024	$0	$89,141	$0	$0	$0	$0	$159,181	$47,754	**$296,077**
2025	$0	$90,924	$0	$0	$0	$0	$162,365	$48,709	**$301,999**
2026	$0	$92,743	$0	$0	$0	$0	$165,612	$49,684	**$308,039**
2027	$0	$94,598	$0	$0	$0	$0	$168,924	$50,677	**$314,199**
2028	$0	$96,490	$0	$0	$0	$0	$172,303	$51,691	**$320,483**
2029	$0	$98,419	$0	$0	$0	$0	$175,749	$52,725	**$326,893**
2030	$0	$0	$0	$0	$0	$0	$179,264	$53,779	**$233,043**
TOTAL	**$232,448**	**$819,389**	**$149,884**	**$98,091**	**$32,785**	**$383,529**	**$1,642,458**	**$492,737**	**$3,851,322**

Source: Tracks 215, LLC, SB Friedman

Figure 6B. Abatement Schedule

Abatement Year	Calendar Year	Projected Assessed Value [1][2]	Base Real Estate Taxes	Property Taxes Before Abatement	Recommended Abatement %	Property Taxes After Abatement (Paid to Taxing Jurisdictions)	Estimated Abatement Benefit to Project
1	2021	$5,586,132	$19,611	$561,167	25%	$425,778	$135,389
2	2022	$5,586,132	$19,611	$561,167	25%	$425,778	$135,389
3	2023	$5,753,716	$19,611	$578,002	25%	$438,404	$139,598
4	2024	$5,753,716	$19,611	$578,002	25%	$438,404	$139,598
5	2025	$5,926,328	$19,611	$595,342	25%	$451,409	$143,933
6	2026	$5,926,328	$19,611	$595,342	25%	$451,409	$143,933
7	2027	$6,104,118	$19,611	$613,202	25%	$464,804	$148,398
8	2028	$6,104,118	$19,611	$613,202	25%	$464,804	$148,398
9	2029	$6,287,241	$19,611	$631,598	25%	$478,601	$152,997
10	2030	$6,287,241	$19,611	$631,598	25%	$478,601	$152,997
11	2031	$6,475,859	$19,611	$650,546	0%	$650,546	$0
12	2032	$6,475,859	$19,611	$650,546	0%	$650,546	$0
13	2033	$6,670,134	$19,611	$670,062	0%	$670,062	$0
14	2034	$6,670,134	$19,611	$670,062	0%	$670,062	$0
15	2035	$6,870,238	$19,611	$690,164	0%	$690,164	$0
16	2036	$6,870,238	$19,611	$690,164	0%	$690,164	$0
17	2037	$7,076,345	$19,611	$710,869	0%	$710,869	$0
18	2038	$7,076,345	$19,611	$710,869	0%	$710,869	$0
19	2039	$7,288,636	$19,611	$732,195	0%	$732,195	$0
20	2040	$7,288,636	$19,611	$732,195	0%	$732,195	$0
TOTAL, Years 1-20 (Undiscounted)			**$392,219**	**$12,866,292**		**$11,425,664**	**$1,440,627**
Years 1-10			**$196,109**	**$5,958,619**		**$4,517,992**	**$1,440,627**
Years 11-20			**$196,109**	**$6,907,673**		**$6,907,673**	**$0**

[1] Assessed value assumes $23,100/unit upon completion
[2] Developer assumed a 3% biennial increase in assessed value following stabilization
[3] Assumed 2018 tax rate, 9.7326% as indicated by EDCKC

Source: Tracks 215, SB Friedman

EXHIBIT 9 – SUPPLEMENT

Cost Benefit Analysis - District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units

Tracts 215 Cost-Benefit Summary - 10-year analysis

Per-capita impacts calculated at 100% of total average revenues and costs.

Benefits	City of Kansas City	Jackson County	Mental Health Fund	EITAS	Blind Pension Fund	Kansas City Public Library	Kansas City Zoo District	Kansas City Public Schools	Metro Community Colleges	State of Missouri
Sales Taxes:	$ 1,487,282	$ 675,829	--	--	--	--	$ 75,092	--	--	$ 2,878,459
Property Taxes:	$ 1,101,763	$ 460,386	$ 76,873	$ 47,266	$ 19,694	$ 332,505	--	$ 3,256,052	$ 151,318	$ -
Income Taxes:	$ 622,641	--	--	--	--	--	--	--	--	$ 2,498,273
Other Revenues:	$ 125,505	$ 17,150	$ 48	$ 1,322	$ 706	$ 628	$ 1,977	$ 121,520	$ 4,579	$ 303,066
Total Revenues:	$ 3,337,190	$ 1,153,365	$ 76,921	$ 48,588	$ 20,401	$ 333,133	$ 77,069	$ 3,377,572	$ 155,897	$ 5,679,798
Costs										
Costs for Services:	$ 2,673,093	$ 410,331	$ 25,057	$ 16,655	$ 6,474	$ 105,774	$ 3,316	$ 1,419,160	$ 52,454	$ 472,483
Incentives:	$ 727,233	$ 235,892	$ 13,236	$ 8,138	$ -	$ 57,249	$ 26,104	$ 560,611	$ 26,053	$ 999,960
Total Costs:	$ 3,400,326	$ 646,223	$ 38,293	$ 24,793	$ 6,474	$ 163,023	$ 29,420	$ 1,979,771	$ 78,508	$ 1,472,444
Net Cost/Benefit										
Public Benefits:	$ 3,337,190	$ 1,153,365	$ 76,921	$ 48,588	$ 20,401	$ 333,133	$ 77,069	$ 3,377,572	$ 155,897	$ 5,679,798
Public Costs & Incentives:	$ 3,400,326	$ 646,223	$ 38,293	$ 24,793	$ 6,474	$ 163,023	$ 29,420	$ 1,979,771	$ 75,038	$ 1,472,444
Net Benefits (Costs):	**$ (63,136)**	**$ 507,142**	**$ 38,628**	**$ 23,795**	**$ 13,927**	**$ 170,110**	**$ 47,649**	**$ 1,397,801**	**$ 80,859**	**$ 4,207,355**
Present Value of Public Benefits:	**$ 2,969,866**	**$ 1,020,040**	**$ 56,609**	**$ 35,743**	**$ 15,003**	**$ 245,177**	**$ 75,735**	**$ 2,484,658**	**$ 114,689**	**$ 5,487,266**
Present Value of Incentives:	**$ 678,947**	**$ 217,683**	**$ 10,192**	**$ 6,265**	**$ -**	**$ 44,097**	**$ 26,104**	**$ 431,865**	**$ 20,066**	**$ 999,960**

EXHIBIT 11 – SUPPLEMENT

Summary of Redeveloper's Proposal - District Wide- Design and Construction of Approximately 400 Stall Parking Facility and 250 Residential Units

The Developer intends to redevelop an existing surface parking lot and construct a 400 – space parking structure and a 250 – unit multifamily tower above the new parking structure.

A copy of the Developer's original Redevelopment Project Application is attached.

ATTN: Project Manager: ______________________ **Date:** ______________

ECONOMIC DEVELOPMENT CORPORATION

For any project seeking assistance through the following agencies, a completed application form must be provided. Applications will be reviewed by EDC staff to determine the best course of action. Those agencies include: Tax Increment Financing Commission, Land Clearance for Redevelopment Authority, Port Authority, and Planned Industrial Expansion Authority, Chapter 353.

REDEVELOPMENT PROJECT APPLICATION

- Application may be submitted electronically

  Email completed application to Carrie Habib at chabib@edckc.com. 816-221-0636

If more space is required for response to any question, please attach additional sheet(s).

1. APPLICANT INFORMATION

Applicant/Organization Name: Tracks 215 LLC

Business Address: c/o Development Initiatives 4505 Madison Avenue Kansas City, Missouri, 64111

Contact Person: Chris Sally

E-Mail Address: csally@di-kc.com

Phone: 9816-808-9848 Fax: ______

Address (if different than business address) ______

Attorney for Applicant: Jerry Riffel

Attorney's Address: 2345 Grand Blvd., Suite 2200, Kansas City, MO 64108

Attorney's Phone: 816-460-5712

2. LOCATION OF THE PROJECT

General Boundaries: Generally within 22nd Street to the north, Wyandotte Street to the east, south to Kansas City Terminal Railroad Tracks and west to Central Street

County: Jackson Council District: 4th

Total Acreage: 1.134 acres

Is the project located in any incentive areas? 22nd & Main TIF; Crossroads Arts PIEA

What is the current zoning of the project area? B4-5

What is the proposed zoning for the project area? UR

If a zoning change is pending, cite application number and present status. If application has not been made, briefly describe what change will be needed and plans for submitting application:

The Developer intends to construct a structured parking facility and housing development. The Developer will partner with others on the housing development. The application for UR will be submitted following application for tax increment financing in the 22nd Street TIF Plan and Chapter 353 Planned Industrial Expansion Authority.

Land Use Plan: Mixed Use Residential   Need for Modification: UR

3. THE PROJECT

Provide a detailed narrative description of the proposed project, including information as the size of the project, amount of land (property) to be purchased, whether the project is a rehabilitation of existing structure(s), expansion, or the construction of a new facility, residences, etc. Describe what products or services are to be manufactured or provided through this project.

- New Construction   Rehab/Expansion   Residential   Commercial   Industrial
- Single Family/Duplex   Multifamily   Retail   Mixed Use   Office

Please see attached Exhibit A, 22nd and Main Tax Increment Financing Site Plan. The Project is located in what was originally designated as Project Area 25 as shown on the Site Plan. Project 25 has been terminated and the Project is also located within Tax Parcels 29-520-33-12-00-0-00-000 and 29-520-33-21-00-0-00-000. This project will include approximately 400 new parking spaces and 250 residential units. The Developer proposes in part to seek approval of a new Project Improvement in the 22nd and Main Tax Increment Financing Plan.

Square footage: 225,000 SF Residential / 178,000 SF Garage Structures

No. of dwelling units 250   No. of hotel rooms ______   No. of parking spaces 400

List any nationally or locally historical properties and/or districts within the Project Area.
(Contact the City Landmarks Commission at (816) 513-2902 for information regarding local and national historical properties and/or districts)

N/A

NUMBER OF JOBS

Created		Average Salary:	$
Retained		Average Salary:	$
Relocated		Average Salary:	$
Construction jobs	100	Average Salary:	$56,000

Projected personal property investment: $1,400,000

Will there be the use of federal or state incentives for this project? Which incentives and how much is being sought?

Not anticipated.

State the need for an incentive (i.e., competitive pressures of the location, need for remediation of blight in proximity to the Project, addition of jobs to a high unemployment area, etc.)

Construction costs are continuing to rise and rental rate increases are steadying.

4. PROJECT COSTS

Identify the costs reasonably necessary for the acquisition of the site and/or construction of the proposed Project together with any machinery and equipment in connection therewith, including any utilities hook-up, access roads, or appurtenant structures.

Acquisition Price: $2,200,000

Total Development Budget: $79,299,063

Current Assessed Value: $179,712

Projected Assessed Value: $4,612,676

5. CONTROL OF PROPERTY

If the Applicant owns the project site, indicate:

Date of Purchase July 7, 2017

Sales Price $2,200,000

If the Applicant has a contract or option to purchase the project site, indicate:

Sales Price N/A

Date purchase/option contract signed N/A

Closing/expiration date N/A

If the Applicant will lease the project site, indicate:

Legal Name of Owner N/A

Owner's Address N/A

Owner of land upon completion of the Project N/A

6. LAND ACQUISITION

For each Project Area, please provide the following:

- A map showing all parcels to be acquired
- Addresses and parcel numbers of all parcels to be acquired
- Current owners of all parcels to be acquired

Is the use of Eminent Domain anticipated? No.

7. SOURCES OF FUNDS:

State amount and sources of financing for each Project costs listed above. Please provide commitment letters for any sources received listing terms and conditions.

SOURCE	AMOUNT
See **Exhibit F** Attached	$
	$
	$
	$

8. DEVELOPMENT TEAM

Identify members of the development team and provide evidence of experience with other development projects.

Chris Sally, Development Initiatives; Vince Bryant, Developer 3D Development; Jerry Riffel, Lathrop Gage LLP

9. **FINANCIAL INFORMATION**

A. Budget – include a detailed breakdown of all hard and soft costs (See **Exhibit E**)

B. Complete list of sources and uses of funds (indicate if you have received tax credits and secured other financing) (See **Exhibit F**)

C. 10 year operating pro forma (See **Exhibit G**)

- One that shows the project without any incentive assistance
- One that shows the project with requested incentive

The Pro forma should also include assumptions such as estimated lease rates, revenue assumptions, and expense assumptions.

D. If seeking TIF assistance, provide projections for PILOTS and EATS.

E. If seeking TIF or Chapter 100 assistance, provide a personal property depreciation and replacement schedule.

F. Financing Term Sheet (See **Exhibit H**)

10. **BOND FINANCING**

Bond Financing is handled on a case-by-case basis.

11. **REQUIRED ATTACHMENTS**

- *Attachment A* A map showing the boundaries of the project.
- *Attachment B* A development schedule for the project, including the phasing of development and the locations and improvements to be accomplished in each phase.
- *Attachment C* Design plans for the project (including site plans & elevations), if available.
- *Attachment D* Letter(s) of Support from one or more of the following: councilpersons, mayor, county official, state representative, state senator, local taxing entities, and/or neighborhood organization(s).

13. **BANKRUPCY DISCLOSURE:**

Has the applicant or any parent, subsidiary or business entity otherwise affiliated with the applicant, ever filed a petition for bankruptcy or appointed a receiver? If Yes, the applicant must obtain and file a "**Statement of Bankruptcy/Receivership.**"

No Yes

FEES WILL BE CALCULATED AND COLLECTED AT A FUTURE DATE.

12. CERTIFICATION OF APPLICANT:

The undersigned hereby represents and certifies that to the best of their knowledge and belief this project application contains no information or data that is false, incorrect or misleading.

NAME: Cyrus Sally

SIGNATURE:

TITLE: 1/7/2019

NAME: Jerry Riffel, Esq.

SIGNATURE:

TITLE: Counsel of Record for Developer

APPLICATION MAY BE EMAILED TO: chabib@edckc.com or

MAIL COMPLETED APPLICATION TO: **Economic Development Corporation**
Attn: Carrie Habib
1100 Walnut, Suite 1700
Kansas City, Missouri 64106

FOR INTERNAL USE ONLY

Assistance Project will be evaluated for which financial analysis:

TIF

LCRA

PIEA/Chapter 353

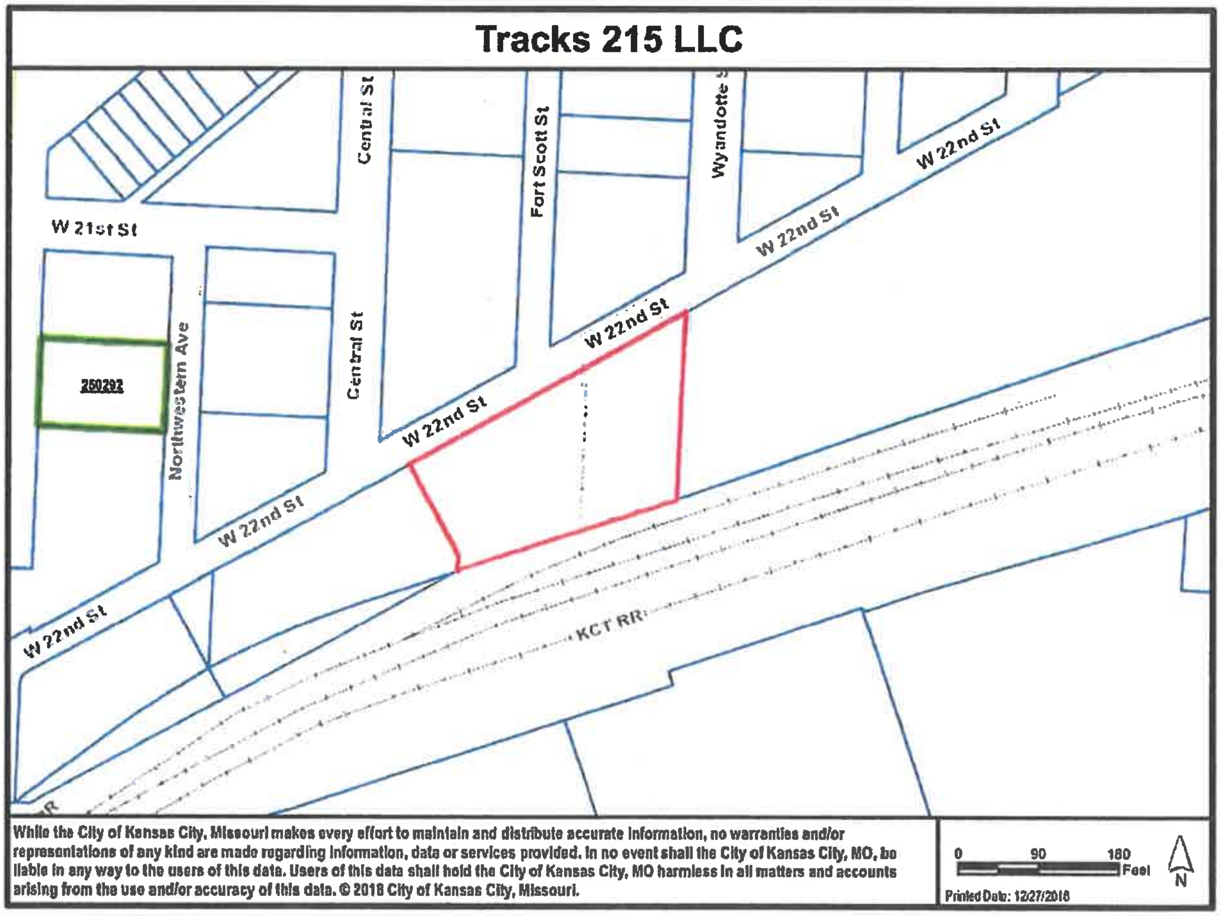
Chapter 100

Comments:

Advance KC Project Inquiry Meeting Date: ______ Score Card Value: ______

Financial Analysis Review Committee: ______

Attachment A
Project Site

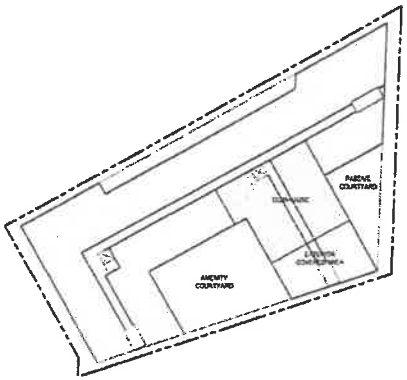


Attachment B
Development Schedule

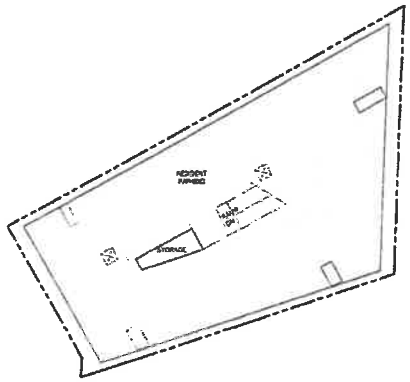
Development Schedule
22nd Street the Tracts

Predevelopment/Planning	August 2018-February 2019
Incentive Procurement/ Financing	February 2019/ August 2019
Construction	January 2020- March 2021
Rent-up (operations)	March 2021- December 2021

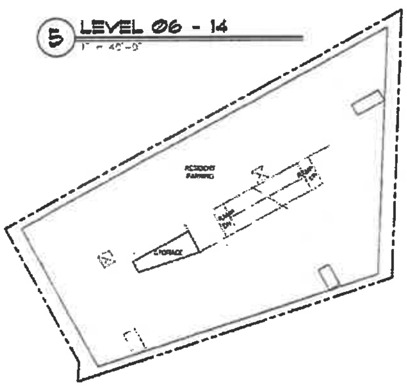
Attachment C
Design Plans



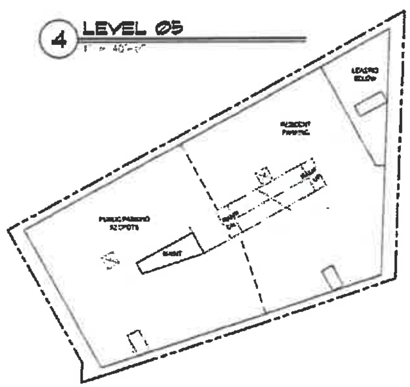
5 LEVEL 06 - 14
1" = 40'-0"



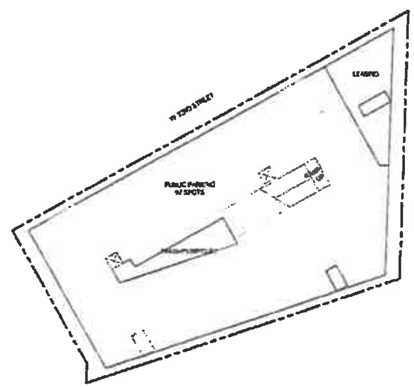
4 LEVEL 05
1" = 40'-0"



3 LEVEL 03-04
1" = 40'-0"



2 LEVEL 02
1" = 40'-0"



1 LEVEL 01
1" = 40'-0"

UNITS
9 LEVELS OF UNITS

225,000 NSF

250 UNITS (900 NSF)

PARKING
353 PARKING SPOTS
1.4 RATIO

149 PUBLIC PARKING SPOTS

LEASING/CLUB
8,800 SF

Attachment D
Letters of Support

Attachment E
Budget

PROJECT BUDGET
Exhibit E

22nd Street Tracts				
Development Costs	**Developer Budget**		**% of TDC**	**Notes**
Acquisition Costs	$	2,200,000	**2.77%**	1
Site Demolition and Preparation Costs	$	1,800,000	**2.27%**	2
Hard Construction Costs -Building	$	47,700,000	**60.15%**	3
Hard Construction Costs -Parking/Podium	$	13,800,000	**17.40%**	4
Soft Costs	$	6,437,500	**8.12%**	5
Financing Costs	$	3,150,000	**3.97%**	6
Developer Fees/Construction Management	$	3,789,563	**4.50%**	7
Reserves and Other Costs	$	422,000	**0.53%**	8
TOTAL DEVELOPMENT COSTS (TDC)	**$**	**79,299,063**		
Units on 9 levels		250		
Apartment Square Footage		225,000		
Garage Square Footage		178,000		
Parking Spaces		400		
Non Reserved Parking Spaces		150	5140500	
Dedicated Apartment Parking Spaces		250		

Construction Estimates include a requested sales tax exemption on construction materials (STECM); and
• Abatement of property taxes (above current predevelopment taxes) generated for 25 years under the Planned Industrial Expansion Authority (PIEA) (75% abatement in Years 1-10 and 37.5% in Years 11-25).
• 250 rental apartment units, including:
o 60 one-bedroom, Micro units, averaging 495 SF
o 165 one-bedroom, one-bathroom units, averaging 695 SF
o 25 two-bedroom, two-bathroom units, averaging 977 SF
• Residential amenities, including an rooftop outdoor kitchen, gaming area, coffee bar, storage lockers, bicycle storage, etc
8,800 Square Foot Club /Amenities

Notes:

1
2
3
4 Includes Soft Costs- Approximately $1,200,000 of Parking Garage Hard Cost benefits apartment footings and foundations
5
6 1.5% Loan Orgination Fee or $ 890,542.03
7
8

Attachment F
Sources and Uses

PROJECT SOURCES
EXHIBIT F

22nd Street Tracts				
Sources	Developer Budget		Percent	Notes
Permanent Financing	$	56,369,469	**71.08%**	
TIF Loan	$	3,000,000	**3.78%**	
Deferred Developer Fee	$	1,894,781	**2.39%**	
Developer/Investor Equity	$	18,034,813	**22.74%**	
TOTAL DEVELOPMENT COSTS (TDC)	**$**	**79,299,063**	**100.00%**	

Notes:
1
2
3
4
5

Attachment G
10 Year Pro Forma

RENT ROLL

22nd Street Tracts
Kansas City, Missouri
Rent Roll Summary

1/7/2019

Project Summary	# of Units	Avg Sq Ft	Total Sq Ft	Mo. Unit Rent	Monthly	Per Sq Ft
Micro	60	515	30,900	$1,298	$77,868	$2.52
1 BR	165	798	131,670	$1,915	$316,008	$2.40
2 BR	25	1,205	30,125	$2,747	$68,685	$2.28
					$ -	
Grand Total	**250**	**771**	**192,695**		**$462,561**	**$2.40**
			Annualized Gross Potential Rent			**5,550,732**

Parking Summary	Spaces	Monthly Ra	Vacancy	Monthly	Annual
Residential	250	$ 125.00	5%	$ 29,688	$ 356,250
Office	150	$ 100.00	8%	$ 13,800	$ 165,600
After Hours Office	150	$ 75.00	20%	$ 9,000	$ 108,000
	400		**Annualized Net Garage Rent**		**$ 629,850**

Note: After hours is only double usage of portion of Office Parking

Note: rental prices are 2021 projected

STABLIZED PRO FORMA

22nd Street Tracts Kansas City, Missouri PROFORMA & UNDERWRITING						
Total Units	250					
Stabilized Proforma - Year 2	Unabated Taxes - Proforma			Abated Taxes - Proforma		
	$/UNIT	Annual	%	$/UNIT	Annual	%
INCOME:						
Gross Potential Rent	22,203	5,550,732	94.9%	22,203	5,550,732	94.9%
Vacancy	(1,110)	(277,537)	-5.0%	(1,110)	(277,537)	-5.0%
Credit Loss	(222)	(55,507)	-1.0%	(222)	(55,507)	-1.0%
Net Residential Income	**20,871**	**5,217,688**	**89.2%**	**20,871**	**5,217,688**	**89.2%**
Residential Garage Parking	0	356,250	6.1%	0	356,250	6.1%
Office Garage Daytime Parking	0	165,600	2.8%	0	165,600	2.8%
Nighttime Parking (Office only 33%)	0	108,000	1.8%	0	108,000	1.8%
Other Income	**2,519**	**629,850**	**10.8%**	**2,519**	**629,850**	**10.8%**
Effective Gross Income	**23,390**	**5,847,538**	**100.0%**	**23,390**	**5,847,538**	**100.0%**
EXPENSES:						
Accounting	36	9,050	0.2%	36	9,050	0.2%
Advertising	85	21,250	0.4%	85	21,250	0.4%
Elevator	36	9,000	0.2%	36	9,000	0.2%
Extermination	36	9,113	0.2%	36	9,113	0.2%
Grounds	217	54,370	0.9%	217	54,370	0.9%
Insurance	326	81,500	1.4%	326	81,500	1.4%
Legal Fees	36	9,113	0.2%	36	9,113	0.2%
Maintenance	217	54,250	0.9%	217	54,250	0.9%
Management Fee	780	175,426	3.0%	702	175,426	3.0%
Parking Operations & Maintenance	250	35,000	0.6%	140	35,000	0.6%
Payroll Maintenance	326	81,575	1.4%	326	81,575	1.4%
Payroll Management	507	126,750	2.2%	507	126,750	2.2%
Payroll Taxes	109	27,350	0.5%	109	27,350	0.5%
Pool	36	9,000	0.2%	36	9,000	0.2%
Postage, Printing and Supplies	11	2,750	0.0%	11	2,750	0.0%
CID		0	0.0%	0	0	0.0%
Streetcar TDD	102	25,500	0.4%	102	25,500	0.4%
Security	51	12,750	0.2%	51	12,750	0.2%
Snow Removal	32	8,000	0.1%	32	8,000	0.1%
Telephone	36	9,000	0.2%	36	9,000	0.2%
Trash	86	21,500	0.4%	86	21,500	0.4%
Utilities- Electric	172	43,000	0.7%	172	43,000	0.7%
Utilities- Gas	14	3,500	0.1%	14	3,500	0.1%
Real Estate Taxes (1)	1,725	431,285	7.4%	507	126,829	2.2%
Reserves	450	112,500	1.9%	450	112,500	1.9%
Total Expenses	**5,490**	**1,372,531**	**23.5%**	**4,272**	**1,068,075**	**18.3%**
Net Operating Income	**17,900**	**4,475,007**	**76.5%**	**19,118**	**4,779,463**	**81.7%**

Notes:

(1) Assumes 15-year Real Estate Tax Abatement - 75% for first 10 years, then 37.5% for following 5 years.

Exhibit G

10 YEAR PRO FORMA

							STABILIZATION						
$	(79,299,063)												
			2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
FULL ASSISTANCE			Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
DEVELOPMENT SOURCES													
Developer/ Investor Equity			$ (18,034,813)										
Conventional Debt I			$ (56,369,469)										
TIF Loan			$ (3,000,000)										
Deferred Developer Fee			$ (1,894,781)										
Gross Income	2.00%			$ 5,550,732	$ 5,661,747	$ 5,774,982	$ 5,890,481	$ 6,008,291	$ 6,128,457	$ 6,251,026	$ 6,376,046	$ 6,503,567	$ 6,633,639
Vacancy and Credit Loss				$ (333,044)	$ (339,705)	$ (346,499)	$ (353,429)	$ (360,497)	$ (367,707)	$ (375,062)	$ (382,563)	$ (390,214)	$ (398,018)
Operating Expenses Net of Real Estate Taxes	2.75%			$ (941,246)	$ (960,071)	$ (979,272)	$ (998,858)	$(1,018,835)	$(1,039,212)	$(1,059,996)	$(1,081,196)	$(1,102,820)	$ (1,124,876)
Real Estate Taxes	3.00%	every other		$ (431,285)	$ (431,285)	$ (439,911)	$ (439,911)	$ (448,709)	$ (448,709)	$ (457,683)	$ (457,683)	$ (466,837)	$ (466,837)
Net Operating Income				$ 3,845,157	$ 3,930,686	$ 4,009,299	$ 4,098,284	$ 4,180,249	$ 4,272,828	$ 4,358,285	$ 4,454,604	$ 4,543,696	$ 4,643,907
Savings from Property Tax Assistance				$ 304,456	$ 304,456	$ 310,925	$ 310,925	$ 317,524	$ 317,524	$ 324,255	$ 324,255	$ 331,120	$ 331,120
TIF Reimbursements (Projects 22, and 28)	NPV @7%		$ 4,189,040	$ 498,000	$ 500,000	$ 650,000	$ 820,000	$ 1,000,000	$ 900,000	$ 700,000	$ 450,000	$ 221,000	$ -
Community Improvement District Revenues				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PV of Remaining Assistance													$ 687,042
Reversion Proceeds (Year 10)	0.065												$ 22,857,781
TOTAL				$ 4,647,613	$ 4,735,142	$ 4,970,225	$ 5,229,209	$ 5,497,773	$ 5,490,352	$ 5,382,540	$ 5,228,859	$ 5,095,816	$ 28,519,850
Projection of Tax Abatement													
Full Property Taxes				$ (431,285)	$ (431,285)	$ (439,911)	$ (439,911)	$ (448,709)	$ (448,709)	$ (457,683)	$ (457,683)	$ (466,837)	$ (466,837)
Property Taxes with Abatement	0.625			$ (126,829)	$ (126,829)	$ (128,986)	$ (128,986)	$ (131,185)	$ (131,185)	$ (133,429)	$ (133,429)	$ (135,717)	$ (135,717)
Savings				$ 304,456	$ 304,456	$ 310,925	$ 310,925	$ 317,524	$ 317,524	$ 324,255	$ 324,255	$ 331,120	$ 331,120
DEVELOPMENT USES													
Permenant Debt Service (Project Loan)				$ 3,569,485	$ 3,569,485	$ 3,569,485	$ 3,569,485	$ 3,569,485	$ 3,569,485	$ 3,569,485	$ 3,569,485	$ 3,569,485	$ 3,569,485
Debt Service TIF Bridge Loan			$ 2,851,320	$ 676,893	$ 676,893	$ 676,893	$ 676,893	$ 676,893	$ -	$ -	$ -	$ -	$ -
Permenant Debt Repayment													$ 45,643,420
Equity Distribution				$ 401,235	$ 488,763	$ 723,846	$ 982,831	$ 1,251,395	$ 1,920,867	$ 1,813,055	$ 1,659,374	$ 1,526,331	$ 24,950,365
TOTAL				$ 4,647,613	$ 4,735,142	$ 4,970,225	$ 5,229,209	$ 5,497,773	$ 5,490,352	$ 5,382,540	$ 5,228,859	$ 5,095,816	$ 74,163,270
Debt Coverage Ratio				1.30	1.33	1.39	1.46	1.54	1.54	1.51	1.46	1.43	1.39

Attachment H
Financing Term Sheet

UNDERWRITING		
Net Operating Income	4,475,007	4,779,463
Cap Rate	6.00%	6.00%
Value	74,580,000	79,660,000
Value per Unit	298,320	318,640
Loan Amount	56,369,469	56,369,469
Loan to Value	75.6%	70.8%
Loan per Unit	225,478	225,478
Total Development Costs	79,299,063	79,299,063
Loan to Cost	71.1%	71.1%
Cost per Unit	317,196	317,196
Rate	4.85%	4.85%
Term	10	10
Amortization	30	30

<u>EXHIBIT 15</u>

REDEVELOPER'S AFFIDAVIT

DEVELOPER'S AFFIDAVIT

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

I, the undersigned, am over the age of 18 years and have personal knowledge of matters stated herein.

The undersigned swears, affirms and certifies the following to be true to induce the approval of the Tracks 215 Amendment to the 22nd & Main Tax Increment Financing Plan for the Redevelopment Area described in the Application for the Amendment.

I am a principal of the proposed entity seeking designation as developer of the Redevelopment Area (the "Developer") and can attest to the matters set forth herein.

1. I am familiar with the Redevelopment Area described in the Redevelopment Plan. In my opinion, based on the factors set forth in the Redevelopment Plan, the Redevelopment Area, overall, qualifies as a "Blighted Area" as defined in Section 99.805(1) of the Missouri Revised Statutes, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing.

Further Affiant Saith Not.

By: [signature]
Name: Larkin O'Keefe
Title: Owner /Manager

Subscribed and sworn to before me this 6th day of May, 2019.

Catherine Coulter Van Keppel
Notary Public

My Commission Expires:

Catherine Coulter Van Keppel
Notary Public State of Kansas
My Apt Expires 3/19/22

31177303v.1

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 190463

Accepting the recommendations of the Tax Increment Financing Commission as to the Seventeenth Amendment to the 22nd and Main Tax Increment Financing Plan and approving the amendment; and directing the City Clerk to transmit copies of this ordinance.

WHEREAS, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "Act"), the City Council of Kansas City, Missouri (the "Council") by Ordinance No. 54556 passed on November 24, 1982, and thereafter repealed and amended in certain respects by Committee Substitute for Ordinance No. 911076, as amended, passed on August 29, 1991, Ordinance No. 100089, passed on January 28, 2010, Ordinance No. 130986, passed on December 19, 2013, and Committee Substitute for Ordinance No. 140823, as amended, passed on June 18, 2015 (the "Authorizing Ordinances") created the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission");and

WHEREAS, on March 29, 1998, the Council passed Ordinance No. 980230, which accepted the recommendations of the Commission as to the approval of the 22nd & Main Tax Increment Financing Plan (the "Redevelopment Plan" or "Plan") and the designation of the Redevelopment Area described thereby as a Conservation Area, and authorized the Commission to take all such action as may be needed to effectuate the Redevelopment Plan; and

WHEREAS, the City Council has amended the Redevelopment Plan 15 times; and

WHEREAS, the proposed Seventeenth Amendment to the Plan ("Seventeenth Amendment") was presented to the Commission and the Commission, having been duly constituted and its members appointed, after proper notice was given, met in public hearing, and after receiving the comments of all interested persons and taxing districts, closed the public hearing and recommended approval of the Amendment; and

WHEREAS, the proposed Seventeenth Amendment to the Plan ("Seventeenth Amendment") provides for (i) certain modifications to the description of the improvements contemplated by Plan to include the construction of 400 new parking spaces and 250 new residential apartment units (the "Additional Improvements"), (ii) certain modifications to the Budget of Redevelopment Project Costs as it relates to the Additional Improvements, (iii) certain modifications to the Sources and Uses of Funds, (iv) certain modifications to the Site Plan, (v) the inclusion of construction information related to the implementation of the Additional Improvements, (vi) the inclusion of employment information related to the implementation of the Additional Improvements, (vii) certain modifications to the Redevelopment Schedule attached to and incorporated within the Plan, (viii) certain modifications to the But-For Analysis attached to and incorporated within the Plan, (ix) certain modifications to the Cost Benefit Analysis attached to and incorporated within the Plan, (x) the removal of all references to the Redevelopment Project 25 and (xi) other related changes or corrections as may be deemed necessary or appropriate to further the foregoing modifications; NOW, THEREFORE

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Section 1. That the recommendations of the Commission concerning the Seventeenth Amendment are hereby accepted and the Seventeenth Amendment is hereby approved and adopted as valid and the Redevelopment Projects contained therein are hereby authorized. A copy of the Seventeenth Amendment is attached to this ordinance.

Section 2. All terms used in this ordinance, not otherwise defined herein, shall have such meanings ascribed to them in the Act and in the Redevelopment Plan.

Section 3. The City Council hereby finds that good cause has been shown that the required statutory findings of the City Council documented in Ordinance Nos. 980230, 991058, 000751, 000780, 001593, 040445, 060916, 061286, C.S. No. 070739, as amended, 080841, 100136, 090718, 110933, 120287 and 120660 are not affected by the Seventeenth Amendment and the following findings apply equally to the Seventeenth Amendment:

(a) The Redevelopment Area, as amended, is a Conservation Area, which as a whole, has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan, as amended by the Seventeenth Amendment, and the utilization of tax increment financing;

(b) The areas selected as Redevelopment Projects include only those parcels of real property and improvements which will be directly and substantially benefited by the public improvements described by the Redevelopment Plan, as amended by the Seventeenth Amendment;

(c) The Redevelopment Plan, as amended by the Seventeenth Amendment, and each Redevelopment Project, conform to the comprehensive plan for the development of the City as a whole;

(d) The estimated dates of completion of the respective Redevelopment Projects and retirement of any obligations incurred to finance Redevelopment Project Costs have been stated in the Redevelopment Plan, as amended by the Seventeenth Amendment, and are not more than 23 years from the passage of any ordinance approving a Redevelopment Project authorized by the Plan, as amended;

(e) A plan has been developed for relocation assistance for businesses and residences;

(f) The Seventeenth Amendment does not alter the cost-benefit analysis previously incorporated within the Redevelopment Plan.

(g) The Seventeenth Amendment does not include the initial development or redevelopment of any gambling establishment; and

(h) A study has been completed and the findings of such study satisfy the requirements set out in subdivision (1) of Section 99.810, RSMo.

Section 4. That the Commission is authorized to issue obligations in one or more series of bonds secured by the 22nd and Main Tax Increment Financing Plan Account of the Special Allocation Fund to finance Redevelopment Project Costs within the Redevelopment Area and, subject to any constitutional limitations, to acquire by purchase, donation, lease or eminent domain, own, convey, lease, mortgage, or dispose of land or other property, real or personal, or rights or interests therein, and grant or acquire licenses, easements and options with respect thereto, all in the manner and at such price the Commission determines, to enter into such contracts and take all such further actions as are reasonably necessary to achieve the objectives of the Plan pursuant to the power delegated to it. Any obligations issued to finance Redevelopment Project Costs shall contain a recital that they are issued pursuant to Sections 99.800 to 99.865 of the Act, which recital shall be conclusive evidence of their validity and of the regularity of their issuance.

Section 5. That the City Council approves the pledge of all funds that are deposited into the 22nd and Main Tax Increment Financing Plan Account of the Special Allocation Fund to the payment of Redevelopment Project Costs within the Redevelopment Area and authorizes the Commission to pledge such funds on its behalf.

Section 6. That the City Clerk shall send a copy of this ordinance to the County Clerk and County Executive of Jackson County, Missouri.

Approved as to form and legality:

Galen P. Beaufort
Senior Associate City Attorney

SEAL OF KANSAS CITY 1850 MISSOURI

Authenticated as Passed

Sly James, Mayor

Marilyn Sanders, City Clerk

JUN 27 2019

Date Passed